


# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2011/0288(COD)</p> <p>Procedure completed</p>	
<p>Common agricultural policy (CAP): financing, management and monitoring 2014-2020</p> <p>Repealing Regulation (EC) 2799/98 <a href="#">1998/0214(CNS)</a>            Repealing Regulation (EC) No 814/2000 <a href="#">1999/0209(CNS)</a>            Repealing Regulation (EC) No 1290/2005 <a href="#">2004/0164(CNS)</a>            Repealing Regulation (EC) No 485/2008 <a href="#">2006/0265(CNS)</a>            See also <a href="#">2011/0280(COD)</a>            See also <a href="#">2011/0281(COD)</a>            See also <a href="#">2011/0282(COD)</a>            See also <a href="#">2011/0285(COD)</a>            See also <a href="#">2011/0286(COD)</a>            Amended by <a href="#">2013/0117(COD)</a>            See also <a href="#">2013/2531(RSP)</a>            Amended by <a href="#">2014/0014(COD)</a>            See also <a href="#">2015/0070(COD)</a>            See also <a href="#">2016/0086(COD)</a>            Amended by <a href="#">2016/0282B(COD)</a>            See also <a href="#">2017/0068(COD)</a>            Repealed by <a href="#">2018/0217(COD)</a>            Amended by <a href="#">2019/0253(COD)</a>            Amended by <a href="#">2019/0254(COD)</a></p> <p>Subject</p> <p>3.10 Agricultural policy and economies 3.10.12 Agrimonetary policy, compensatory amounts</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AGRI</b> Agriculture and Rural Development	PPE <a href="#">LA VIA Giovanni</a> Shadow rapporteur S&D <a href="#">CAPOULAS SANTOS Luis Manuel</a> S&D <a href="#">OLEJNICZAK Wojciech Michał</a> ALDE <a href="#">LYON George</a> Verts/ALE <a href="#">EICKHOUT Bas</a> ECR <a href="#">ASHWORTH Richard</a> EFD <a href="#">SCOTTÀ Giancarlo</a>	26/09/2011
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>DEVE</b> Development	PPE <a href="#">SCHNIEBER-JASTRAM Birgit</a>	07/12/2011
	<b>BUDG</b> Budgets	PPE <a href="#">PAPASTAMKOS Georgios</a>	06/02/2012

	<b>CONT</b> Budgetary Control		24/11/2011
		PPE <a href="#">IVANOVA Iliana</a>	
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	<b>REGI</b> Regional Development		23/11/2011
		ALDE <a href="#">UGGIAS Giommaria</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3285</a>	16/12/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3257</a>	23/09/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3253</a>	15/07/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3249</a>	24/06/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3232</a>	19/03/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3225</a>	25/02/2013
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3212</a>	18/12/2012
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3193</a>	22/10/2012
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3176</a>	18/06/2012
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3165</a>	14/05/2012
	<a href="#">Agriculture and Fisheries</a>	<a href="#">3120</a>	20/10/2011
	European Commission	Commission DG	Commissioner
	<a href="#">Agriculture and Rural Development</a>	CIOLOȘ Dacian	
European Economic and Social Committee			

Key events			
12/10/2011	Legislative proposal published	<a href="#">COM(2011)0628</a>	Summary
20/10/2011	Debate in Council	<a href="#">3120</a>	Summary
25/10/2011	Committee referral announced in Parliament, 1st reading		
14/05/2012	Debate in Council	<a href="#">3165</a>	Summary
18/06/2012	Debate in Council	<a href="#">3176</a>	Summary
22/10/2012	Debate in Council	<a href="#">3193</a>	Summary
18/12/2012	Debate in Council	<a href="#">3212</a>	
25/02/2013	Debate in Council	<a href="#">3225</a>	Summary
19/03/2013	Debate in Council	<a href="#">3232</a>	
24/06/2013	Debate in Council	<a href="#">3249</a>	
15/07/2013	Debate in Council	<a href="#">3253</a>	
23/09/2013	Debate in Council	<a href="#">3257</a>	

30/09/2013	Vote in committee, 1st reading		
05/11/2013	Committee report tabled for plenary, 1st reading	<a href="#">A7-0363/2013</a>	Summary
20/11/2013	Results of vote in Parliament		
20/11/2013	Debate in Parliament		
20/11/2013	Decision by Parliament, 1st reading	<a href="#">T7-0490/2013</a>	Summary
16/12/2013	Act adopted by Council after Parliament's 1st reading		
17/12/2013	Final act signed		
17/12/2013	End of procedure in Parliament		
20/12/2013	Final act published in Official Journal		

### Technical information

Procedure reference	2011/0288(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	<p>Repealing Regulation (EC) 2799/98 <a href="#">1998/0214(CNS)</a></p> <p>Repealing Regulation (EC) No 814/2000 <a href="#">1999/0209(CNS)</a></p> <p>Repealing Regulation (EC) No 1290/2005 <a href="#">2004/0164(CNS)</a></p> <p>Repealing Regulation (EC) No 485/2008 <a href="#">2006/0265(CNS)</a></p> <p>See also <a href="#">2011/0280(COD)</a></p> <p>See also <a href="#">2011/0281(COD)</a></p> <p>See also <a href="#">2011/0282(COD)</a></p> <p>See also <a href="#">2011/0285(COD)</a></p> <p>See also <a href="#">2011/0286(COD)</a></p> <p>Amended by <a href="#">2013/0117(COD)</a></p> <p>See also <a href="#">2013/2531(RSP)</a></p> <p>Amended by <a href="#">2014/0014(COD)</a></p> <p>See also <a href="#">2015/0070(COD)</a></p> <p>See also <a href="#">2016/0086(COD)</a></p> <p>Amended by <a href="#">2016/0282B(COD)</a></p> <p>See also <a href="#">2017/0068(COD)</a></p> <p>Repealed by <a href="#">2018/0217(COD)</a></p> <p>Amended by <a href="#">2019/0253(COD)</a></p> <p>Amended by <a href="#">2019/0254(COD)</a></p>
Legal basis	Treaty on the Functioning of the EU TFEU 043-p2
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/7/07536

