

The Scope of Government Bodies in Providing Support  
In Agriculture and Rural Development

The National Council of the Slovak Republic has passed the following law:

§ 1  
Subject Matter

- (1) This law regulates the scope of
- a) The Ministry of Agriculture of the Slovak Republic (hereinafter as the „ministry“) and the scope of the Agricultural Paying Agency (hereinafter as the „paying agency“) in providing supports
    1. In agriculture, food, forestry and fisheries from the resources of the state budget according to special regulations,
    2. For Agriculture, Rural Development and Fisheries economy under special regulations,
  - b) The Ministry of Economy of the Slovak Republic (hereinafter "the Ministry of Economy") to provide support for processed agricultural products which are not listed in Annex I to the Treaty establishing the European Community (hereinafter "Processed agricultural products“) with the exception of export compensations.
- (2) By this act no provisions of special regulations shall be affected.

§ 2  
Definitions

For purposes of this Act

- a) The information system means any ordered set, system or database, which are systematically processed using automated or partially automated processing means regardless of whether the system is centralized, decentralized or distributed on the basis of functional or geographical basis.
- b) The measure with the multi-annual commitments means the measure which requires compliance in its entirety for at least five years.
- c) Land block means the basic unit of the land for the land registration purposes which represents a coherent area of farmed agricultural land,
- d) Part of the land block means a coherent farmed agricultural land of the relevant sort of land in the land block,
- e) The programme of promotion of agricultural products means a set of measures and activities aimed at increasing consumption and product marketing and promotion of new products
- f) The programme means Sectoral Operational Programme, Rural Development Plan Development, Rural Development Programme, Operational Programme Fisheries, Program for Processing Agricultural Products which are not listed in Annex I to the Treaty establishing the European Community

- g) The market participant means a natural person or legal entity producing, processing or marketing selected products.
- h) The audit means the independent, objective, assessment and consultation activity carried out to ensure duties under this Act and under special regulations.

§ 3  
Ministry

- (1) The Ministry is the managing body performing tasks within the programmes financed by the European Agricultural Fund for Rural Development, European Agricultural Guarantee Fund and the European Fisheries Fund and in relation to the Paying Agency performs the tasks of the competent authority
- (2) The Ministry:
  - a) Performs financial management of supports provided by the European Agricultural Funds under paragraph 1
  - b) Manages and directs the provision of supports under § 1 paragraph. 1 point. a)
  - c) Grants and withdraws accreditation for the operation of the Paying Agency
  - d) Assesses the appropriateness of programmes for promotion of agricultural products at internal market and countries which are not Member States of the European Union under special regulations, controls and evaluate them; the evaluation is sent to the European Commission (hereinafter the "Commission")
  - e) Co-ordinates the control of cross compliance
  - f) Sets up monitoring committees for programmes in which entities are represented under special rules,
  - g) Prepares and submits to the Government of the Slovak Republic and the National Council of the Slovak Republic a report on agriculture, food and forestry for the year in which assesses the state of these sectors, effectiveness of providing supports and suggests measures for improvement.
  - h) Together with the Statistical Office of the Slovak Republic co-operates at the compilation of economic agricultural account and economic clearing account for the forestry,
  - i) Establishes the National Commission Information Network of Agricultural Accounting in the Slovak Republic
  - j) Ensures the cyclical recovery of land blocks and parts of the land blocks and identification system for agricultural parcels including the updating of land records
  - k) Establishes and coordinates a national rural network
  - l) Works out annual reports, summary reports, the medium assessments, subsequent assessments of progress in implementing programmes and National Strategic Plans
  - m) Is the appellation authority regarding the matters decided by the Paying Agency at the first step
  - n) Determines criteria for selecting applicants for support
  - o) Publishes information from records according to specific regulations;
  - p) Determines the certification body
  - q) Provides
    - 1. Audit for the purposes of granting or withdrawal of accreditation of paying agency,
    - 2. Preparing programmes and changes of them

