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**COMMISSION REGULATION (EC) No 2759/1999
of 22 December 1999**

laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period

(Text with EEA relevance)

(OJ L 331, 23.12.1999, p. 51)

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**COMMISSION REGULATION (EC) No 2759/1999
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**laying down rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period
(Text with EEA relevance)**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period⁽¹⁾, and in particular Articles 9(2) and 12(1) (1) thereof,

Whereas:

- (1) the Community pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe (hereinafter referred to as 'SAPARD') as provided for in Regulation (EC) No 1268/1999 shall relate in particular to contributing to the implementation by the applicant countries of the *acquis communautaire* concerning the common agricultural policy and related policies, as well as solving priority and specific problems for the adaptation of the agricultural sector and rural areas in the applicant countries;
- (2) the support granted pursuant to SAPARD should take into account in particular its effect on the protection of the environment and on the sustainable development of the economies of the applicant country concerned and the principles of social cohesion policies; Community support should not replace funding available in each applicant country and shall complement corresponding national actions or contribute to these;
- (3) in this framework, as a general principle, support shall be granted according to the rules in force for Community rural development support, and, in particular, according to the main objectives and instruments laid down in Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations⁽²⁾ and Commission Regulation (EC) No 1750/1999⁽³⁾ laying down detailed rules for the application of the aforementioned Regulation;
- (4) particular measures referred to in Article 2 of Regulation (EC) No 1268/1999 are similar to measures referred to in Regulation (EC) No 1257/1999 and should therefore be implemented by the applicant countries as far as possible in accordance with the principles for implementing those measures in the Community; reference should be made to the conditions to be applied in respect of those measures;
- (5) in order to remedy the structural deficiencies affecting the supply and marketing of agricultural products resulting from insufficient producer organisation in the applicant countries, support is necessary to encourage the setting up of producer groups; for this purpose, support should be granted for the transitional pre-accession period according to the Community relevant principles, deviating from and complementing them where this is necessary to address the particular situations in the applicant countries;
- (6) other measures mentioned in Article 2 of Regulation (EC) No 1268/1999 may be eligible for Community support provided that they form part of the programme approved by the Commission;
- (7) the rules for eligibility of expenditure under SAPARD should take into account the period in which Regulation (EC) No 1268/1999 applies, as well as the requirement of a minimum period in which the

⁽¹⁾ OJ L 161, 26.6.1999, p. 87.

⁽²⁾ OJ L 160, 26.6.1999, p. 80.

⁽³⁾ OJ L 214, 13.8.1999, p. 31.

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undertakings have to remain substantially unmodified in order to attain their purpose; specific conditions of eligibility of expenditure should be agreed upon in the framework of bilateral agreements between the Community and the different applicant countries;

- (8) the implementation of SAPARD should be carried out according to the management guidelines laid down in Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds⁽¹⁾; according to Article 5(2) of Regulation (EC) No 1268/1999, the Commission and the applicant country shall jointly agree on the procedures concerning the monitoring of the implementation of the programme, it is nevertheless necessary to define the indicators used in this procedure; for this exercise the indicators set forth in Regulation (EC) No 1260/1999 should be taken into account;
- (9) whereas assistance from the Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period together with assistance from the Community under Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession⁽²⁾ should be coordinated within the framework of Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89⁽³⁾;
- (10) the measures provided for in this Regulation are in accordance with the opinion of the Agricultural Structures and Rural Development Committee,

HAS ADOPTED THIS REGULATION:

Article 1

Objective

This Regulation lays down rules for the application of Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period.

Article 2

Investments in agricultural holdings

1. Support may be granted for agricultural investments according to the conditions foreseen in Title II, Chapter I of Regulation (EC) No 1257/1999 with the exception of Article 7 of that chapter.
2. Support for investment shall be granted to agricultural holdings:
 - which comply with the national minimum standards regarding the environment, hygiene and animal welfare at the time when the decision to grant support is taken, and
 - for which economic viability at the end of the realisation of the investment shall be demonstrated.

However, where acquis-related minimum standards regarding the environment, hygiene and animal welfare have been newly introduced at the time the application is received, the decision to grant support will be conditional on the holding meeting these new standards by the end of the realisation of the investment.

3. Each applicant country shall set limits for total investment eligible for support as well as acceptable standards regarding farmers' occupational skill and competence in order to be eligible for support.

⁽¹⁾ OJ L 161, 26.6.1999, p. 1.

⁽²⁾ OJ L 161, 26.6.1999, p. 73.

⁽³⁾ OJ L 161, 26.6.1999, p. 68.

▼B*Article 3***Improving the processing and marketing of agricultural and fishery products****▼M1**

1. Support may be granted for investments provided for in Articles 25 and 26 of Regulation (EC) No 1257/1999 relating to improving the processing and marketing of the agricultural including fishery products included in Annex I to the Treaty. Agricultural products, excluding fishery products, must originate in applicant countries or the Community. Investments at the retail level shall be excluded from support.

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2. Eligible expenditure may include:

(a) the construction and acquisition of immovable property, with the exception of land purchase;

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(b) new machinery and equipment including computer software; however on a case-by-case basis the Commission may agree on eligibility of second-hand equipment subject to specific safeguards in particular concerning provenance and technical specification;

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(c) general costs, such as architects', engineers' and Consultants' fees, feasibility studies, acquisition of patents and licences, in addition to expenditure as referred to in (a) and (b) and up to a ceiling of 12 % of that expenditure.

*Article 4***Agri-environment**

Support may be granted for actions foreseen in Title II, Chapter VI of Regulation (EC) No 1257/1999, and taking account of the conditions included therein, provided that they concern actions at the pilot level.

