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Permanent Delegation
of Turkey to the EU
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For the Secretary-General

p.o. Rube
Germán MERINERO CORTES

Encl. : **C(2011) 6079 final**

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COMMISSION IMPLEMENTING DECISION

of 29.8.2011

conferring to the Republic of Turkey management powers relating to part of the Rural Development Component of the Instrument for Pre-Accession Assistance (IPA)

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(Only the English text is authentic)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹,

Having regard to Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA)², and in particular Article 14 thereof,

Having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (hereinafter referred to as: "the Financial Regulation")³, and in particular Article 53c and 56(2) thereof,

Having regard to Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Community (hereinafter referred to as: "the Implementing Rules")⁴, and in particular Article 35 thereof,

Having regard to the Agreement between the Government of the Republic of Turkey and the European Commission on the rules for co-operation concerning EU-financial assistance to the Republic of Turkey and the implementation of the assistance under Component V (IPARD) of the Instrument for Pre-accession Assistance (IPA), and in particular Article 25(2) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries for the period from

¹ OJ L 210, 31.7.2006, p. 82.

² OJ L 170, 29.6.2007, p. 1.

³ OJ L 248, 16.9.2002, p.1.

⁴ OJ L 357, 31.12.2002, p. 1.

2007 to 2013 and confers the responsibility for its implementation to the European Commission.

- (2) Articles 11, 12, 13, 14, 18 and 186 of Regulation (EC) No 718/2007 give the Commission the possibility to confer management powers to the beneficiary country and define the requirements for such conferral relating to the Component V(Rural Development) of the Instrument for Pre-Accession Assistance.
- (3) Under Article 7 of Regulation (EC) No 718/2007 the Commission and the beneficiary country shall conclude a framework agreement, in order to set out and agree on the rules for cooperation concerning EU financial assistance to the beneficiary country. Where necessary, the framework agreement may be complemented by a sectoral agreement, or sectoral agreements, covering component specific provisions.
- (4) For conferring management powers to the beneficiary country the conditions laid down in Article 53c and 56(2) of the Financial Regulation and in Article 42 of the Implementing Rules must be fulfilled.
- (5) The Framework Agreement on the rules for co-operation concerning EU-financial assistance to the Republic of Turkey in the framework of the implementation of the assistance under the instrument for pre-accession assistance (IPA) between the Government of the Republic of Turkey and the European Commission was concluded on 7 July 2008 and entered into force on 24 December 2008.
- (6) The Programme for Agriculture and Rural Development of the Republic of Turkey under IPA (hereinafter referred to as "IPARD Programme"), approved by Commission Decision C(2008)691 of 25 February 2008, includes a plan for the annual EU contributions as well as the financing agreement.
- (7) The Sectoral Agreement concluded between the European Commission, acting for and on behalf of the European Union and the Government of the Republic of Turkey, acting on behalf of the Republic of Turkey, which entered into force on 23 July 2010, complements the provisions of the Framework Agreement, laying down the specific provisions applicable for the implementation and the execution of the IPARD Programme for Agriculture and Rural Development of the Republic of Turkey under the instrument for pre-accession assistance (IPA).
- (8) The IPARD Programme has undergone three amendments, on 24 October 2008 by the Commission Decision C(2008)6100, on 29 October 2009 by the Commission Decision C(2009)8022, and on 22 June 2011 by the Commission Decision C(2011)4216.
- (9) The IPARD Programme provides *inter alia* for the following measures :
 - Investments in agriculture holdings to restructure and to upgrade to community standards (hereafter : "measure 101");
 - Investment in processing and marketing of agricultural and fishery products to restructure those activities and to upgrade them to EU standards (hereafter : "measure 103");
 - Diversification and development of rural economic activities (hereafter "measure 302").

