Protecting the European Union's financial interests: towards performance-based controls of the common agricultural policy

2014/2234(INI) - 23/07/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted a report by Petri SARVAAMA (EPP, SU) on protecting the European Union's financial interests: towards performance-based controls of the Common Agricultural Policy.

Over the two rounds of common agricultural policy (CAP) reforms, **the rules have become more diverse and complex**. More complex rules lead to more errors on the ground. A more effective and efficient CAP reform requires simplification and less bureaucracy in order to meet the CAP's objectives. Such a simplification must not result in a dismantling of the instruments that have been adopted.

In this context, the report called for:

- a less bureaucratic CAP with a view to reducing the error rate and for instruments to be established which will make it possible to distinguish between error and fraud given that omissions do not as a rule cause any financial damage to the taxpayer;
- **clearer guidance** be given to both national authorities and farmers to implement the CAP in order to reduce the error rate and for instruments to be established which will make it possible to distinguish between error and fraud.

New simplification: fearing that the most likely error rate determined by the Court of Auditors will increase in the common agricultural policy direct payments area during the period 2014-2020, Members welcomed the fact that the Commission is giving priority to a new CAP simplification exercise and that it is proposing, firstly, to simplify a number of delegated and implementing acts. They favoured strongly an **improvement in the quality and consistency of inspections** rather than an increase in the number of controls in agriculture.

Members expected the Commission to urgently make full use of the process of simplification of the CAP, especially with regard to the burdensome and complex regulations governing **cross-compliance and greening** which ultimately impacts upon farmers across Europe.

Single audit: regretting that the single audit scheme is not yet effective, Members advocated the **reinforcement and stronger implementation of the single audit** through the coordination of the control activities carried out by the various institutions. They called for the administrative burden arising from audits to be lightened so that farmers are not subjected to different visits on separate occasions by the bodies responsible or to excessive or multiple controls by the Commission and the Court of Auditors in the same year.

Members favoured an **integrated approach to controls**, whereby all the controls required on a given farm are carried out at the same time wherever possible, so that the number of onsite visits is kept low and the concomitant financial and time cost and burden for administrations and farmers can be reduced and the control process streamlined.

Sanctions: the report states that the adoption of a reasonable, proportional and effective policy on sanctions to **avoid double sanctioning** for the same error under both the payment scheme and cross-

compliance. Moreover, in order to ensure smooth project implementation, payments should not be interrupted when minor and/or clerical errors are identified.

Audit strategies: the Commission, the Member States and the Court of Auditors are requested to further develop **risk-based audit strategies** factoring in all relevant data, including **prior identification of the best/worst performers per policy area**. The best performing Member States in each policy area should be rewarded by a reduction in Union controls.

Online administration: the report encouraged Member States to develop further e-government initiatives aimed at reducing the error rate by preventing mistakes in the application phase as a mid- to long-term objective. **Complete fast broadband coverage of rural areas**, with significant awareness-raising and training in its use, will be an essential tool in enabling all farmers to benefit from the newest CAP application and claims systems.

Member States are called upon to ensure that the governmental/regional bodies dealing with the new CAP implementation **communicate and work together effectively** to the benefit of farmers implementing the policy on the ground.

The Commission is called upon to **draft a communication on the possibility of introducing performance-based management systems** in all areas of the CAP, especially in the investment part of rural development, in order to initiate a debate with all the stakeholders with a view to introducing this principle in EU legislation.