Such actions shall have the objective of developing practical experience of agri-environment implementation at both the administrative and farm levels.

*Article 5***Training**

1. Support may be granted for actions foreseen in Title II, Chapter III of Regulation (EC) No 1257/1999, subject to the conditions set forth therein.

2. Support for vocational training shall not include courses of instruction or training which form part of normal programmes or systems of agricultural and forestry education at secondary or higher levels.

*Article 6***Producer groups**

1. Support may be granted to encourage the setting-up, and to facilitate the administrative operation, of producer groups, during the first five years following the date of their recognition.

2. This Article shall apply to producer groups set up for the purpose of jointly adapting the production and output of the producers who are members of such groups to market requirements, and, of jointly placing goods on the market, including centralisation of sale, preparation for sale, and supply to bulk buyers, and, of establishing common rules on production information, with particular regard to harvesting and availability, and which have been formally recognised by an applicant country.

3. Support granted to producer groups recognised after 1 January 2000 for the first five years following the date on which they are recognised, shall be granted towards the costs of setting up and running the producer organisation, at a flat rate.

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4. The aid referred to in paragraph 3 shall be determined for each producer organisation on the basis of its annual marketed production and shall:

- (a) amount for the first, second, third, fourth and fifth years to 5 %, 5 %, 4 %, 3 % and 2 % respectively of the value marketed production up to EUR 1 000 000, and
- (b) amount for the first, second, third, fourth and fifth years, to 2,5 %, 2,5 %, 2,0 %, 1,5 % and 1,5 % respectively of the values of marketed production exceeding EUR 1 000 000,
- (c) be subject to a ceiling for each producer organisation of:
 - EUR 100 000 for the first year,
 - EUR 100 000 for the second year,
 - EUR 80 000 for the third year,
 - EUR 60 000 for the fourth year,
 - EUR 50 000 for the fifth year,
 and shall be paid in annual instalments.

*Article 7***Forestry**

1. Support may be granted for actions foreseen in Articles 29 and 30 with the exception of the sixth indent of Article 30(1) Regulation (EC) No 1257/1999 and subject to the conditions set forth therein.

2. Support shall be granted for the afforestation of agricultural land provided that such planting is adapted to local conditions and is compatible with the environment.

Support may in addition to planting costs include an annual premium per hectare afforested to cover maintenance costs for a period of up to five years.

3. Support for the afforestation of agricultural land undertaken by public authorities shall cover only the costs of establishment.

4. Support for the afforestation of agricultural land shall not be granted in respect of the planting of Christmas trees.

5. In the case of fast-growing species cultivated in the short term, support for afforestation shall be granted for planting costs only.

*Article 8***▼M1****Eligibility and aid intensity****▼B**

1. Expenditure in respect of actions under measures described in Articles 2 to 7 of this Regulation and of any other measure mentioned in Article 2 of Regulation (EC) No 1268/1999 shall be eligible for Community support only if those actions form part of the programme for agriculture and rural development approved in accordance with Article 4(5) of Regulation (EC) No 1268/1999.

2. Expenditure shall be eligible for Community support only if it has actually been paid by the applicant country to the individual beneficiary of a rural development support measure after 31 December 1999, and after the date on which the rural development plan, or any amendment to this plan relevant for the measure concerned has been submitted or communicated to the Commission. The later of these dates shall constitute the starting point for eligibility of expenditure.

The final date for the eligibility of commitment shall be the end of the financial year 2006 or the date of accession of the relevant applicant country, whichever is the earlier.

3. Any operation shall remain eligible only if it does not within five years from the date of the authorisation of the payment by the applicant country's paying agency undergo a substantial modification:

- (a) affecting its nature or its implementation conditions or giving to a firm or public body an undue advantage; and

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- (b) resulting either from a change in the nature of ownership in an item of infrastructure or a cessation or change in location in a productive activity.

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4. For the application of Article 8(2) of Regulation (EC) No 1268/1999:
- (a) 'revenue generating investments' include all investments, except those in infrastructure which do not generate substantial net revenue;
- (b) 'public aid' means all such aid whether or not granted under the programme.

▼B*Article 9***Managing authority**

The Commission shall ensure that each applicant country sets up and operates, to the best standards, a managing authority which is responsible for the efficient and correct management of the programme.

*Article 10***Monitoring indicators**

The specific physical, environmental and financial indicators applied in the monitoring of the implementation of the programme shall take into account the elements mentioned in Article 36 of Regulation (EC) No 1260/1999.

*Article 11***Annual and final reports**

The annual reports mentioned in Article 5(2) of Regulation (EC) No 1268/1999 shall, in addition to the elements mentioned in Article 37 of Regulation (EC) No 1260/1999 applicable as appropriate, contain the physical indicators per measure.

*Article 12***Evaluations**

The appraisals and evaluation referred to in Article 5 of Regulation (EC) No 1268/1999 shall be carried out taking account of the procedures for evaluation provided in Title IV, Chapter III of Regulation (EC) No 1260/1999 and Chapter III, Section 5 of Regulation (EC) No 1750/1999.

*Article 13***Final provisions**

The detailed conditions for support and eligibility of expenditure on the basis of this Regulation, taking into account the Commission guidelines set for the Member States, will be laid down in bilateral agreements concluded between the Commission, on behalf of the European Community, and each applicant country.

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Communities*.

It shall apply in relation to Community support as from 1 January 2000.

This Regulation shall be binding in its entirety and directly applicable in all Member States.