

# Common agricultural policy (CAP): financing, management and monitoring 2021–2027

2018/0217(COD) - 15/05/2019 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Agriculture and Rural Development adopted the report by Ulrike MÜLLER (ALDE, DE) on the proposal for a regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306 /2013.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows.

## *Competent authority*

The report proposes that Member States shall designate an authority at ministerial level responsible for:

- the issuing, reviewing and withdrawing of accreditation of paying agencies;
- the issuing, reviewing and withdrawing of the accreditation of the coordinating body;
- the appointment, and revocation thereof, of the certification body.

The Commission shall promote the exchange of best practices for the operation of governance systems between Member States.

## *Coordinating bodies*

Where more than one paying agency is accredited, Member States shall appoint a public coordinating body, to which it shall assign the following tasks:

- to collate the documents, data and information to be provided to the Commission and to send that information to the Commission;
- to furnish the annual accounts, the annual clearance report and the performance report, by condensing and collating the data and documents submitted by paying agencies;
- to take or coordinate actions with a view to resolving any deficiencies of a common nature and to keep the Commission informed of any follow-up;
- to ensure the harmonised application of Union rules.

## *Budget ceiling*

It is very important that the Member States have the limits concerning payments so that there is no possibility for those Member States who uses first to have the most.

## *EU agricultural crisis reserve*

This reserve shall be established in the budget of the CAP to provide additional support for the agricultural sector for the purpose of market management or stabilisation and to respond promptly in the case of crises affecting the agricultural production or distribution.

The appropriations for the reserve shall be entered directly in the Union's budget and deployed, in the financial year or years for which additional support is required.

An initial amount of **EUR 400 million** in current prices shall be set up in 2021 in addition to the EAGF and EAFRD budgets, while further funds could be added each year together with any unused money from the previous year, until it reaches EUR 1.5 billion. If this is not enough, the so-called financial discipline mechanism, which reduces direct payments for farmers, shall be activated, but only as a last resort and excluding the first EUR 2 000 of payments.

### ***Checks by the Commission***

Members endorsed the shift from a system based on checking that beneficiaries comply with detailed rules to a new performance-based one, focused on achieving results as defined in national strategic plans. To avoid overburdening national administrations and farmers, Member States shall report their achievements to the Commission once every two years, not every year as proposed.

In the case of serious deficiencies detected in the Member State's management and control systems, and in order to ensure the protection of the financial interests of the Union, the Commission may extend its checks to confirm the terms on which the operations financed by the funds were undertaken and checked to ensure compliance with applicable Union law for all the interventions laid down in the CAP Strategic Plans.

The Commission may continue to carry out the extended monitoring as long as the serious deficiencies in the governance system persist.

The Commission shall summarise that information and publish multiannual reports, communicating them to the European Parliament.

### ***Recoveries for non-compliance***

Member States shall request recovery from the beneficiary for any undue payment following the occurrence of irregularities and other cases of non-compliance by beneficiaries with the conditions of the interventions referred in the CAP Strategic Plan and bring legal proceedings to that effect where necessary.

### ***Protection of the financial interests of the Union***

Member States shall set up efficient management and control systems in order to ensure compliance with the Union legislation governing Union interventions. The control systems shall be described in the national CAP Strategic Plan. Such management and control systems may include early warning mechanisms.

### ***Control and penalties system***

Member States shall set up a control and penalties system for the aid. Member States, through the paying agencies or the bodies delegated by them, shall carry out administrative checks on the aid application to verify the eligibility conditions for the aid. Those checks shall be supplemented by on-the-spot checks.

For each of the interventions, Member States shall ensure that the control sample for on-the-spot checks carried out each year covers at least 5 % of all beneficiaries. That percentage shall be increased appropriately where any significant non-compliance in the context of a given intervention or measure is detected. However, Member States may reduce that percentage where the error rates remain at an acceptable level.

In the case of intentional non-compliance, the percentage reduction shall be at least 15 % of the total amount of the payments and may as amount to the total exclusion from payments and may apply for one or more calendar years.