

## Managing Authority Department

### Memo of the meeting of Agricultural and Rural Development Operational Programme Monitoring Committee held on 9 December 2004

The Secretariat of the Monitoring Committee verified the number of the members with decision taking capacity who were present and stated that the monitoring Committee had a quorum.

#### **1<sup>st</sup> agenda item: Approval of the agenda and the minutes of the previous meeting.**

The Chairman of ARDOP Monitoring Committee, Dr. Ferenc Nyujtó welcomed everybody to the 2<sup>nd</sup> official meeting.

*Decision taking:*

- The MC **approved** the **agenda** without any objections.
- The MC **approved** the **Memo** of 6 July 2004 with one abstention.

The Monitoring Committee approved the minutes of the previous meeting with the mandate to the Managing Authority to revise them according to the comments received by the European Commission. Ms Medico recalled that the Commission had commented in writing on the English version of the minutes with a number of proposed editorial changes and asked the Managing Authority to ensure full consistency with the Hungarian version. She suggested that the minutes should report with greater synthesis the interventions by the Committee members (while still using the tapes for back-up).

The MC Chairman said that corrections would be completed.

*Conclusion:*

The ARDOP MC Chairman said that ARDOP was implemented on the basis of four documents: ARDOP, PC, Calls for applications, and the Guidelines. The PC was discussed in the autumn and later it was received by the EU Commission, which made minor modifications and supplements to the Document.. Consequently, the calls for applications were modified too, in relation to which applicants were only requested to provide supplementary information and not to submit missing data. ARDA has accelerated the evaluation of applications.

#### **2<sup>nd</sup> agenda item: Report on the current status and amendments of the Programme Complement**

Dr. Miklós Maácz, deputy chairman of MC reported that the comments made about PC at the MC meeting held on 6 July 2004 had all been integrated into the document. Following further discussions, the document was submitted to the EU Commission on 1 October. Three task forces were formed on the subjects of criteria of Equal Opportunities, Viability (still working) and consistency between ARDOP and NRDP. The Viability limits were kept, because otherwise the consistency between ARDOP and NRDP would have changed. Technical modifications were on the basis of ex-ante evaluation (e.g.: clarification of limit values, coordination of appendices, and aid rates. The objective is to increase the capacity of the Intermediary Body in terms of evaluation of applications.

Regarding minor amendments the following subjects were mentioned: sensitive sectors, young farmers, communications plan, mid-term SAPARD evaluation, which has been integrated into the

Programme-Complement, clarification of TA, address registration, correction of the financial tables of EAGGF and the Fishery Fund, and reflection of monitoring capacities.

Under the provisions of (EC) regulation n° 1260/1999 (article 29) the maximum rate of contribution by the Fund on the total eligible cost cannot be higher than 35% in the first priority, where it concerns investments in firms, and therefore we had to take out the additional support, involving retrospective amendments. In relation to that we had to change the rate of support, in case of the 2<sup>nd</sup> priority support changed to 40-45%, while the additional support remained in the case of the 3<sup>rd</sup> priority.

In terms of 1.1-1 measure the allocation according to exact sub-measures was completed. It was necessary because the funding proportions could turn out to be different between sub-measures, while applications are processed accordingly.

Dr. Ferenc Wekler, chairman of the National Association of Local Governments and Small Areas asked how to have access to the SAPARD mid-term evaluation.

Dr. Miklós Maácz answered that it had not been published in a printed form, but it would be accessible on MARD's homepage.

The MC Chairman stated that minor technical modifications could still take place.

Dr. Ferenc Wekler pointed out that **the Less Favoured Areas** were not identified clearly in the calls for applications, their classification was not acceptable, because some settlements that should have been contained in the list were missing. It was unfair and therefore he proposed to discuss the issue. The classification of the LFA-s should be consistent with the list identified in the Government Decree and contained in the call for applications.

In his answer the MC Chairman said that the LFA-s were defined in the NRDP. This item was not on the Agenda, therefore we either complete the agenda (modification), or form a task force to report at the next meeting. He also added that statistical, accounting and economic problems also occurred in relation to the subject. The EU examined these areas on the basis of three criteria: 1. soil productivity test, 2. agricultural employment and income relations, 3. deviation from general employment conditions. The EU Commission deleted many settlements from the list because of the existing statistical data, but it was also the result of the Hungarian registration. He proposed the establishment of an expert task force.