Documentation gateway					
Legislative proposal		<a href="#">COM(2011)0628</a>	12/10/2011	EC	Summary
Document attached to the procedure		<a href="#">SEC(2011)1153</a>	12/10/2011	EC	
Document attached to the procedure		<a href="#">SEC(2011)1154</a>	12/10/2011	EC	
Document attached to the procedure		<a href="#">N7-0044/2012</a> <a href="#">OJ C 035 09.02.2012, p. 0001</a>	14/12/2011	EDPS	Summary
Committee of the Regions: opinion		<a href="#">CDR0065/2012</a>	04/05/2012	CofR	
Committee draft report		<a href="#">PE483.834</a>	30/05/2012	EP	
Committee opinion	DEVE	<a href="#">PE485.889</a>	21/06/2012	EP	
Amendments tabled in committee		<a href="#">PE492.777</a>	20/07/2012	EP	
Amendments tabled in committee		<a href="#">PE494.482</a>	20/07/2012	EP	
Committee opinion	CONT	<a href="#">PE489.355</a>	21/09/2012	EP	
Supplementary legislative basic document		<a href="#">COM(2012)0551</a>	25/09/2012	EC	Summary
Document attached to the procedure		<a href="#">N7-0060/2013</a> <a href="#">OJ C 100 06.04.2013, p. 0010</a>	09/10/2012	EDPS	Summary
Amendments tabled in committee		<a href="#">PE497.774</a>	16/10/2012	EP	
Committee opinion	BUDG	<a href="#">PE491.202</a>	17/10/2012	EP	
Committee opinion	REGI	<a href="#">PE494.608</a>	17/10/2012	EP	
Amendments tabled in committee		<a href="#">PE497.977</a>	17/10/2012	EP	
Amendments tabled in committee		<a href="#">PE498.000</a>	17/10/2012	EP	
Amendments tabled in committee		<a href="#">PE501.971</a>	17/12/2012	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0363/2013</a>	05/11/2013	EP	Summary
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0490/2013</a>	20/11/2013	EP	Summary
Draft final act		<a href="#">00094/2013/LEX</a>	17/12/2013	CSL	
Commission response to text adopted in plenary		<a href="#">SP(2014)87</a>	30/01/2014	EC	
Follow-up document		<a href="#">COM(2016)0083</a>	23/02/2016	EC	
Follow-up document		<a href="#">SWD(2016)0037</a>	23/02/2016	EC	
Follow-up document		<a href="#">COM(2017)0745</a>	12/12/2017	EC	Summary
Follow-up document		<a href="#">COM(2017)0777</a>	19/12/2017	EC	Summary
Follow-up document		<a href="#">SWD(2017)0459</a>	19/12/2017	EC	
Follow-up document		<a href="#">COM(2018)0790</a>	05/12/2018	EC	Summary
Follow-up document		<a href="#">COM(2019)0634</a>	17/12/2019	EC	Summary
Follow-up document		<a href="#">SWD(2019)0438</a>	17/12/2019	EC	
Follow-up document		<a href="#">SWD(2020)0232</a>	20/10/2020	EC	

Follow-up document		SWD(2020)0233	20/10/2020	EC	
Follow-up document		SWD(2021)0115	21/05/2021	EC	
Follow-up document		SWD(2021)0116	21/05/2021	EC	
Follow-up document		SWD(2021)0385	07/12/2021	EC	
Follow-up document		SWD(2021)0980	07/12/2021	EC	
Follow-up document		<a href="#">COM(2021)0815</a>	16/12/2021	EC	
Follow-up document		SWD(2021)0387	16/12/2021	EC	
Follow-up document		<a href="#">COM(2021)0822</a>	20/12/2021	EC	
Follow-up document		SWD(2021)0399	20/12/2021	EC	
Follow-up document		COM(2023)0767	06/12/2023	EC	
Follow-up document		SWD(2023)0393	06/12/2023	EC	

### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

### Final act

[Regulation 2013/1306](#)  
[OJ L 347 20.12.2013, p. 0549](#) Summary

[Corrigendum to final act 32013R1306R\(01\)](#)  
[OJ L 130 19.05.2016, p. 0006](#)

[Corrigendum to final act 32013R1306R\(03\)](#)  
[OJ L 327 09.12.2017, p. 0083](#)

Final legislative act with provisions for delegated acts

### Delegated acts

<a href="#">2015/2774(DEA)</a>	Examination of delegated act
<a href="#">2016/2715(DEA)</a>	Examination of delegated act
<a href="#">2014/2651(DEA)</a>	Examination of delegated act
<a href="#">2014/2648(DEA)</a>	Examination of delegated act
<a href="#">2014/2989(DEA)</a>	Examination of delegated act
<a href="#">2018/2688(DEA)</a>	Examination of delegated act
<a href="#">2020/2636(DEA)</a>	Examination of delegated act
<a href="#">2017/2573(DEA)</a>	Examination of delegated act
<a href="#">2017/3017(DEA)</a>	Examination of delegated act
<a href="#">2021/2566(DEA)</a>	Examination of delegated act
<a href="#">2022/2521(DEA)</a>	Examination of delegated act
<a href="#">2021/2530(DEA)</a>	Examination of delegated act

<a href="#">2021/2742(DEA)</a>	Examination of delegated act
<a href="#">2021/2773(DEA)</a>	Examination of delegated act
<a href="#">2021/2883(DEA)</a>	Examination of delegated act

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

**PURPOSE:** to reform the Common Agricultural Policy (CAP) after 2013 (horizontal Regulation).

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**BACKGROUND:** the Commission presents a set of regulations laying down the legislative framework for the CAP in the period 2014-2020. The current reform proposals are based on the [Communication on the CAP towards 2020](#) that outlined broad policy options in order to respond to the future challenges for agriculture and rural areas and to meet the objectives set for the CAP, namely (1) viable food production; (2) sustainable management of natural resources and climate action; and (3) balanced territorial development.

A common theme that has emerged throughout this process is the need to promote resource efficiency with a view to smart, sustainable and inclusive growth for EU agriculture and rural areas in line with the Europe 2020 strategy, keeping the structure of the CAP around two pillars that use complementary instruments in pursuit of the same objectives.

- Pillar I covers direct payments and market measures providing a basic annual income support to EU farmers and support in case of specific market disturbances.
- Pillar II covers rural development where Member States draw up and co-finance multiannual programmes under a common framework.

The framework set out in the [Commission proposal for the multiannual financial framework for the years 2014-2020 \(MFF\)](#) proposal foresees that the CAP should maintain its two-pillar structure with the budget for each pillar maintained in nominal terms at its 2013 level and with a clear focus on delivering results on the key EU priorities.

- Direct payments should promote sustainable production by assigning 30% of their budgetary envelope to mandatory measures that are beneficial to climate and the environment.
- Payment levels should progressively converge and payments to large beneficiaries be subject to progressive capping.
- Rural development should be included in a Common Strategic Framework with other EU shared management funds with a reinforced outcome-orientated approach and subject to clearer, improved ex-ante conditionalities.
- Finally, on market measures the financing of the CAP should be reinforced with two instruments outside the MFF: (1) an emergency reserve to react to crisis situations; and (2) the extension of the scope of the European Globalization Adjustment Fund.

On this basis, the main elements of the legislative framework for the CAP during the period 2014-2020 are set out in the following regulations:

- [Proposal for a Regulation](#) of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy ('the direct payments regulation');
- [Proposal for a Regulation](#) of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (Single CMO Regulation) ('the Single CMO regulation');
- [Proposal for a Regulation](#) of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ('the rural development regulation');
- Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy ('the horizontal regulation');
- [Proposal for a Council Regulation](#) determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products;
- [Proposal for a Regulation](#) of the European Parliament and of the Council amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013;
- [Proposal for a Regulation](#) of the European Parliament and of the Council amending Council Regulation (EC) No 1234/2007 as regards the regime of the single payment scheme and support to vine-growers.

The rural development regulation builds on the proposal presented by the [Commission on 6 October 2011](#) that sets out common rules for all funds operating under a Common Strategic Framework. A regulation will follow on the scheme for most deprived persons, for which funding is now placed under a different heading of the MFF.

In addition, new rules on the publication of information on beneficiaries taking account of the objections expressed by the Court of Justice of the European Union are also under preparation with a view to finding the most appropriate way to reconcile beneficiaries' right to protection of personal data with the principle of transparency.

**IMPACT ASSESSMENT:** the three scenarios elaborated in the impact assessment are:

- an adjustment scenario that continues with the current policy framework while addressing its most important shortcomings, such as the distribution of direct payments;
- an integration scenario that entails major policy changes in the form of enhanced targeting and greening of direct payments and reinforced strategic targeting for rural development policy in better coordination with other EU policies, as well as extending the legal base for a broader scope of producer cooperation; and
- a refocus scenario that reorients the policy exclusively towards the environment with a progressive phasing out of direct payments, assuming that productive capacity can be maintained without support and that the socio-economic needs of rural areas can be served by other policies.