- r) Evaluates the effectiveness and accuracy of management and implementation of the programmes
- s) Draws up and publishes the programmes and determines their priorities
- t) Fulfils the obligation to inform the competent authority in relation to the body of the European Union

#### § 4

##### Ministry of Economy

- (1) Ministry of Economy serves as the managing authority for certain operational programmes financed by the European Regional Development Fund.
- (2) Ministry of Economy
  - a) Provides training programs, prepare annual reports, summary reports, mid-term evaluation and subsequent evaluation of progress in implementation of programmes,
  - b) Set up monitoring committees for programmes
  - c) Evaluate the effectiveness and accuracy of management and implementation of the programmes

#### § 5

##### Agricultural Accounting Information Network

- (1) For the purpose of providing selected data from the accounting records of legal persons and natural persons to the Commission the Ministry established Agricultural Accounting Information Network in the Slovak Republic
- (2) Agricultural Accounting Information Network in the Slovak Republic is a representative sample of legal persons and natural persons providing Ministry with data under the contract.
- (3) Data obtained from the accounting records of legal and natural persons under paragraph 2, may the Ministry used only for purposes of evaluation of development of agriculture and for elaboration of economic agricultural account.

#### § 6

##### Paying Agency

- (1) Paying Agency is a budgetary organization involved in financial relations with the budget of the Ministry. The scope of administrative action under § 1 paragraph. 1 point. a) is provided by the paying agency as an accredited state body.
- (2) The headquarters office of the paying agency is in Bratislava. To ensure performance of selected activities may the Paying Agency create workplaces with specified range of their activities and their territorial operation scope.
- (3) The organizational structure of the Paying Agency is laid down in the Statute of the Paying Agency which has to be approved by the Minister of Agriculture of the Slovak Republic. The organizational structure of the staff of the paying agency is in details laid down in the organizational regulations of the Paying agency.

§ 7

(1) The Paying Agency

- a) Decides on the granting of aid under the special regulation and the granting of advance payments;
- b) Makes decisions on state aid in agriculture, food industry, forestry and fisheries;
- c) Decides on the inclusion of applications for aid to the measures with the multi-annual commitments;
- d) Decides on the provision of supports for projects and other supports as included in letter a);
- e) Decides on: the allocation of quotas, quota allocations from the national reserve, allocation of premium rights and allocations of premium rights from the national reserve, manages and evaluates the allocated quotas and premium rights and their reserves;
- f) Implements intervention measures for selected agricultural products;
- g) Issues a permission for import and export of products (hereinafter as "license"), collects financial securities, pays back financial securities, or parts thereof, decides on the forfeiture of security or a part thereof, reimburses export refunds for agricultural products and processed agricultural products;
- h) Processes and controls agrarian price information, agrarian market information and provide with the information Ministry and the Commission with the; price news publishes on the website;
- i) Assigns identification numbers to land blocks and land block fragments and keeps up the registration records;
- j) Collects levies in the sugar sector under special regulations and recovers seized levies and fees;
- k) Decides in proceedings on infringement of financial discipline under special rules;
- l) Imposes fines under a special regulation and claims levies, fines and penalties for funding under special legislation and relevant co-financing from the State budget;
- m) Manages the national reference quantity of milk and individual reference quantity of milk, declares irregularities;
- n) Submits the information about the assessment of control activities to the Ministry and about reporting irregularities reports to the Office of the Government of the Slovak Republic and the Ministry of Finance of the Slovak Republic (hereinafter as "the Ministry of Finance");
- o) Provides the Ministry with the information on the implementation of programmes on promotion of agricultural products, their effectiveness and cost-effectiveness and ensures the financial execution of the adopted programmes pursuant to special regulations
- p) Provides activities and prepares the methodology for applicants under separate legislation;
- q) Publishes a call, receives and reviews objective accuracy of the adopted programmes on promotion of agricultural products on the home market and in the countries being not Member States of the European Union under special regulations; the appropriate (from the point of objective accuracy) drafts of the programmes submits to the Ministry and the inappropriate drafts (from the point of objective

accuracy) not meeting the requirements of specific regulations returns back to the submitters;