- (10) Pursuant to Article 21 of Commission Regulation (EC) No 718/2007, Articles 6(d), (e), (f), and (g) of the Framework Agreement, and Article 9(3) of the Sectoral Agreement, the beneficiary country has to designate bodies and authorities responsible for implementation of the IPARD Programme: the Competent Accrediting Officer, the National Authorising Officer, the National Fund, the Managing Authority, the IPARD Agency and the Audit Authority.
- (11) The Government of Turkey has designated the Minister of State responsible for the Undersecretariat of Treasury and Deputy Prime Minister to carry out the functions allocated to the Competent Accredited Officer pursuant to the Article 10 of the Sectoral Agreement. The Competent Accrediting Officer's own confirmation of readiness was received by the Commission together with the national accreditation package, on 2 August 2010.
- (12) The Government of Turkey has appointed the National Authorising Officer and the National Fund within the Undersecretariat of the Treasury, which will execute the functions and responsibilities as set out in Article 11 and Annex I of the Sectoral Agreement (hereafter referred as accreditation criteria).
- (13) The Government of Turkey has appointed the Directorate General for Agricultural Reform of the Ministry of Food, Agriculture and Livestock, to act as the Managing Authority, which will execute the functions and responsibilities as defined in Article 13 and Annex I of the Sectoral Agreement.
- (14) The Government of Turkey has appointed Agricultural and Rural Development Support Institute (hereafter referred as ARDSI), as a related institution of the Ministry of Food, Agriculture and Livestock to act as the IPARD Agency, which will execute the functions and responsibilities as defined in Article 14 and Annex I of the Sectoral Agreement.
- (15) The Government of Turkey has designated the Board of Treasury Controllers as the Audit Authority, which will execute the functions and responsibilities as defined in Article 16 of the Sectoral Agreement. The Audit Authority's own confirmation of readiness was received by the European Commission together with the initial national accreditation package, on 2 August 2010.
- (16) The Competent Accrediting Officer notified the Commission on 20 July 2010 of the accreditation of the National Authorising Officer and the National Fund in accordance with Article 12(3) of Regulation (EC) No 718/2007 and Articles 22 and 23 of the Sectoral Agreement. The decision on national accreditation act of the National Authorising Officer and the National Fund was amended twice, as of 30 November 2010 and 13 June 2011, following the modifications into the working arrangements.
- (17) The National Authorising Officer notified the Commission on 21 July 2010 of the accreditation of the Operating Structure in charge of the management and control of the IPA Component V – Rural Development, for 20 Provincial Coordination Units (hereafter referred to as PCUs) and measures 101, 102, 103, 302, and 501, in accordance with Article 13(3) of Regulation (EC) No 718/2007 and Articles 22 and 24 of the Sectoral Agreement. The decision on national accreditation act of the Operating Structure was firstly amended as of 20 December 2010, following some modifications into the working arrangements. By the second revision of the decision on national

accreditation act of the Operating Structure dated 15 June 2011, the National Authorising Officer notified the Commission about his decision to shrinken the accreditation scope to measures 101, 103, and 302, and to 17 PCUs (Afyon, Amasya, Balikesir, Çorum, Diyarbakir, Hatay, Isparta, K.Maras, Kars, Konya, Malatya, S.Urfa, Samsun, Sivas, Tokat, Trabzon, and Yozgat).

- (18) On 11 April 2011 the Commission notified the Turkish Authorities of the approval of the rules for eligibility for expenditure (hereafter referred to as the list of eligible expenditure) for measures 101, 103, 302, and 501 in conformity with Article 32(3) of the Sectoral Agreement.
- (19) The Agricultural and Rural Development Support Institute (ARDSI), acting as IPARD Agency, and the Directorate General for Agricultural Reform of the Ministry of Food, Agriculture and Livestock, acting as the Managing Authority, will be responsible for implementing the measures 101, 103 and 302 accredited by the National Authorising Officer in 17 out of the 20 provinces selected for the first implementation phase of the IPARD Programme.
- (20) In order to take into account the requirements of Article 19(1) of the Framework Agreement and Article 32(1) of the Sectoral Agreement, the expenditure pursuant to this Decision shall be eligible for European Union co-finance only if not paid earlier than the date of conferral decision, and the general costs referred to in Article 172 (3)(c) of Regulation (EC) No 718/2007. Pursuant to Article 19(2) of the Sectoral Agreement, expenditure shall be eligible if it is in accordance with the principles of sound financial management and, in particular, of economy and cost-effectiveness.
- (21) Regulation (EC) No 718/2007 provides that the *ex ante* approval requirement may be waived on the basis of an analysis of effective functioning of the management and control system concerned and provides for detailed rules for the carrying out of the said analysis.
- (22) Pursuant to Articles 14 and 18 of Regulation (EC) No 718/2007, the accreditations referred to in Articles 11, 12 and 13 of Regulation (EC) No 718/2007 have been reviewed in terms of effective functioning of the Management and Control System; and the procedures and organisations of the structures, authorities and bodies concerned, as set out in the application submitted by the National Authorising Officer, have been examined, including by on-the-spot verifications.
- (23) Pursuant to Article 25(2) of the Sectoral Agreement, the Commission has verified the compliance with the conditions as laid down in Article 9 of the Sectoral Agreement; verifications were conducted in accordance with the International Standards on Assurance Engagements (ISAE 3000) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' in order to ensure that the conditions pursuant to Article 25(4) of the Sectoral Agreement are met by the concerned structures, authorities and bodies.
- (24) The verifications carried out by the Commission for measures 101, 103 and 302 are based on a system that is operational, but not yet operating, with regard to all relevant elements.