The impact assessment concludes that the integration scenario is the most balanced in progressively aligning the CAP with the EU's strategic

objectives. It will also be essential to develop an evaluation framework to measure the performance of the CAP with a common set of indicators linked to policy objectives.

**LEGAL BASIS:** Article 43(2) of the Treaty on the Functioning of the European Union (TFEU).

**CONTENT:** in the light of the importance of future challenges for food security, the environment and territorial balance, the CAP remains a policy of strategic importance to ensure the most effective response to the policy challenges and the most efficient use of budgetary resources.

The main elements of the proposal are as follows:

It is proposed to maintain the current structure of instruments in two pillars where Member States have more leeway to tailor solutions to their local specificities and also co-finance Pillar II.

The new European Innovation Partnership and risk management toolkit are also placed within Pillar II. At the same time the policy will be better aligned with the Europe 2020 strategy (including a common framework with other EU funds) and a number of improvements and simplification elements introduced.

In addition to financing provisions, the horizontal regulation brings together relevant rules for all instruments, such as provisions on cross compliance, checks and penalties. As a result, the regulation now lays down rules on financing, the farm advisory system, management and control systems, cross compliance and clearance of accounts.

**Cross compliance:** the current rules were reviewed with a view to simplification, strengthening the climate change dimension within GAEC and ensuring consistency with the provisions of greening and of relevant environmental measures offered under rural development.

**Paying agencies:** the proposal foresees reducing the number of paying agencies and reinforcing the role of the coordinating body. This will render the system more transparent and less burdensome for both national administrations and the Commission services. There will be fewer accreditations and declarations of assurance required at Member State level and the number of Commission audits can be reduced.

**Management and controls:** the rules on management and controls will be aligned, as far as possible, for the two pillars of the CAP so as to bring legal clarity and harmonised procedures. Moreover, the regulation foresees empowering the Commission to allow for a reduction of the number of on-the-spot checks for Member States with properly functioning control systems and low error rates.

Lastly, the regulation provides the basis for a common monitoring and evaluation framework to measure the performance of the CAP during the next period.

**BUDGETARY IMPLICATION:** in current prices, it is proposed that the CAP should focus on its core activities with EUR 317.2 billion allocated to Pillar I and EUR 101.2 billion to Pillar II over the 2014-2020 period.

The Pillar I and Pillar II funding is complemented by additional funding of EUR 17.1 billion consisting of:

- EUR 5.1 billion for research and innovation,
- EUR 2.5 billion for food safety and
- EUR 2.8 billion for food support for the most deprived persons in other headings of the MFF,
- EUR 3.9 billion in a new reserve for crises in the agricultural sector,
- up to EUR 2.8 billion in the European Globalization Adjustment Fund outside the MFF, thus bringing the total budget to EUR 435.6 billion over the 2014-2020 period.

The total budget to EUR 435.6 billion over the 2014-2020 period.

**Distribution of support among Member States:** it is proposed that all Member States with direct payments below 90% of the EU average will see one third of this gap closed. The national ceilings in the direct payments regulation are calculated on this basis.

**Rural development aid:** this is based on objective criteria linked to the policy objectives taking into account the current distribution. As is the case today, less developed regions should continue to benefit from higher co-financing rates, which will also apply to certain measures such as knowledge transfer, producer groups, cooperation and Leader.

Lastly, some flexibility for transfers between pillars is introduced (up to 5% of direct payments): from Pillar I to Pillar II to allow Member States to reinforce their rural development policy, and from Pillar II to Pillar I for those Member States where the level of direct payments remains below 90% of the EU average.

**DELEGATED ACTS:** the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

Ministers held an exchange of views on the common agricultural policy (CAP) reform package thus launching within the Council the debate on the future of the CAP for the months ahead:

**Direct payments:** several Member States raised concerns or stated their opposition to the proposed redistribution of payments between Member States.

- On the proposed greening of the first pillar while they generally could agree with the introduction of "greening" measures in the first pillar, several questioned the compulsory character of the proposed measures or challenged the proposed 30% proportion of direct payment envelopes devoted to this "greening".
- In addition some delegations expressed their opposition to progressive reduction and capping of direct payments amounts.
- The proposed definition of "active farmer" also raised many questions.
- Actions proposed in favour of small farms and young farmers were generally well received.

Moreover, a vast majority of delegations raised concerns that the direct payments and rural development proposals seemed to run counter to the important objective of simplification of the CAP.

Market management mechanisms: most of the Member States acknowledged the measures proposed by the Commission. They noted in particular the importance of extending the existing possibilities to allow the Commission to take emergency measures.

- Some Member States regretted the Commission's intention to stick to the abolition of the sugar quota system for 2015, while others welcomed the confirmation that the sugar sector would be liberalised after 2015.
- Several delegations welcomed the proposals to strengthen the role of the farmer in the food supply chain with mandatory recognition of producers and interbranch organisations, while others were concerned that this would imply the risk of competition distortion.

The Council will hold two more policy debates on the CAP reform proposals before the end of the year: one on direct payments in November and another on rural development in December 2011.

It should be noted that the Commission prepared the CAP reform package following the interinstitutional debate initiated by its [communication](#) The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future and on the basis of impact assessments for the various policies. The new rules should enter into force on 1 January 2014.

In March 2011, the Council took note of the Presidency conclusions on the Commission communication supported by a very large number of Member States. These conclusions on the communication followed an initial exchange of views and three policy debates focusing on the three main objectives of the future CAP identified in the Commission communication, namely: (i) viable food production; (ii) sustainable management of natural resources and climate action, and (iii) balanced territorial development.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

Ministers held an orientation debate on the greening of the common agricultural policy (CAP) within the framework of the CAP reform. The debate covered provisions contained in three of the main proposals of the CAP reform package:

- [Regulation for direct payments](#) to farmers;
- Regulation on the financing, management and monitoring of the CAP (the "horizontal" regulation);
- [Regulation for rural development](#).

While broadly supporting the principle of greening the CAP for the period 2014-2020 under the pillar I, delegations nonetheless made clear that, in order to achieve this ambition, an adjustment of the modalities proposed by the Commission was required.

Most delegations stressed that any additional greening measures had to be consistent with their specific objective circumstances be easy to apply and monitor, with the implementation costs remaining proportional and avoiding unnecessary red tape. A more flexible approach would help to take into account the diversity of agricultures in the EU and would avoid a "one size fits all" approach.

Many Member States considered that the scope of farming practices that are "green by definition" had to be widened to include pillar II agri-environment practices, as well as practices under national or regional environmental certification schemes. The Commission expressed openness to consider an adjustment of its proposal to take this into account.

On the three mandatory greening measures, a number of adjustments were suggested by delegations:

- on crop diversification : most delegations considered that there was a need to increase the minimum threshold, the minimal number of crops requested and to adjust the definition of crop. Moreover land predominantly covered by permanent grassland needed to be taken into account.
- on the retention of permanent grassland, and to maintain the management of these areas at regional or national level instead of farm level as proposed by the Commission,
- on the Ecological focus area (EFA) and the 7% requirement : most delegations wanted more flexibility and suggested a minimum farm area threshold; , areas under pillar II agri-environment schemes with high benefits for the environment and climate needed to be taken into account.