Katalin Kovács raised the problems of defining rural areas and proposed to include them among the subjects of the task force. There is another classification on the basis of the number of population too, which leads to a contradiction, because settlements with a population of less than 10,000 are classified as rural settlements, therefore the same categories may be applied to different areas.

Dr. Ferenc Wekler did not accept that the task force should report at the March meeting, because there was a long time until March and support might run out by then. He then proposed either not to apply the less favoured classification system, or discussing the issue. One organisation should be made responsible for the entire issue of less favoured areas and rural areas. This organisation should coordinate with the other operational programmes and the Government, preparing a final proposal for Parliament for discussion. The MC Chairman said that the effective EU Regulations, on the basis of which rural and less favoured areas had to be identified had to be used in this work. The data necessary for it were supplied by us, and settlements were added to the list on the basis of them. We had lengthy discussions with the EU, which could not be extended further due to the utilisation of funds. The modification request has to be submitted to the EU Commission, for discussion by the STAR Committee. If the modification proposals can be supported with legal regulations, the modifications are feasible, but the whole process requires a long time. In terms of the proposed modifications.

Dr. Miklós Maácz said that this problem would be solved in ARDOP. Under NRDP the measure cannot be terminated, because it would involve the modification of the plan. The LFA-s were defined on the basis of Eurostat results, and criteria are defined in legal regulations, (EC 1257/1999 Regulation Articles 19 and 20). The list was compiled on the basis of the best knowledge, which can also be explained to the task force. It will change in the new programming period, because NATURA 2000 areas will also be added to the LFA list, but in relation to those even parcels have not been marked yet. As soon as the parcels are marked, new settlements will also be added to the list.

The MC Chairman proposed the establishment of a task force in which each MC member could participate. They should prepare a progressive proposal to move the matter forward. In this case a joint Regulation has to be modified, not only Hungarian regulations need to be amended. The present system is the result of comprehensive work. The Ministry has already started to work on the compilation of a fairer list.

On behalf of DDRFT (South Transdanubia Regional Development Council), Miklós Margittai said that the applications received indicated the definition problems. It was impossible to explain to farmers that they did not operate in less favoured areas. The problems calls for an urgent solution.

Dr. Ferenc Wekler asked a question from the representative of the EU Commission as to whether the EU obliged Hungary to establish a too bureaucratic system? As far as he knew an area should produce 75% of GDP in order to be classified as less favoured area. The settlements cannot accept that the issue would be re-discussed in the next cycle. He can accept the task force discussing the issue.

Ms Medico thanked for the revision of the programme complement according to the comments made and illustrated to the Committee the current state of play, from the point of view of the Commission. The document contains all the necessary elements required by the pertinent regulation, so that the Commission will be able to proceed with the execution of interim payments. However, the note with the result of the assessment of the programme complement (to be sent to the managing authority within two months from receipt of the document) will require a number of requests for clarifications/amendments, which were briefly recalled - for instance, to exclude operational aid in accordance with State aid rules, to ensure consistency with the Rural Development Plan and so on. Concerning the working groups set up to examine/revise several parts of the programme complement, she welcomed the involvement of the social partners and asked to make its work public (by making available information on the meetings and the documents produced), like the work of the monitoring committee. Mr Vamvakas said that the fishery part of the programme complement, thanks to the work of everybody involved, satisfied the Commission requirements.

Giulia Medico, representative of the EU Commission asked to distinguish between Less Favoured Areas (indicated by several participants as “disadvantaged”) and rural areas. The former category, as defined in the Rural Development Plan, is relevant in the framework of the Operational Programme as it allows a higher rate of support to farm investments. The latter category is the basis for the implementation of a number of measures of the Operational Programme, those targeting the rural economy and population. The EU regulations on rural development do not provide for a definition of rural areas, which has been proposed by the Hungarian Authorities on the basis of OECD criteria and accepted by the Commission. As for the LFA, it is up to the Member States to define such areas, consistently with the criteria set by the (EC) regulation on rural development. If there are problems in the list of LFA in Hungary contained in the Rural Development Plan due to poor or missing data, the Commission will consider any request for modification, duly justified (which, technically, is an amendment to the Rural Development Plan to be communicated to the Commission, not requiring a Commission decision).

Dr. Ferenc Wekler proposed to the MC the suspension of the list of settlements and additional support.

Ferenc Galó, member of Rural Parliament asked on the basis of what decision or legal regulations applicants were asked to waive their preferences.