- (25) Although this Decision does not confer powers on the Competent Accrediting Officer, his level of readiness to function effectively by the time of submission to the Commission of the accreditation package for the conferral of management has been evaluated by on-the-spot verifications, pursuant to Article 25(3) of the Sectoral Agreement.
- (26) Although this Decision does not confer powers on the Audit Authority, its level of readiness to operate as a functionally independent audit body by the time of submission to the Commission of the accreditation package for the conferral of management has been evaluated by on-the-spot verifications, pursuant to Article 25 of the Sectoral Agreement.
- (27) The Republic of Turkey's compliance with the requirements of Article 56(2) of the Financial Regulation, and Articles 11, 12 and 13 of Regulation (EC) No 718/2007, and Articles 22, 23, 24, and 25 of the Sectoral Agreement has been assessed by on-the-spot verifications.
- (28) The assessment has shown that the Republic of Turkey complies with the requirements for measures 101, 103, and 302. In terms of geographical scope, 17 PCUs of the Agricultural and Rural Development Support Institute (ARDSI), acting as the IPARD Agency, are in compliance with the accreditation criteria.
- (29) It is therefore appropriate to waive, in accordance with Article 18(2) of Regulation (EC) No 718/2007, the *ex ante* approval requirements referred to in Article 165 of the Financial Regulation and to confer on the National Authorising Officer, on the National Fund, on the IPARD Agency, including 17 PCUs, and on the Managing Authority, the management powers relating to the measures 101, 103, and 302 of the IPARD Programme for the Republic of Turkey on a decentralised basis,

HAS ADOPTED THIS DECISION:

Article 1

The powers to manage in the Republic of Turkey the assistance provided for under the Rural Development Component of the Instrument for Pre-Accession (IPA) is conferred on the concerned bodies under the conditions laid down in this Decision.

The requirement for *ex ante* approval by the Commission for managing, paying and implementing functions for measures 101 'Investments in agriculture holdings to restructure and to upgrade to community standards', 103 'Investment in processing and marketing of agricultural and fishery products to restructure those activities and to upgrade them to EU standards', and 302 'Diversification and development of rural economic activities' by the Republic of Turkey, is hereby waived according to Article 18(2) of Regulation (EC) No 718/2007, and Article 25 of the Sectoral Agreement, as provided in the Annex to this Decision.

Article 2

This Decision shall apply on the basis of the following structures, bodies and authorities designated by the Republic of Turkey for the management of measures 101, 103 and 302 of the IPARD Programme:

- the National Authorising Officer;
- the National Fund;
- the Operating Structure for IPA – Component V (Rural Development);
- the Managing Authority;
- the IPARD Agency, including 17 PCUs, namely: Afyon, Amasya, Balikesir, Çorum, Dyiarkir, Hatay, Isparta, K.Maras, Kars, Konya, Malatya, S.Urfa, Samsun, Sivas, Tokat, Trabzon, and Yozgat.

Article 3

The management powers are conferred on the structures, bodies and authorities as specified in Article 2 of this Decision.

The national authorities shall carry out further verifications with regard to the structures, bodies and authorities set out in Article 2 of this Decision, in order to ensure that the Management and Control System operates satisfactorily. Verifications shall be carried out before the submission of the first Declaration of Expenditure requesting the reimbursement related to measures stated in Article 1 above.

Article 4

Expenditure paid earlier than the date of this Decision shall in no case be eligible with the exception of general costs referred to in Article 172 (3c) of Regulation (EC) No 718/2007, and Article 32(1) of the Sectoral Agreement.

Expenditure shall be eligible if it is in accordance with the principles of sound financial management and, in particular, of economy and cost-effectiveness.

