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EXPLANATORY NOTE TO MEMBER STATES

Subject: Overview of modifications in the documentation of the procedures for the adoption of promotion programmes, the modification of the flat rate calculation of fees for media buying, the requirements on the documentation of overheads and the provision of additional information on the requirements for launching the selection procedures.

For the proper implementation of the EU information and promotion policy for agricultural products a number of documents are in use. The documents concerned are:

- Application form;
- Memorandum for the evaluation of programmes for the internal market;
- Memorandum for the evaluation of programmes for third countries;
- Standard contract;
- Handbook.

These documents have been modified as follows:

1. Media buying

During the management committee on 10 April 2013 a new limit of the maximum flat rate applicable for the calculation of the implementing body fees on media buying was presented. In particular fees for media buying will be limited from 13% (programmes proposed by one Member State) or 15% (programmes proposed by several Member States) to 5% only. This change resulted in a series of modifications to the model contract, the application form and the handbook. These documents had to be updated in order to be aligned with this modification.

2. Public procurement and DAS errors

During recent DAS exercises, the Court of Auditors revealed that in two promotion programmes the required procedures on public procurement foreseen by Directive 2004/18/EC were not followed. Hence, the documentation concerning the follow up of public procurement rules on the selection of implementing bodies by organizations considered as public bodies needs to clearly stipulate conditions to be respected. This aims at reducing the likelihood for errors in the future. Subsequently, modifications of the application form, the memorandum for the evaluation of programmes by Member States and the handbook are foreseen.

3. Verification of overheads

Today regarding overheads we have a kind of hybrid system. It consists on the one hand of accepting overheads on a flat rate basis varying from 3 to 6%, whilst on the other hand overheads are eligible on the condition only that they can be verified. This implies a heavy control burden and could potentially be a source for errors to be found by the Court of Auditors in the event they would not accept certain evidence for a given cost. As in practice this is handled as a kind of flat rate, this rule is modified by foreseeing a real flat rate approach where the competent authorities must check the base on which they are applied i.e. the implementing cost (described as actual total cost of actions in the budget table) instead.

4. Exchange rate

Annex III.D of the model contract provides the applicable exchange rates for the conversion of expenditure made by implementing bodies, proposing organizations and competent authorities. Member States have requested the clarification of the relevant text on the application of exchange rate considering that it is confusing. In response to this, the text of annex III.D of the model contract was simplified and clarified further to avoid any confusion in the future.

5. Travel documents

The standard contract prescribes that in order for travel costs to be considered eligible, a boarding pass should be submitted. With the increased use of electronic means, other proof of travel should be considered admissible as well. The standard contract has been modified accordingly.

In conclusion, for each of the items mentioned above, the main modifications can be found on the following pages:

- Application form: modifications are undertaken on pages 4, 6, 7, 8 and 9,
- Memorandum for the evaluation of programmes for the internal market: modifications are undertaken on pages 1, 6 and 8 (questions, No 8, 17, 18 and 19),
- Memorandum for the evaluation of programmes for third countries: modifications are undertaken on pages 1, 6, 7 and 8 (questions No 7, 16, 17 and 18),
- Contract model: modifications are undertaken on pages 12, 13, 14, 15, 16, 17 and 18,
- Handbook: modifications are undertaken on pages 1, 6, 16, 17, 18 and 20.

These modifications are applicable for programs which will be submitted on 30 September 2013.


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