The MC Chairman answered that it was the most difficult issue under rural development, and competent experts were working on it in the framework of NRDP.

Dr. Krisztina Loncsár, member of MA, explained that the preferences were defined in the National Rural Development Plan based on 1257/1999 EU Regulation. ARDOP only contained them as a plus item. Only official data were used for the definition of the LFA list. Agricultural profitability data did not allow for any other definition of LFA areas. As soon as we have new and better data, the list can be modified and the NATURA areas can also be identified.

In his comments the MC Chairman mentioned the insufficiency of data supply. Parliament passed the Act on the Budget containing the support ratios. If the additional support is modified, the proportion can be retained, which will involve modifications in ARDOP. He proposed the establishment of the task force, and listening to its report at an MC meeting organised at the end of January.

Dr. Ferenc Wekler said that he accepted the proposal under the condition that the additional support would be suspended until MC discussed them again.

**Vote: on the establishment of the task force and suspension of additional support.**

The MC **accepted the proposal unanimously!**

In accordance with the vote, the Committee approved the suspension of the possibility to grant higher rates of aid for investments in farms located in less favoured areas, currently provided for by the Operational Programme, until further clarification of the list of these areas. Such a clarification will result by the work of a task force to be set up under the management of M. Tar, Head of the Agri Environmental Management Department of the Ministry of Agriculture.

In relation to the increase of **application evaluation capacities** Dr. Ferenc Wekler stated that calls for applications were often modified, and no evaluation was possible while modifications were made. In the first step the final calls for applications had to be defined, and evaluation capacities could be increased later. In addition, a solution must be found for the VAT issue. He wanted to know when the final call for applications would be available, and why the applications were not evaluated according to the currently effective call for applications. According to the call for applications the same individual may submit any number of applications, yet the Selection Committee meeting accepted a principle that only one application may be submitted by the same individual until 2006? What was the mechanism behind this decision?

In his answer the MC Chairman said that the system contained limited resources and the Selection Committee tried to proceed in a fair manner trying to allocate support to many applicants and this is the reason behind the one individual one application principle but the circumstances did not allow it, therefore it won't be applied still further arrangements

Ildikó Szabó, on behalf of the Ministry of National Cultural Heritage, noted that they had made a written proposal according to which if a given settlement already won an application, it should be taken into account in the evaluation of village development applications, as under SAPARD the same settlement won even 3-4 applications, yet more than 2,000 were rejected. They received a lot of enquiries because so many applications had been rejected. On this basis they conducted some discussions and reached a conclusion that only one application should be accepted from the same settlement because the ARDOP budget is smaller than the SAPARD budget available for the same

purpose. This approach could provide consistent dissemination of resources and was also in line with the principle of the measure. This was the main reason why it was proposed. It could not be managed legally, but still could become a guideline. They still maintained the proposal.

**In relation to VAT** Erzsébet Bajtai, ARDA representative said that VAT could be included among eligible expenses if the applicant could not claim it back, regulated strictly by the Ministry of Finance, as it was already published on ARDA's homepage. Concerning the modification of call for applications she said that the LFA list and PC amendments called for modification in it, and currently version 3 was effective.

Ferenc Galó, member of Rural Parliament requested standard procedures, because it was too expensive for applicants to obtain additional documents.

Erzsébet Bajtai answered that no additional documents were required because the applicant certified refundable VAT in the milestone with his signature. It did not change all the eligible expenses.

The MC Chairman said that after lengthy discussions they managed to agree with Brussels, and thus the system indicated in PC and the system applied for calls for applications was acceptable for everybody. In terms of the staff working on the evaluation of applications he inform the meeting that one officer could evaluate 100-200 projects. In order to guarantee that the 10-15,000 applications are evaluated smoothly, the number of evaluation officers should be adjusted to this demand.

In her comment Katalin Kovács said that the system could not be corrected even it was unjust, but changes might still take place in the evaluation of applications. She asked whether a scoring or equity system applied if two applications had the same score and whether **selection criteria** could be changed? She asked whether consultation was possible on the subject?

According to Dr. Ferenc Wekler the problem is contrary to agricultural and community policy interests. There are limited funds for environment building and infrastructure. He proposed regulation of resources. The scoring system supported good quality applications, therefore the approach based on one individual-one application was not practical.

Dr. Krisztina Loncsár added that the evaluation criteria had not been finalised in PC, thus the one application-one individual principle could be applied.