Instead of the three mandatory greening measures as proposed by the Commission (crop diversification, permanent grassland and EFAs), some delegations would prefer a "menu" approach where member states could choose from a list of measures.

Other Member States would prefer to build greening upon existing instruments, especially cross compliance in pillar I and agri-environment schemes in pillar II.

Lastly, a large majority of delegations estimated that the level of sanctions applicable when the greening objectives are not met should not go beyond the level of the greening payment and therefore should not affect the basic payment itself.

Timetable:

- The Council already held policy debates on the proposals for regulation on direct payments, rural development and on the single common market organisation during the three last Agriculture Council meetings in November and December last year and in January this year.
- In March 2012, Ministers held a debate on the simplification of the CAP.
- During its last meeting in April 2012, the Council held an orientation debate on young farmers, small farmers, voluntary coupled support and top ups for farmers in areas with natural constraints, as well as on internal distribution, active farmer and capping of support to large farms.

In June, the Danish Presidency intends to organise an orientation debate on the proposal on rural development and to present a progress report on the CAP reform.

---

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020



The Presidency presented to the ministers its progress report on the reform of the common agricultural policy (CAP) ([8949/12](#)).

Member states broadly welcomed the progress report and overall considered it a fair and accurate reflection of the debate in the Council, which would lay a solid foundation for the next steps in the process under the Cypriot and Irish Presidencies. They also noted that the next presidencies had to deepen discussions on the open issues. Some delegations commented on issues of importance to them, particularly in relation to capping, convergence of direct payments and greening.

This progress report highlights the progress achieved during the first half of 2012 on the CAP reform proposals. It has been drawn up under the responsibility of the Presidency on the basis of the positions expressed within the Council and its preparatory bodies during this semester. It makes clear that nothing is agreed until everything is agreed.

The report highlights the efforts made by the Presidency, especially on increased flexibility, simplification and greening. It indicates the main amendments suggested to the Commission proposals and on which the Presidency has noted broad support from delegations.

The Presidency's suggested amendments aim to resolve a number of issues raised by delegations, particularly with a view to ensuring that future CAP legislation is workable in practice and can be implemented in a cost-effective manner.

This report also identifies for each of the proposals the key issues which remain outstanding as at June 2012, including issues contained in the negotiating box for heading 2 of the Multiannual financial framework (MFF).

The report distinguishes between three categories of issues:

- issues on which there is broad support among delegations for the amendments suggested by the Presidency to the Commission proposals;
- issues which remain outstanding as at June 2012;
- issues which are included in the negotiating box of the Multi-Annual Financial Framework and which the European Council will ultimately decide upon.

As regards the horizontal regulation : the Presidency has noted almost unanimous support to delete the delegated power conferred on the Commission to include the Water Framework Directive (2000/60/EC) in the scope of crosscompliance. Instead, the Presidency has suggested inviting the Commission to present a legislative proposal with a view to including the relevant parts of that Directive once it has been implemented.

A number of delegations have opposed the future inclusion of the Pesticides Directive 2009/128/EC in the scope of the cross-compliance by means of delegated acts and have taken the view that this should be contained in the basic act, and if not possible the Commission should submit a new legislative proposal to this effect. In the light of the views expressed by a broad majority of delegations, the classification of the Commission powers as delegated or implementing has been amended by the Presidency, except as regards administrative penalties.

Other issues include:

- most delegations support the reintroduction of the current set-up of paying agencies by the Presidency thus providing for the possibility of having more than one paying agency per Member State/per region and allowing paying agencies to specialise in certain support schemes;
- on recoveries, the moment the recovery procedure starts has been clarified in the Presidency text and the deadline by which Member States must request recovery from the beneficiary concerned has been extended as requested by a very large majority of delegations. The Presidency has reinstated the current 50/50 rule according to which Member States are charged for 50 % of amounts not recovered four years after the date when the debt was recognised, or eight years if the recovery process is being pursued in the courts, since the Commission proposal to charge Member States for 100% of such amounts was met by almost unanimous opposition by delegations;
- many delegations have expressed concerns about the possible administrative burdens arising from the common monitoring and evaluation framework of the common agricultural policy. It has therefore been specified in the Presidency text that, to the extent possible, the information to be provided by the Member States shall be based on established sources of data. It has further been specified that it is the Commission's responsibility in accordance with the Horizontal Regulation to monitor direct payments, market measures and the application of cross compliance based on the reporting by Member States. Finally, many delegations support the suggestion that the rules on the information to be sent by the Member States shall take into account the need to avoid any undue administrative burden;
- as regards the farm advisory system, a majority of delegations support the Presidency suggested amendments that limit the extension of the compulsory requirements to cross compliance requirements (SMR and GAEC), greening practices, and the maintenance of the agricultural area;
- as regards the integrated administration and control system, a large majority of delegations oppose the Commission proposal that the computerised database should contain data starting from 2000. Many delegations support the suggestion that only data relating to the previous ten years needs to be stored. A transition period has been provided in the Presidency text for Member States to comply with the 1:10.000 scale cartography requirements for the identification system for agricultural parcels;
- many delegations support the Presidency text providing the possibility of paying advance payments even prior to 16 October, subject to an authorisation by the Commission, and the possibility to make advances after all checks relating to those applications for which the advances are made have been carried out;
- the rate of the pre-financing of rural development programmes and the possible maintenance of a safety margin triggering the financial discipline are included in the Negotiating Box for Heading 2 of the Multiannual Financial Framework (MFF);
- concerning administrative penalties relating to the greening payments most delegations raised concerns and requested the Commission to reconsider the scope and the level of sanctions applicable should the greening objectives not be met. Most delegations find that the administrative penalties concerning the greening payment should not go beyond the greening payment. Furthermore, some aspects of the classification of the Commission powers concerning penalties relating to the greening payments will require further fine-tuning;
- a number of delegations has expressed concerns about flat-rate financial corrections applied by the Commission in cases where calculating the amount of the financial correction on the basis of individual irregular payments or on the basis of an extrapolation of the results of examination of a representative sample of transactions is impossible or not cost-effective. Delegations have taken the view that it should be made clear in the horizontal regulation , rather than in guidelines to be issued by the Commission, that flat-rate corrections shall only be used as a last resort and that the calculation of any correction should be based on an assessment of the risk

- of losses to the EAFG and the EAFRD. However, the Presidency has decided to postpone possible redrafting to a later date, with a view to reflecting possible developments in this area in the context of the ongoing negotiations on the draft financial regulation;
- concerning the deadline for transmission of annual accounts of the EAFRD and EAGF and new terminology compared to the Council Regulation (EC) No 1290/2005 a number of delegations prefer that the deadline be postponed until 1 March and have expressed misgivings about the new scope of the obligations of the person in charge of the accredited paying agency;
  - a number of delegations has taken the view that Pillar II area based support should be exempt from cross-compliance;
  - most delegations have raised serious concerns as regards the possible increase in administrative burden and costs related to the new tasks for the certification bodies proposed by the Commission concerning certifying the legality and regularity of the underlying transactions and the respect of the principle of sound financial management. Most delegations remain unconvinced of the possible advantages (a reduction of on-the-spot-controls and more targeted calculation of the financial corrections) to compensate for the additional administrative burden. Possible amendments should also be seen in the light of the financial regulation;
  - lastly, most delegations take the view that Member States should be able to keep 20 % of the sums recovered following the occurrence of irregularity or negligence and the 25 % of the amounts resulting from the application of reductions and exclusions for breach of cross-compliance requirements, rather than 10% as proposed by the Commission.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

**PURPOSE:** to amend the Commission proposal for a regulation on the financing, management and monitoring of the common agricultural policy.