Article 5

Without prejudice to any decisions granting aid under the IPARD Programme to individual final beneficiaries, the rules for eligibility of expenditure for measures 101, 103, and 302 proposed by the Republic of Turkey and approved by the Commission on 11 April 2011 shall apply.

Article 6

As of the date of entry into force of this Decision, the competent authorities of the Republic of Turkey shall inform in advance, and obtain approval from, the Commission on any changes to

the working arrangements of the IPARD Management and Control System, pursuant to Articles 23 and 24 of the Sectoral Agreement.

The Commission shall monitor compliance with the requirements for the conferral of management powers as laid down in Article 17 of Regulation (EC) No 718/2007 and Article 25 of the Sectoral Agreement.

The Commission can decide to withdraw or suspend the conferral of management powers provided for in this Decision, at any time during its implementation, in case it considers that the Republic of Turkey does not meet any longer its obligations under this Decision. The withdrawal or suspension of management powers is irrespective of the decision by the Competent Accrediting Officer to maintain, suspend or withdraw the accreditation of the National Authorising Officer and the National Fund in accordance with Article 23 of the Sectoral Agreement, or of the decision by the National Authorising Officer to maintain, suspend or withdraw accreditation of the IPARD Agency or the Managing Authority, in accordance with Article 24 of the Sectoral Agreement.

Where the conferral of management powers is withdrawn or suspended by the Commission, it shall cease to make transfers of funds to the Republic of Turkey.

Without prejudice to any other financial corrections, the European Commission may make financial corrections against the Republic of Turkey in respect of its non-compliance with the requirements for the conferral of management powers pursuant to the Article 54 of the Sectoral Agreement.

The Republic of Turkey shall ensure:

- investigation and effective treatment of suspected cases of fraud and irregularities and shall ensure the functioning of a control and reporting mechanism equivalent to that referred to in the Commission Regulation (EC) N° 1828/2006;

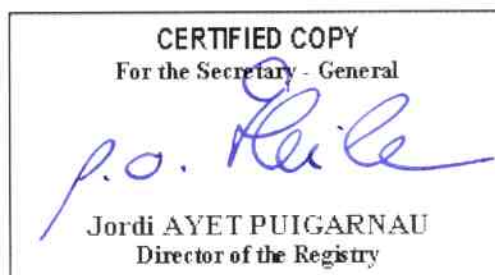
- implementation of fraud prevention measures by its national bodies. The fraud prevention measures adopted shall equally be communicated to the European Commission;
- legislative, regulatory and administrative provisions and measures necessary to ensure effective protection of the financial interests of the European Union, in particular in order to: check the genuineness and compliance of operations financed by the EU, prevent and pursue irregularities, and recover sums lost as a result of irregularities and negligence.

Article 7

This decision is addressed to the Republic of Turkey.

Done at Brussels, 29.8.2011

For the Commission
Dacian CIOLOȘ
Member of the Commission



ANNEX

to the Commission Implementing Decision conferring on the Republic of Turkey management powers relating to Component V – (Rural Development) of the Instrument for Pre-Accession Assistance (IPA) for the measures and sub-measures, and within the geographical scope defined in the table below:

Province	Measures/Sub-Measures											
	101-1	101-2 (Red meat)	101-2 (Poultry meat)	103-1	103-2 (Red meat)	103-2 (Poultry meat)	103-3	103-4	302-1	302-2	302-3	302-4
Afyonkarahisar	+	+	+	+	+	+						+
Amasya	+	+		+	+		+		+	+	+	+
Balıkesir	+			+			+					
Çorum	+	+	+	+	+	+			+	+	+	
Diyarbakır		+			+		+		+	+	+	
Hatay							+		+	+	+	+
Isparta	+			+			+					+
Kahramanmaraş	+	+		+	+			+	+	+	+	+
Kars	+	+		+	+			+	+	+	+	+
Konya	+	+	+	+	+	+	+	+	+	+	+	+
Malatya	+		+	+		+	+	+				+
Samsun	+	+		+	+		+	+	+	+	+	+
Sivas	+	+		+	+			+	+	+	+	+
Şanlıurfa	+	+		+	+				+	+	+	+
Tokat	+	+		+	+		+		+	+	+	+
Trabzon								+				+
Yozgat	+	+		+	+			+	+	+	+	+