In his comment the representative of the EU Commission said that the assessment and the approval of the selection criteria is indeed a responsibility for the monitoring committee. She added that a the detailed scoring of applications, on the basis of a minimum threshold for admissibility, and the system for informing applicants of the receipt and assessment of their applications which was the object of lengthy discussions in the Committee . would rather seem to be an implementing issue for the managing authority/intermediate body.

Dr. Krisztina Loncsár would welcome the introduction of additional criteria because many good quality applications were received, and thus the same applicant could win several projects, while others could not win in rural development or infrastructure even with good applications.

The MC Chairman said that selection criteria already existed, and their modification would take months. It was not possible to evaluate over and above the selection criteria. The MA was always open for consultations.

The representative of the Commission indicated that the measure descriptions in the programme complement do not contain any limitation on the number of projects that one beneficiary is allowed to submit and eventually to have approved by the competent authorities, in the section on eligibility and selection criteria: any such a provision needs to be included in the text. If the Monitoring Committee decides to change the selection criteria in order to reflect a limitation to the number of projects, the Commission services will assess the particular case and take a position. The selection criteria shall, in any event, be consistent with the regulations and the aims of the measures.

On behalf of the MA Dr. Krisztina Loncsár informed the meeting that the current demand was three times the budget allocated for rural development. She asked how these applications should be evaluated?

Ferenc Galó, member of the Rural Parliament pointed out the proportion of agriculture and rural development and said that resources should not be taken away because they were already limited.

Dr. Ferenc Wekler added that the demand and resources of infrastructure and rural development measures were not set up well, and proposed further reallocations to increase the resources made available for rural development. He did not think it was a good solution to restrict the number of applications that could be submitted.

Dr. Zsuzsanna Pásztor, Mrs. Tóth, representing of ARDA, stated that the definition of measures was a task requiring a lot of care. The rural development and infrastructure measures had to be suspended because the demand exceeded the 3-year budget. She did not propose reallocation of resources, and suggested that the requests should be taken into account from 2007.

János Gábor, supervisor of the fishery measure explained that during the implementation of the fishery measure the experiences of many years had been taken into account and the resources would most probably be used.

**3<sup>rd</sup> agenda item: Report on the annual implementation of ARDOP (Dr. Miklós MaácZ ARDOP MA)**



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Ms Medico asked to specify the financial information, to be provided for the annual meeting with all Structural Funds Managing Authorities, so as to report figures in EUR as well and to indicate the unit of reference (total public cost, out of which the contribution of each Fund should be shown) and to clarify a few expressions used for approval, contracting etc. She expressed concerns on the suspension of call for applications for those measures receiving many applications, because contracting had only started from 1 October. She finally asked if a “project pipeline” was envisaged by the Hungarian Authorities to ensure absorption of funds: a list of good eligible projects which could be supported if funds were available – also with a view to eventual amendments to the financial allocation of measures within the same priority in the PC. M. Vamvakas reported that very few applications had been received in the fishery section, which had not been evaluated yet and hoped that many more applications would be received by the agency in future.

Dr. Miklós MaácZ answered that indicating the figures in EUR and separation of EU and national financing did not cause any problems. The difference between received and accepted applications was that received applications were only a registered application, and accepted applications were applications in relation to which missing information was also submitted. The average score is always based on one hundred points. In terms of rejection he said that efforts were made for the supply of missing information in the widest scope but, based on experience to date, applications

could be rejected even without a request for a additional information. The reason for this was a principle that it could not be allowed that all information could also be supplied subsequently, and minimum requirements had to be met. The suspension of measures could really be objected to, but the number of received applications indicated that the total budget was committed, because applications were processed continuously. Because of the large number of applications continuity could only be maintained by suspending the measure.

**4<sup>th</sup> agenda item:** Report on the implementation of measures under ARDOP Programme, the available funds and suspended measures (Dr. Zsuzsanna Pásztor, Mrs. Tóth ARDA)

**5<sup>th</sup> agenda item: Questions, comments**

*The MC Chairman* highlighted that **there were no more barriers for starting the payments**. He thanked everybody for involvement.

*Ferenc Galó, member of the Rural Parliament* asked whether regional offices would be extended in relation to the **increase of the application management officers**. Where can LEADER+ be found? –It will be included in the Public Procurement Gazette, within 52 days from 30 November. Why is the share of rural development declining?