**BACKGROUND :** the accession of Croatia to the EU is scheduled for 1 July 2013. Although the Act of Accession has not yet been ratified by all Member States, the Commission has recently updated its [Multi-Annual Financial Framework proposals](#). A similar adjustment exercise is prepared for the CAP reform proposals to ensure that once they are adopted, Croatia will be fully covered as a new Member State.

On 19 October 2011, the Commission adopted its proposal for a regulation on the financing, management and monitoring of the common agricultural policy.

In its judgment of 9 November 2010 in Joined Cases C-92/09 and 93/09 (Volker und Markus Schecke GbR and Hartmut Eifert/Land Hessen), the Court of Justice declared invalid point (8b) of Article 42 and Article 44a of Regulation (EC) No1290/2005 and Commission Regulation (EC) No 259/2008 of 18 March 2008 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the publication of information on the beneficiaries of funds deriving from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) in so far as, with regard to natural persons benefiting from the European agricultural funds, those provisions impose an obligation to publish personal data relating to each beneficiary without drawing a distinction based on relevant criteria such as the periods during which those persons have received such aid, the frequency of such aid or the nature and amount thereof.

According to recital (70) of that proposal, the adoption of new rules on the publication of information on beneficiaries of the European agricultural funds which take account of the judgment of the Court of Justice should be preceded by an in depth analysis and assessment by the Commission in order to find the most appropriate way to reconcile the right to protection of personal data of the beneficiaries with the need for transparency. Having carried out the analysis and assessment, the Commission is now ready to propose new provisions on the matter.

**IMPACT ASSESSMENT:** the Commission organized, in September 2011, a consultation of stakeholders gathering representatives of professional agricultural or trade organisations, representatives of the food industry and workers, as well as of the civil society and EU institutions. In that framework different options were put forward in relation to the publication of data of natural persons benefiting from EU agricultural funds and respect for the principle of proportionality while making public the relevant information. The stakeholders' conference showed that publication of the name of the natural persons is required in order to respond to the objective of better protection of the Union's financial interests, to enhance transparency and to highlight the achievements of beneficiaries in providing public goods while ensuring that it does not go beyond what is necessary for achieving these legitimate aims.

**CONTENT:** the adjustment will take the form of an amendment to the Commission proposal for a regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy, in order to include in the proposal:

1) The provisions related to cross-compliance which are already in the Accession Treaty for Croatia. The main changes relate to the inclusion of provisions on:

- the date of application of the penalties in Croatia;
- maintenance of permanent grassland.

2) New rules on the publication of information on all beneficiaries of the European agricultural funds which take account of the objections formulated by the Court of Justice in Joined Cases C-92/09 and C-93/09 against the former rules to the extent that they were applicable to natural persons. The new rules will differ from the ones declared invalid by the Court in the Joined Cases in so far as they:

- are based on a revised detailed justification, centred around the need for public control of the use of European agricultural funds in order to protect the Union's financial interests;
- require more detailed information to be given on the nature and description of the measures for which the funds are disbursed;
- include a de minimis threshold below which the name of the beneficiary will not be published.

**BUDGETARY IMPLICATIONS:** the amendment has no budgetary implications, apart from those already set out in the explanatory memorandum for the updated proposals for the Multiannual Financial Framework.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

On 25 September 2012, the Commission adopted the Amendment to the Commission proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy. The Amendment to the Commission proposal was sent to the EDPS for consultation. It adds a new chapter on transparency.

The EDPS welcomes the Commissions effort in striking a balance between the principle of transparency and the beneficiaries' rights to privacy and personal data protection. However, he recommends the following:

- applying the exemption from publication for beneficiaries below the threshold only to natural persons;
- a better justification as to why other less intrusive measures would not fulfil the purpose of transparency and why other ways of publication have been considered less appropriate;
- including an additional provision to ensure that in case of small communities only aggregated data are published;
- justifying in the Preamble the duration chosen for the publication of the data;
- complement the information to be provided to data subjects.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

The Commission briefed the Council on an amendment to a proposal for a Regulation on the financing, management and monitoring of the common agricultural policy (CAP) or "Horizontal Regulation" in CAP reform package.

With regard to the amendments on the publication of the names of beneficiaries, some Member States pointed out that the de minimis threshold was not necessary for the sake of transparency; in their view, all beneficiaries of CAP payments should be listed.

Some others expressed concerns about the details given on the beneficiaries, fearing that this process might interfere with data on private life. They questioned whether the proposal complied with the Court of Justice ruling. An opinion of the Council Legal Service was requested by some delegations.

In addition to provisions concerning cross-compliance for Croatia with a view to its accession, the new proposal on the horizontal regulation includes other amendments regarding new rules on the publication of information on all beneficiaries of the EU agricultural funds. This takes account of the objections by the Court of Justice to the former rules to the extent that they were applicable to natural persons. The new rules will differ from the ones declared invalid by the Court in the said Joined Cases in so far as they:

- are based on a revised detailed justification, centred around the need for public control of the use of European agricultural funds in order to protect the Union's financial interests;
- require more detailed information to be given on the nature and description of the measures for which the funds are disbursed;
- include a de minimis threshold below which the name of the beneficiary will not be published.

The Council is expected to adopt a partial general approach on the single CMO and on the other CAP reform proposals by the end of the year under the Cypriot Presidency.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

Ministers held two policy debates within the framework of the common agricultural policy (CAP) reform. The discussions focused on:

- the [proposal for a Regulation establishing rules for direct payments to farmers \(Direct Payments Regulation\)](#);
- the proposal for a Regulation on the financing, management and monitoring of the CAP (Horizontal Regulation).

The specific issues examined concerned the basic payment scheme and transparency on CAP payment beneficiaries.

Transparency on CAP beneficiaries: it should be recalled that in its judgment of November 2010, the Court of Justice declared invalid, taking into account the right to privacy and to the protection of personal data enshrined in the EUs Charter for Fundamental Rights, certain aspects of EU legislation requiring the publication of information on the beneficiaries of CAP funds.

On 25 September 2012, the Commission presented an amendment to its proposal in regard to the publication of data and payments received by beneficiaries (natural and legal persons), the objective of which was to take into account the Courts ruling. This proposal introduced a new objective in respect of the publication requirement the need for public control of the use of European agricultural funds.

At the Council session of 22 October 2012, while the majority of Member States supported the Commissions amended proposal, some delegations called on the Councils Legal Service to prepare an opinion on this proposal. In these circumstances, the Presidency drew up another document clarifying the Councils position on this issue.

With regard to the amendments on the publication of beneficiaries' names proposed by the Commission, the President concluded that the Council accepted the objectives and considered that the means proposed by the Commission to achieve that objective are appropriate and proportionate. However,

- some Member States still argued that the de minimis threshold was not necessary and should be abandoned for the sake of transparency: in their view, all beneficiaries of CAP payments should be listed;
- some others expressed concerns about the details given on the beneficiaries, fearing that the process might interfere with data on their private lives;
- lastly, some delegations believed that further consideration of this issue was needed in order to assess, whether the same objective could not be attained in a less intrusive way.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

The Committee on Agriculture and Rural Development adopted the report by Giovanni LA VIA (EPP, IT) 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.