- r) Manages national programmes of stabilization and development of individual sectors;
  - s) Imposes fines for administrative offenses under § 13;
  - t) Provides additional activities under a special regulation;
  - u) Provides information, documents and explanations related to the activities of the certification body;
  - v) At the request of the certification body provides access to the information systems;
  - w) Provides the conclusion of agreements on delegated activities with external institutions;
  - x) Is responsible for the processes and settlement of payments from the state budget and the budget of the European Union;
- (2) Paying Agency provides internal audit within its competence and according to the principles of international auditing standards.
  - (3) Paying Agency cooperates with the competent national authorities responsible for providing necessary information at the request of the paying agency to maintain its essential operation scope and provides the information necessary for the operation of the relevant public bodies.
  - (4) Paying Agency decides in the matter of providing supports under paragraph 1. a) within 13 months date of receipt of the application for support.
  - (5) Paying Agency may substitute the delivery of decision by performing advanced payments. Appeal against the performance has no suspensive effect.

## § 8

- (1) Paying Agency collects revenues and makes payments related to intervention measures via separate off - account. Unspent balances in this account can be used in the next financial year.
- (2) The incomes of separate extra-budgetary account are:
  - a) Revenues from the sale of stocks associated with intervention measures, including value added tax;
  - b) European Union funds for covering of eligible expenses related to the intervention measures;
  - c) Reimbursement of the part of the interest costs agreed by the Commission to the Slovak Republic for intervention buying of selected products;
  - d) Revenues for the exchange differences;
  - e) Other revenues.
- (3) The expenses of separate extra-budgetary account are:
  - a) Expenses on the intervention measures;
  - b) Eligible costs related to the buy and sell of intervention stocks under special rules;

## § 9

- (1) The Paying Agency collects at separate extra-budgetary accounts finances for infringements of financial discipline in beneficiary's management with finances provided by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (hereinafter as Union resources), and especially for the European Agricultural Guarantee Fund, and specifically for the European Agricultural Fund for Rural Development.
- (2) Incomes for the separate extra-budgetary accounts are the charges, fines and penalties from the Union finances provided via Paying Agency.
- (3) Separate extra-budgetary accounts expenditures mean the expenditures of the European Union assigned for funding measures under special legislation.

## § 10

- (1) Paying Agency is obliged to keep information system that includes an integrated administration and control system, accounting system and system for automated support activities carried out under administration of projects.
- (2) Information system pursuant to paragraph 1 must be kept to
  - a) Provide notification and correction of errors in recording data;
  - b) Allow access to the persons only on the basis of access password;
  - c) Prevent that data could be recorded, modified or viewed by persons without current passwords;
  - d) Record the identity of each person who enters the information system into operational records;
  - e) Change system passwords periodically;
  - f) Backup copies of data stored on a separate secure location.
- (3) Paying Agency is authorized to process into the information system following data on the applicant for support:
  - a) Name, surname, identity number, address of permanent residence and temporary residence and telephone number if it is a natural person;
  - b) Trade name, registered office, identification number of the organization, name, surname and telephone number of the statutory representative, if it is a legal person.
- (4) Personal data can be used or be provided for third parties under the conditions laid down by specific regulations. Personal information may be disclosed without consent of concerned person to a third party who carries out control activities, and brings control results to the attention of the Paying Agency.
- (5) Information on support provided to individual beneficiaries is published on the web site of the Paying Agency.

## § 11

- (1) For the purposes of assessing applications for support under this Act and verifying compliance to provide the support, the paying agency carries out a preliminary and interim financial control, if not otherwise stated by a special regulation.
- (2) Subsequent financial control in proportion that is equal to 5% of the funds from the Sectoral Operational Programme for Agriculture and Rural Development is carried out by the Paying Agency.
- (3) This Act shall not affect the scope of control authorities pursuant to special regulations.