In his answer *Dr. Miklós Maácz* explained that this share was defined during the discussion of NRDP and the Operational Programmes. The 3<sup>rd</sup> priority represented 26.5% in ARDOP, which was accepted both in Brussels and by Hungary.

*The representative of HALTERMOSZ* submitted a proposed resolution, under which he requested authorisation from MC to start the **evaluation of FIFG applications**. „In the evaluation FIFG should be treated separately from other sectors, and the order of evaluation should be managed within that!”

*Erzsébet Bajtai, ARDA representative*, stated that the Food Industry Section would be established. The order of receipt of applications was kept in the transfer of applications for approval, therefore there were no barriers for evaluating FIFG projects separately.

*János Gábor, on behalf of the Fishery Department*, said that fishery represented a separate orientation section, the size of which was established on the basis of the applications submitted to date, therefore it would not be evaluated at the expense of the other applications.

*On behalf of the Food Industry Department, Péter Szilágyi* added that in his opinion it was not a good idea to manage fishery applications within the framework of the Food Industry Section, because there were no good experts in all regions. The idea would be acceptable if fishery experts could be added to regional offices too.

**Vote:** The MC approved the proposed resolution with four abstentions, as a result of which **FIFG would be managed separately** during the evaluation.

*Dr. Miklós Maácz, MC deputy chairman* **proposed the distribution of priorities of agricultural investments for voting.**

The *representative of the Commission* recalled that a table was distributed during the Committee, with a further breakdown of the financial allocation of measure “investments in agricultural holdings”, according to the categories of supported investments.

*On behalf of MOSZ, Attila Vári* asked how flexible this distribution was and whether unused resources could be reallocated later. As very few animal husbandry enterprises received land-based support, because generally they did not have land and could not obtain similar resources either from

any other sources than ARDOP. He proposed to reallocate HUF 2-3 billion from investments into machinery to animal husbandry investments.

Csaba Kocsondi said that the breakdown could be disputed because the resources available under this title had dropped by two-thirds compared to the previous years, but he did not propose modification of the distribution without justification. The purchase of agricultural machinery would have exhausted the budget, therefore distribution was necessary. He requested the MC to approve the table.

Gábor Bukosza pointed out that animal husbandry enterprises needed a lot of resources because by the end of 2005 they had to comply with environmental requirements. He stated that the distribution was acceptable but it would be nice to review it at a later time.

Dr. Ferenc Wekler proposed a vote at the next meeting because based on more information a better decision could be adopted on the composition and reallocation of resources.

Tamás Tóth, on behalf of CFS MA asked not to include the distribution into PC, because it would make the system inflexible.

**Vote: The MC rejected the HUF 2 billion reallocation within the budget with 5 affirmative 18 negative votes and 2 abstentions.**

**the Mc approved the reallocation of resources within the measure with a unanimous affirmative vote.**

Dr. Miklós Maác said that the distribution was not to be included in PC, but this budget was the applicable budget.

The representative of the EU Commission asked for clarification on the outcome of the proposal: first, whether the proposed breakdown of funds, which is not asked for by the EU provisions, was intended to be part of the programme complement measure description. Secondly, whether a decision by the Monitoring Committee was to be required for any modification in the repartition of funds within the measure if, when assessing received applications, it emerged that any particular sector-type of investment would require a different share than in the forecasts.

In his answer Dr. Miklós Maác explained that the MC has accepted the distribution, which could be re-negotiated in the future if necessary and changed by MC.

Dr. Zoltán Mikó explained that the distribution had been accepted by MC, therefore it could also be changed by MC. He asked the MC to discuss the issue of **grain silos** based on preliminary discussions.

Csaba Kocsondi said that the placement of the large volume of crops caused difficulties, therefore the capacity of the silos should be extended. Applications may be submitted for grain silos under 112 measures related to agricultural investments, to date HUF 2.,7 billion worth requests have been received by the agency for such purposes. He proposed to the MC to separate the amount and launch these applications.

**Proposed Resolution:** ARDOP MC has discussed the proposal on the implementation of grain silos. It agrees with the application management system described in the proposal (i.e. applications for grain silos will be selected and managed as a separate sub-measure.). The MC chairman should propose immediate actions for the selection of applications concerned as well as assessment of applications and their submission to the Selection Committee. The respective budget is maximum HUF 2 billion.

The representative of the EU Commission recalled having expressed doubts on the appropriateness of the request to the Monitoring Committee to take a position on implementing issues which are under the competence of the Managing Authority.