The committee recommended that the Parliaments position adopted at first reading, following the ordinary legislative procedure, should amend the Commission proposal. The main amendments were as follows:

**Accreditation of paying agencies and coordinating bodies:** Member States shall accredit as paying agencies departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal and regular and properly accounted for.

Before the end of 2016, the Commission shall present a report to the Council and the European Parliament on the operation of the system of paying agencies in the Union accompanied, where appropriate, by legislative proposals.

**Certification bodies:** the certification body shall be a public or private audit body designated by the Member State. Where it is a private audit body, and the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure. It shall provide an opinion, drawn up in accordance with internationally accepted audit standards.

**Reserve for crises in the agricultural sector:** a reserve for crises in the agricultural sector intended to provide additional support for the sector in case of major crises affecting the agricultural production or distribution shall be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism.

The total amount of the reserve shall be EUR 2 800 million with equal annual instalments of EUR 400 million (2011 prices) for the period 2014-2020.

**Suspension of payments:** the possibility for reducing or suspending payments in case of significant and persistent deficiencies in national control systems should be reinforced in order to provide the Commission with the possibility to suspend payments rapidly when serious deficiencies are detected. Such possibility should also be extended by including negligence in the system for recovery of irregular payments.

As regards the EAGF, sums recovered should be paid back to that Fund where the expenditure is not in conformity with Union legislation and no entitlement existed. Member States should request recovery from the beneficiary within 18 months after a control report or similar document, stating that an irregularity has taken place, has been approved.

**Penalties:** in cases of infringement of the sectoral agricultural legislation, where detailed rules on administrative penalties have not been laid down by Union legislative and non-legislative acts, Member States should impose national penalties which should be effective, dissuasive and proportionate.

The introduction of new payment systems, and related monitoring and penalty systems, should not result in unnecessary additional complicated administrative procedures and red tape.

**Transparency:** the amended text stipulated that Member States shall ensure annual ex post publication of the beneficiaries of the EAGF and the EAFRD. The publication shall contain: (i) the first name and the surname where the beneficiaries are natural persons; (ii) the full legal name as registered where the beneficiaries are legal persons; (iii) the municipality where the beneficiary resides or is registered; (iv) the amounts of payment corresponding to each measure financed by the EAGF and the EAFRD received; (v) the nature and the description of the measures financed.

Member States shall not publish the name of a beneficiary where the amount of aid received in one year by a beneficiary is equal or less than EUR 1250.

Beneficiaries should be informed that their data will be made public and informed of their rights under the data protection rules.

Data shall not be stored in a form which permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

The European Parliament adopted by 500 votes to 177 with 10 abstentions, a legislative resolution 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.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise between Parliament and Council. They amend the Commission proposal as follows:

**Accreditation of paying agencies:** in order to be accredited, paying agencies responsible for the management and control of expenditure must have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal and regular and properly accounted for. Member States will be authorised to maintain the number of paying agencies which have been accredited before the entry into force of the Regulation.

Before the end of 2016, the Commission shall present a report to the Council and the European Parliament on the operation of the system of paying agencies in the Union accompanied, where appropriate, by legislative proposals.

**Certification bodies:** the certification body shall be a public or private audit body designated by the Member State. Where it is a private audit body, and the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure. It shall provide an opinion, drawn up in accordance with internationally accepted audit standards.

**Reserve for crises in the agricultural sector:** a reserve for crises in the agricultural sector intended to provide additional support for the sector in case of major crises affecting the agricultural production or distribution shall be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism.

The total amount of the reserve shall be EUR 2 800 million with equal annual instalments of EUR 400 million (2011 prices) for the period 2014-2020.

**Prefinancing:** following the Commission decision approving the rural development programme, an initial prefinancing amount for the whole programming period shall be paid by the Commission to the Member State. This initial pre-financing amount shall be paid in instalments (2014,

2015 et 2016).

Suspension of payments: the possibility for reducing or suspending payments in case of significant and persistent deficiencies in national control systems should be reinforced in order to provide the Commission with the possibility to suspend payments rapidly when serious deficiencies are detected. Such possibility should also be extended by including negligence in the system for recovery of irregular payments.

As regards the EAGF, sums recovered should be paid back to that Fund where the expenditure is not in conformity with Union legislation and no entitlement existed. Member States should request recovery from the beneficiary within 18 months after a control report or similar document, stating that an irregularity has taken place, has been approved.

Identification system for agricultural parcels: use shall be made of computerised geographical information system techniques, including aerial or spatial orthoimagery, with a homogenous standard guaranteeing accuracy at least equivalent to cartography at a scale of 1: 10 000 and, as from 2016, at a scale of 1:5000, while taking into account the outline and condition of the parcel.

Member States shall ensure that the identification system for agricultural parcels contains a reference layer to accommodate ecological focus areas.

Penalties: Parliament clarified the provisions concerning the application of administrative penalties in case of non-compliance with the eligibility conditions, commitments or other obligations resulting from the

These administrative penalties may take one of the following forms: (i) reduction in the amount of aid or support; (ii) payment of an amount calculated on the basis of the quantity and/or the time concerned by non-compliance; (iii) suspension or withdrawal of an approval, recognition or authorisation; (iv) exclusion from the right to benefit from the aid scheme.

The administrative penalties shall be proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found. No administrative penalties shall be imposed where the non-compliance is due to force majeure.

In cases of infringement of the sectoral agricultural legislation, where detailed rules on administrative penalties have not been laid down by Union legislative and non-legislative acts, Member States should impose national penalties which should be effective, dissuasive and proportionate.

Transparency: the amended text stipulated that Member States should ensure annual ex post publication of the beneficiaries of the EAGF and the EAFRD. The publication shall contain: (i) the first name and the surname where the beneficiaries are natural persons; (ii) the full legal name as registered where the beneficiaries are legal persons; (iii) the municipality where the beneficiary resides or is registered; (iv) the amounts of payment corresponding to each measure financed by the EAGF and the EAFRD received; (v) the nature and the description of the measures financed.

Member States shall not publish the name of a beneficiary where the amount of aid received in one year by a beneficiary is equal or less than EUR 1250.

Beneficiaries should be informed that their data will be made public and informed of their rights under the data protection rules.

Data shall not be stored in a form that permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

**PURPOSE:** to lay down new rules on the Common Agricultural Policy (CAP) for the period 2014-2020 (horizontal Regulation).

**LEGISLATIVE ACT:** Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008.

**CONTENT:** this Regulation is part of a series of measures aiming to reform the Common Agricultural Policy (CAP). The CAP reform package contains four main legal texts:

- [the Regulation](#) establishing rules for direct payments to farmers;
- [the Regulation](#) on the common organisation of the market in agricultural products;
- [the Regulation](#) on support for rural development;
- this Regulation on the financing, management and monitoring of the CAP (horizontal Regulation.)

The main objectives of the reform are to make the CAP greener, more equitable and better targeted. The reformed CAP remains a strong common policy structured around its two complementary pillars: direct payments and market management (first pillar) and rural development (second pillar).

This Regulation is called "horizontal" since it brings together the rules relevant for all CAP instruments, previously scattered in various pieces of CAP legislation. It deals in particular with:

Financing, management and control systems, which includes the paying agencies and the Integrated Administration and Control System (IACS). In order to be accredited, paying agencies departments or bodies should have an administrative organisation and a system of internal control providing sufficient guarantees that payments are legal and regular, and properly accounted for. Member States should be allowed to maintain the number of paying agencies which have been accredited before the entry into force of this Regulation. Before the end of 2016, the Commission shall present a report to the European Parliament and to the Council on the operation of the system of paying agencies in the Union accompanied, where appropriate, by legislative proposals.