## Organization of Product Market

### § 12

#### General Provisions

- (1) The purpose of organizing the product market is to minimize negative consequences of changes in product market and ensure smooth supply and delivery of the products to consumers through a system of economic, business and administrative tools for different types of products (hereinafter as „measure“)
- (2) The following measures may be applied for the organization of product market under this Act and special regulations:
  - a) Price;
  - b) Intervention;
  - c) Regulatory;
  - d) Compensatory.
- (3) Market participant is obliged to provide the Paying Agency with cost free data on prices, production volumes, sales, imported and exported selected agricultural products and food products.

### § 13

#### Sectoral Agreements

- (1) Application of certain provisions of the market organization may be conditioned by a written sectoral agreement between associations of entrepreneurs. The sectoral agreement is obligatory for making contracts between the buyer and seller of the given type of product.
- (2) Sectoral agreement concluded pursuant to paragraph 1 between the autonomous interest organizations of entrepreneurs regulates the general conditions of purchase, especially the type of product, variety, quality and quantity, delivery dates, receipt and

payment products, payment conditions among associations of entrepreneurs, who in the mutual commercial relationship operate in various fields of production chain.

- (3) In case of failing of the conclusion of sectoral agreement, an existing agreement before the conclusion of contract between buyers and sellers provided that the seller, whose supplies are at least 60% of total quantities of supplies intended for buyers has acceded to this Agreement, is considered as sectoral agreement.

## § 14

### Production Costs

- (1) Manufacturer of sugar, isoglucose and inulin syrup is obliged to pay product fees to provide cover for expenses arising within the common market organization in the sugar sector.
- (2) The amount of the levies is laid down by specific regulations.

## § 15

### Administrative Offenses

- (1) The Paying Agency imposes fines equal to the amount of 5 000 000 SKK for:
  - a) Withhold information pursuant to § 12 par. 3,
  - b) Misreporting of payments data to the Agency pursuant to § 12 par. 3
  - c) Hinder the authorized persons to perform control according to § 11,
  - d) Infringement of the measure for market organization pursuant to § 12 par. 1 and 2,
  - e) Non withdrawal of specified quantity of products from the market
  - f) Infringements of duties under specific legislation
- (2) The seriousness of unlawful conduct, manner and duration and the possible consequences of this conducting are taken in account in determination of the amount of fine.
- (3) Proceedings for imposing penalties under paragraph I can start within one year from the date when the paying agency found a breach of obligations no later than three years from the date when the breach occurred.
- (4) Revenue from fines is the revenue of the state budget.
- (5) Penalty under paragraph I may be imposed if specific regulations not provide otherwise.

## § 16

- (1) Allocated quota or premium rights may the Agency, in case of breaching specific legislation by the holder, withdraw or reduce.



- (2) The procedure under paragraph 1 can be applied even if the holder or related party has been declared bankruptcy, liquidation or initiated enforcement proceedings.
- (3) Paying Agency may initiate proceedings under paragraphs 1 and 2 within one year from the date of finding infringement of duties and no later than three years from the date when the infringement occurred, if specific regulations not provide otherwise.

#### Common, Transitional and Final Provisions

##### § 17

- (1) The proceedings under this Act are covered by the general regulation on administrative proceedings, unless this Act provides otherwise.
- (2) The general regulation on administrative proceedings does not refer to:
  - a) Decision making under § 7 sec. 1 point. b) to e)
  - b) Issue of a license under § 7 sec. 1 point. g)
  - c) Collection and return of financial securities under § 7 sec. 1 point. g)
  - d) Allocation of identification numbers under §7 sec. 1 point. i).
- (3) For the register of land blocks and parts of land blocks is not a special rule.

##### § 18

- (1) Activities associated with the pre-accession programme SAPARD are provided by the Paying Agency.
- (2) The Paying Agency was established by previous legislation and is a Paying Agency under this Act.

##### § 19

The Act No. 274/2006 of the Coll. On support in agriculture and rural development shall be repealed.

##### § 20

This Act shall enter into force on 1<sup>st</sup> January 2008.

**Ivan Gašparovič** v. r.  
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