The MC Chairman asked the MC to **vote upon the position**, and the Committee **approved the report with one negative vote** (grain silo issue).

ARDA representative, Erzsébet Bajtai said that it was not included in the application criteria and there was a similar case under SAPARD too, which was not accepted by the SAO. It was a problem because the principle of equal treatment was violated in terms of applicants if they were given priorities, therefore ARDA did not support the idea of dealing with grain silos as an extraordinary issue.

Representative of the EU Commission, Julia Medico: In relation to the progress report, he said that not all points were clear for it and asked for a meeting to discuss the report. He asked to indicate the comparative amounts in EUR too, hoping that the data contained in EMIR were also available in EUR. He also asked for an explanation of data, and total public funds according to priorities and measures. It would be practical to highlight the EE contribution according to funds. Another issue to be clarified was whether the data contained in the document contained the data of received or accepted applications? In addition, the average score had to be identified. Did the reasons of rejection contain minor formal errors to be revised too? Were any errors resulting from VAT calculations a cause of rejection or applicants could receive assistance too? He also added that the distribution according to sub-measures was indicative, and it was not a good reason to suspend the submission of applications. If resources were all used but there were still good applications they had to be recorded because later, as resources were available again the number of applications would definitely be reduced, and therefore this suspension policy was not good.

Constantin Vamvakas reported that very few applications had been received in the fishery section (7 applications involving EUR 500,000), which had not been evaluated yet. He hoped that, in agreement with others many more applications would be received by the agency in future

Erzsébet Bajtai added that ARDOP was an application friendly programme but they had to introduce a category of rejecting applications without subsequent submission of information, although the competent agency gave all required assistance for the submission of missing information. They would like to use the resources available under Technical Assistance to strengthen customer services. The VAT inclusion was completed, but no applications were rejected due to calculation errors. No applications were rejected due to lack of resources, but as soon as it happened, rejection would be made the applicant could still be listed and as soon as new recourse were available, the application could still be used. In terms of fishery he said that as its applications had to be managed separately, ARDA would of course comply, naturally based on the order of receipt.

János Gábor said that the order of receipt had to be respected. Answering to Mr. Vamvakas he added that the main aspect for the identification of HOPE resources was not optimism. Data were available for identifying the resources for investment support, but assumptions had to be made in terms of promotion, produce setting up producer organisations and innovative activities. The Department made those assumptions on the basis of the opinion of the research institute and interest protection organisations. To date 7 registered HOPE applications have been received in the amount of HUF 123 million, representing 40% of the co-financing budget for 2004. Hopefully the budget will be fully exhausted in future.

On behalf of the EU Commission Gulia Medico remarked that some of the causes for rejecting applications, as illustrated in the presentation, may be challenged as disproportionate (requirement of electronic application) and that applicants should always have a possibility to remedy. In

addition, she did not think it was the best solution to suspend applications two months after the announcement of ARDOP measures based on only number of applications especially because of only 51 projects had been evaluated so far.

Erzsébet Bajtai explained that applicants did not find any problems with submitting their applications electronically. There were former requirements to be met. The majority of formally insufficient applications were completed later. The rural development measure had to be suspended, because the demand exceeded the budget four times. ARDA did not indicate lack of resources as the reason for rejection because it was not clear whether further resources would be available. If that was the case, applications rejected this way would be included in the list if the applicant requested.

In relation to the submission of applications electronically the MC Chairman said that it was acceptable because it was also a general requirement for NDP. If it was necessary, it could be changed.

Katalin Kovács thought that new resources could only be available at the expense of other rural development titles. She proposed to establish a limit for rural development and infrastructure and reallocate resources from e.g., diversification based on the resource requirements of the winning applications.

Tamás Tóth did not think that the reallocation was a good idea because the programme had just been started and real requirements could still change. He suggested that MC should not discuss any reallocation before the end of 2005. He said that reallocations might interfere with the objectives of the operational programme too causing bigger problems.

The MC Chairman added that more accurate data would be available at the next meeting, based on which a discussion can be opened.

#### **6<sup>th</sup> agenda: Report on EMIR information system (Géza Rózsa ARDOP MA)**



EMIR2.ppt

The representative of the EU Commission, Giulia Medico asked whether EMIR also contained information on the submitted and approved applications that was required for the annual progress report (such as breakdown of data on farm investment according to the type of investment) and if not, whether EMIR was compatible with any monitoring software or system used for these reporting requirements. She also asked whether financial data on modification of programme complements and payment claims would be sent directly to the Commission (SCF system in DG AGRI). Mr. Vamvakas asked whether EMIR was compatible with the INFO-SYS system applied by DG Fisheries.