The rules applying to direct payments, market measures and rural development have been harmonised in order to create synergies.

Farm advisory system, which is a set of advice services which Member States must set up so as to help farmers understand, in particular, their

cross-compliance and greening obligations. That farm advisory system shall be operated by designated public bodies and/or selected private bodies.

Identification system for agricultural parcels: the Regulation stipulates that the identification system for agricultural parcels shall be established on the basis of maps, land registry documents or other cartographic references. Use shall be made of computerised geographical information system techniques, including aerial or spatial orthoimagery, with a homogenous standard that guarantees a level of accuracy that is at least equivalent to that of cartography at a scale of 1:10 000 and, as from 2016, at a scale of 1:5 000, while taking into account the outline and condition of the parcel. This shall be fixed in accordance with existing Union standards.

Member States shall ensure that the identification system for agricultural parcels contains a reference layer to accommodate ecological focus areas.

Cross-compliance: a system created by the 2003 CAP reform which makes aid and support to farmers subject to compliance with requirements of public interest, notably standards related to environment, animal welfare and the use of plant protection products.

The current rules were reviewed with a view to simplification, strengthening the climate change dimension within GAEC and ensuring consistency with the provisions of greening and of relevant environmental measures offered under rural development.

Suspension of payments and penalties: the Regulation provides the possibility of reducing or suspending payments where there are significant and persistent deficiencies in national control systems should be reinforced in order to provide the Commission with the possibility of suspending payments rapidly when serious deficiencies are detected. That possibility should also be extended to include negligence in the system for recovery of irregular payments.

The Regulation also clarifies the measures concerning the application of the administrative penalties in cases of non-compliance in relation to eligibility criteria, commitments or other obligations resulting from the application of sectoral agricultural legislation. The administrative penalties shall be proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found.

For "greening", the penalties will be phased in gradually, with no penalties imposed for the first two years of application of greening (claim years 2015 and 2016), and a cap at 20% of the greening payment for claim year 2017 and at 25% as from claim year 2018.

Transparency: the Regulation stipulates that Member States shall ensure annual ex-post publication of the beneficiaries of the Funds in order to reinforce the personal accountability of the farmers for use of public funds received.

In order to strike a balance between the objective of the public control of the use of the CAP funds and the beneficiaries' right to respect for their private life, the names of those beneficiaries receiving an amount lower than the maximum amount of aid possible under the Small Farmers Scheme will not be published. Member States shall inform the beneficiaries that their data will be made public.

Reserve for crises in the agricultural sector: in the context of respecting budget discipline, the Regulation lays down the annual ceiling for the expenditure financed by the EAGF by taking into account the maximum amounts laid down for that Fund under the multiannual financial framework provided for in Council Regulation (EU, Euratom) No 1311/2013.

In order to support the agricultural sector in case of major crises affecting the agricultural production or distribution, a reserve for crises should be established by applying, at the beginning of each year, a reduction to direct payments through the financial discipline mechanism.

The total amount of the reserve shall be EUR 2 800 million with equal annual instalments of EUR 400 million (2001 prices) for the period 2014-2020.

ENTRY INTO FORCE: 20.12.2013. The Regulation is applicable from 01.01.2014.

DELEGATED ACTS: the Commission may adopt delegated acts in order to supplement or amend certain non-essential elements of the Regulation. The power to adopt delegated acts is conferred on the Commission for a period of seven years from 20 December 2013. The European Parliament or the Council may raise objections with regard to a delegated act within two months of the date of notification (which may be extended by two months). If Parliament or Council raise objections, the delegated act will not enter into force.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

In accordance with Regulation (EU) No 1306/2013 on information measures relating to the common agricultural policy (CAP), the Commission presented a report on the operation of the system of paying agencies in the Union. This report summarises the results of the analysis of the competent authorities' reports received in June 2016 and possible further actions.

The Commission welcomes the steps taken by the certain Member States (Austria, Germany and Poland) to reduce the number of paying agencies.

In addition, the present situation does not indicate major issues as regards compliance with the accreditation criteria. For 66 paying agencies (out of 80 for which the reports were provided in 2016), the compliance with the accreditation criteria was rated as very high.

The review of the communications received from the competent authorities on continued supervision revealed in many cases that the supervision is not continuous. In other situations, the continued compliance report does not mention that ongoing continuous supervision or monitoring has taken place.

Following the analysis of the situation with the operation of the paying agency system in the EU in the agricultural sector, the Commission does not propose any modifications to the current legal acts concerning the set-up, numbers of and operations of the paying agencies.

It intends, however, to:

- initiate, despite the existence of a derogation for paying agencies that have been in existence before 20 December 2013, discussions with the Member States concerned to determine whether the structure put in place is appropriate and whether agencies with little or no expenditure should continue to exist;
- guarantee a follow-up, jointly with the relevant competent authorities, to ensure proper and regular supervision.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

The Commission presented a report on the implementation of information measures relating to the common agricultural policy (CAP) for 2015 and 2016, under Article 45 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy.

The information measures financed aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives to reinstate consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote the European model of agriculture, as well as to help citizens understand it.

The budget made available for information measures under budget line 05 08 06, originally foreseen in the financing decision, was EUR 8 million in 2015; and EUR 8 million in 2016. Execution of the 2015 measures reached 91.18 % in terms of commitments and 88.60% in terms of payments. Execution of the 2016 measures reached 98.29 % in terms of commitments.

Actions financed: in the reporting period, the Commission continued to develop its corporate communication actions based on its ten political priorities emphasising the tangible benefits delivered by the EU to its citizens.

Grants (co-financed information measures taken at the initiative of third party organisations): for 2015, the call for proposals aimed to provide information on the reformed CAP and its three core elements, food safety, sustainable management of natural resources, and the development of rural areas.

For 2016, it encouraged information actions on the challenges ahead for agriculture, including sustainable development and the modernisation of Europe's agriculture and the wider rural economy.

Grants were awarded for measures such as information campaigns with a significant trans-national and multi-media element, and measures highlighting sustainability with a strong EU networking focus.

Other awareness raising measures run at national or local level were often identified strongly with the agricultural development needs on the ground. Measures focussed on young people and the general public used the latest on-line and social media tools to connect with the target audience.

Direct actions/public procurement (Commission-led information measures): increased efforts have been made to mobilise civil society and a wide range of stakeholders, with the aim of fostering closer cooperation in carrying out information campaigns with the Commission services and with other EU institutions and Member States. There was a sustained effort to disseminate to the media relevant user-friendly information on the policy. The AG-Press network, which now includes over 800 active journalists, is a useful tool for the Commission, and network for its members.

The Commission placed emphasis on improving the awareness of the general public about the CAP and participated in various fairs. Actions continued to target citizens and stakeholders, and provide a forum for dialogue with farmers, civil society and the general public on policy issues.

The educational pack for school children aged between eleven and fifteen years ("edutainment pack") was developed in the reporting period, and distributed in early 2017. The aim is to explain in an attractive pedagogical format the role of the farmer and farm families, their contribution to society and the challenges they face.

Lastly, the EU was represented at the World Expo 2015 which took place in Milan from 1 May to 31 October 2015 on the theme "Feeding the Planet: Energy for Life". There were over 650 000 visitors to the EU pavilion.

