EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate A. International bilateral relations
A.5. Pre-accession assistance for agriculture

Brussels, 26 FEV. 2014
GK/fa D(2014)

Subject: **Your e-mail of 12 February 2014**

Dear Mr Medic,

Thank you for your email of 12 February 2014 concerning the implementation of the Leader approach in Croatia. We have carefully analysed issues presented in your e-mail and as some aspects concern procedural arrangements, we consulted our legal and audit units to provide you clarifications on the matters you have raised.

The e-mail includes three issues of your concern. Please find below our answer on these topics.

1) Procedure for evaluation of Local Development Strategies - LAGs scoring

It is a clear principle for EU funded programmes approved by DG AGRI that the selection criteria have to be objective and measurable. However, the specific criteria are designed at national level, on the basis of the particular conditions in the Country.

It is actually worth mentioning that the IPARD programme is a decentralised programme and the national authorities, in this case the IPARD Agency but also the Managing Authority responsible for the Evaluation Committee, have the full responsibility for the implementation of the programme in accordance with the provisions of the Framework and Sectoral Agreement signed by Croatia and the European Commission and the procedures approved by the Decision of the Commission on conferral of management to the Croatian authorities.

Consequently, the issue that you raised should be addressed and solved in the national context. Nevertheless, in the ongoing monitoring of the implementation of the programme and its compliance with EU rules, we will request the Ministry for clarification regarding the incident you described in your e-mail. DG AGRI may further investigate the process of LAGs selection during audit missions.

2) Reference Price List

In respect of your second request, I would like first of all to explain, on the basis of the information that DG AGRI has exchanged with Croatia over the years, the context under which the Reference Price List has been established by the Croatian Authorities.

In view of the sound financial management of investment measures financed under IPARD and the EAFRD, one of the main aims is that the subsidised price should not

exceed the price that an operator would normally be able to secure on the market. This principle is provided in Article 19 (1) (d) of the Sectoral Agreement signed between Croatia and the European Commission, which states that administrative checks on applications for approval shall in particular include a verification of, inter alia, "the reasonableness of the costs proposed, which shall be evaluated using a suitable evaluation system, such as reference costs, a comparison of different offers or an evaluation committee".

In order to implement this principle, the Croatian authorities have applied controls on two levels: by providing that the applicant should request three offers from suppliers and by comparing the price of the winning offer with the Reference Price List (RPL), which has been set up by the Croatian Authorities for this purpose. It follows that the RPL is an internal document used by the competent services to carry out this administrative check.

As an internal document, its management, including possibility of publication and disclosure, lies with the national authorities. As explained above, the management of IPARD is fully delegated to the national level. It is for the Croatian authorities therefore to assess, having due regard to the applicable legislation, whether or not to grant access to the information you are interested in.

3) Proof of origin for small value goods

The issue of small value goods, for which the request of the declaration of origin issued by the Croatian Chamber of Commerce may be excessive, has been discussed over time between the Commission and the Croatian authorities. Last year, in the Commission letter to Minister Jakovina, from 18 March 2013, DG Agri has provided a possible solution for this problem. In the mentioned letter, it was suggested that a proof of origin for smaller value items (for example under 150 EUR) can be provided using other documents of the same probative value as a certificate of origin (for example a declaration from the retailer). It is however for the IPARD Agency to decide whether to make this pragmatic solution available.

p.o.

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Head of Unit