Géza Rózsa answered that all data contained in the application form were entered into the system. He also said that the National Development Agency ordered EMIR system for all operational programmes. The system complied with the EU requirements, thus reporting was feasible to the EU using the system.

Tamás Tóth added that the system could send all information to the EU Commission and DG-s that were required under legislation. The system was compatible with INFO-SYS. The Ministry of Finance was responsible for financial development and the system also supported the format used within the EU.

## **7<sup>th</sup> agenda: Report on communications activities and tasks completed to date (Edit Kónya ARDOP MA)**

The representative of the EU Commission asked for greater detail on the activities carried out and for samples/copies of the information tools used (publications, spots, brochures, etc.)

In her answer Edit Kónya on behalf of MA said that more detailed information would be given on environmental protection communications activities in the transition period in the next report. She promised that all documents prepared on the assignment of MA would be available on the Internet and sent to the Brussels mission too for presentation.

Constantin Vamvakas, on behalf of the EU Commission asked about the contents of the homepage whether it contained links as well, with which interested parties could find all applicable information, rules and regulations, etc. From the first quarter of 2005 all such information will be available on the EU website in all EU languages.

Edit Kónya stated that all related documents and information would be available in the English and Hungarian languages too.

## **8<sup>th</sup> agenda item: Other issues**

Erzsébet Bajtai informed the meeting that in addition to defining the minimum score, Selection Committee also established a **score limit** for eligibility **for support** in the case of some measures and asked that applicants should also **be informed** about it. In the case of the rural development measure an application is accepted from 55 points, and is eligible for support from 71 points. She asked the disclosure of the existing information.

In his answer Dr. Miklós Maácz said that it was feasible if the Selection Committee stated that winning applications required 71 points.

Dr. Zoltán Mikó called attention to the aspects of data protection in relation to publication on the Internet.

Katalin Kovács supported publicity, providing it took into account data protection and the interests of applicants.

The MC Chairman said that the documentation of Selection Committee meetings were available for the public although the participants in the meeting agreed not to disclose any information about the work of the Committee.

Gábor Bukosza supported to make the system more transparent, because applicants could start their investment after the acceptance of the project, which they probably would not do if they were aware of the scoring limit.

The MC Chairman concluded that as the disclosure of the scoring limit required consideration, ARDA and MA should discuss the issue for all measures first. He promised to return to the issue by the end of 2005, until that time experience can be collected to be disclosed later. A written report will also be prepared on the subject, and the MA also expected the answer of members in the same format.

Dr. Zoltán Mikó legal representative added that both the MA and MC could adopt decisions that influenced an application. He made a proposal for consideration requesting the statement of the position of MA and MC in terms of publicity at the next meeting.

The MC Chairman said that although all MC documents were available for the public, the scoring limit was related to a strategy, and a strategy had to be decided upon.

Pál Forró added that when the scoring limits and the minimum score were established a further limit could only be defined on the basis of all applications.

In Csaba Kocsondi's opinion it was impossible to establish such a scoring limit in the case of a continuous submission system, thus such a scoring limit would be absolutely fictitious.

According to Erzsébet Bajtai under the 14/2004 Regulation if a measure's budget is about to be exhausted, a scoring limit could be established. As applications are submitted continuously, she did not recommend the establishment of a scoring limit after the evaluation of applications with subsequent information sent to the applicants.

On behalf of the EU Commission Giulia Medico indicated that that scoring applications was an implementing issue, under the competence of the Managing Authority, rather than for the Monitoring Committee. She nevertheless stressed the importance of providing full and thorough information to all potential applicants on the selection criteria used to assess their application (including details on the scores required to be selected). Similarly, the Managing Authority should provide potential applicants with detailed information on the content of the requirements to fulfil (including minimum standards), in order to benefit from support.

MC Chairman Dr. Ferenc Nyujtó said that the establishment of a scoring limit fell within the competence of the Selection Committee and MA, and consequently the Monitoring Committee should not be establishing scores. Finally he added, that an Expert Committee meeting had been called on the subject of LFA and rural areas.

He thanked everybody for participation and **closed the meeting**.