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

The Commission presents a report on the implementation of the common monitoring and evaluation framework (CMEF) and first results on the performance of the common agricultural policy. The CMEF was established with the aim of measuring the performance of the CAP implementation for 2014-2020. For the first time, this framework covered the first pillar (direct payments and market measures) and the second pillar (rural development), as well as horizontal measures (e.g. cross compliance) of the CAP. This initial report describes the design and the implementation of the framework, provides first results on the performance of the CAP on the basis of evidence collected through the CMEF and other studies (e.g. evaluations) and links the lessons learnt with the performance and monitoring and evaluation framework included in the CAP post-2020 proposals.

Initial assessment of the performance of the CAP

Viable food production: the CAP has shifted from product support (through prices) to producer support (through income support, mainly with decoupled payments). This shift reduced the price gap between EU and world market prices over time: the ratio between EU and world market prices of main agricultural commodities (weighted average) declined from 140 % in 2007 to 113 % in 2017.

The EU market is more open: EU imports of agri-food products increased to EUR 117 billion in 2017 (+51 % compared to 2007), with EU imports from least developed countries increasing by more than 75 % since 2007, reaching a value of EUR 3.5 billion in 2017. Price volatility remains lower than for main competitors; e.g. for soft wheat, it was 6.8 % in 2015-2017, whereas on the world market it was 10 %.

Agricultural income: average direct payments per beneficiary amounted to almost EUR 6 200 in 2016 making up a share of 44 % in agricultural entrepreneurial income in the EU-28 with different distribution between farm types and farm size. However, agricultural income in sectors such as beef, sheep and olives and zones such as areas facing natural constraints remains below EU average. A recent World Bank report concludes that the CAP contributes effectively to farm income, and helps reducing the gap between agricultural income and wages received in other economic sectors.

Agricultural productivity: this, expressed as total factor productivity, is increasing steadily but slowly (+0.7% per year over the last five years), with growth in labour productivity contributing most to productivity gains.

Sustainable management of natural resources: greening requirements under direct payments was criticised for the additional burden it entails

for farmers and administrations compared to its environmental outcome. A [recent evaluation](#) on the payment of agricultural practices beneficial for climate and environment confirms that the current implementation of greening by Member States and farmers could be improved to deliver better on its objectives.

Balanced territorial development agriculture represents 13.5% of total employment in rural areas in 2016 (compared to 12.4% in 2012). The poverty rate in rural areas declined (from 29 % in 2011 to 26 % in 2016 in the EU-28), approaching the poverty rate in the whole economy (25 %). The CAP has therefore an important role in poverty reduction in rural areas and contributes to the creation of better jobs for farmers across the EU.

Knowledge transfer and innovation: more than 492 000 farmers (4.5% of total farmers) have received funding for training and more than 63 500 farmers for advice.

Lessons learned: the proposals for reform of the CAP after 2020 shift emphasis from compliance and rules towards results and performance, with more Member States flexibility to decide how best to meet common objectives. The report sets out the following changes as a result of lessons learned:

-Indicators: experience has shown that there are currently too many indicators and sub-indicators. Some indicators are not available on a yearly basis and certain indicators are missing, e.g. an evaluation on climate change concludes that the limited breakdown of some output indicators impedes having sufficient information on CAP implementation with regard to climate change. In the CAP proposals post-2020 it is proposed to reduce the number of indicators from 146 to 101.<sup>37</sup> This, more targeted, set of indicators has been selected in a way to reflect as closely as possible whether the supported interventions contribute to achieving the objectives.

-Data: the shift to performance-based policy also requires that the quality of the notifications submitted by Member States improve. Therefore in the next CAP, certification bodies will have to ensure the reliability of the performance reporting on outputs and results. Moreover, selected indicators are generally generated by administrative processes or otherwise available, to reduce the administrative burden. There is also a strong need to improve future data availability (both by further data sharing between existing sources and by new technologies).

## Common agricultural policy (CAP): financing, management and monitoring 2014-2020

---

The Commission presented its report on the implementation of information measures relating to the common agricultural policy (CAP) for 2017 and 2018, under Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy.

### Intensification of communication actions

In the period 2017-2018, the Commission continued to base corporate communication actions on its ten political priorities, focusing on the EU's contribution to jobs and growth, and the tangible benefits delivered by the EU to its citizens.

The institutional communication campaigns launched in 2017 and 2018 are designed to show how the Union protects, empowers and works in the interests of its citizens. They also aimed to raise public awareness of current and future challenges and the need to build a more united, stronger and more democratic Union.

The budget made available for information measures on the CAP, initially foreseen in the financing decision, was EUR 8 million in 2017 and EUR 8 million in 2018. In addition, in the framework of the Commission's institutional communication actions during this period, an amount of EUR 8.4 million in 2017 and EUR 8.7 million in 2018 was co-delegated by DG AGRI to DG Communication, which is responsible for the management of the institutional campaigns.

### Breakdown of shares

The direct and indirect communication actions undertaken in 2017 and 2018 focused on issues related to the preparation of the reform of the Common Agricultural Policy and on the proposals for sectoral legislation accompanying the Multiannual Financial Framework (MFF).

The period under review was marked in particular by a major effort to involve citizens and stakeholders across the Union in the Commission's reflections and search for solutions, in the context of the sectoral proposals of the MFF, to the challenges and opportunities facing EU agriculture and rural areas. In a broad public consultation held in the first half of 2017, stakeholders inside and outside the agricultural sector were invited to give their views on the future of the CAP. This public consultation attracted a large public response: more than 322 000 contributions were received.

### Grants (co-financed information measures, initiated by third party organisations)

Information measures carried out in relation to the common agricultural policy and rural development sought to raise awareness on the policy's contribution to economic growth and vibrant rural areas, resource efficiency and climate change mitigation, as well as the provision of food security in the Union.

In 2017, sixteen measures were co-financed. In 2018, twenty measures were cofinanced, making a total of 36 co-financed actions (all at a rate of 60%) for the period 2017-2018. These communication actions have led to increased cooperation between the Commission services, other EU institutions and national and regional authorities.

In 2017 and 2018, the following actions were supported:

- 16 grants were awarded to media and communications agencies for measures promoting awareness at national level of the importance of agriculture and the rural areas for society as a whole;
- support to two environmental organisations at national level for awareness-raising actions on issues related to sustainability and biodiversity, as well as for actions with a transnational dimension proposed by media companies to inform EU citizens about the contribution of the CAP to their daily lives;
- support at national level, an organisation promoting education related to European citizenship, a county council promoting local traditional agricultural products, and a national association active in water/irrigation issues.



Invariably measures included a mix of communication tools (social media, online, print and audiovisual) directed at the farming community, the general public and young people, and often including an educational dimension.

Direct actions/public procurement (information measures carried out at the initiative of the Commission)

During the period 2017-2018, a significant number of information measures were carried out at the initiative of the Commission, such as:

- providing the media with user-friendly information and documents on developments in the CAP and rural development and networking the media through the maintenance of the platform of journalists and communication professionals, [www.Ag-Press.eu](http://www.Ag-Press.eu);
- intensifying dialogue with stakeholders in the context of the preparation of the sectoral MFF proposals and on issues such as the fight against unfair commercial practices in the food chain;
- the educational pack for school children aged between eleven and fifteen years ("edutainment pack") was finalised. It explains in an attractive pedagogical format the role of the farmer and farm families, their contribution to society and the challenges they face.