Support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP strategic plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) 2021–2027

2018/0216(COD) - 25/10/2018 - Court of Auditors: opinion, report

OPINION No 7/2018 of the Court of Auditors concerning Commission's proposals for regulations relating to the common agricultural policy (CAP) for the post-2020 period.

The legislative proposal for the CAP after 2020 examined by the Court of Auditors includes three regulations accompanied by an impact assessment, as well as an explanatory memorandum on the three regulations.

The main proposed changes to the CAP for the post-2020 period are as follows:

- one CAP strategic plan per Member State for all CAP expenditure (direct payments, rural development and market measures),

- an attempt to move towards a performance-based system,

- an attempt to redefine the eligibility of spending (reported outputs and a new concept of legality and regularity),

- changes in control systems (a changed role for the certification bodies).

The "CAP Strategic Plans Regulation" covers the objectives of the CAP, the types of interventions financed under the policy and the general requirements for the preparation of CAP strategic plans.

Needs assessment

The Court of Auditors notes that in some key areas, the Commission has not defined needs on the basis of solid evidence. Thus, the data and arguments used by the Commission to support the assessment of farmers' income needs are insufficient.

The Commission has removed from its impact assessment the option of terminating the CAP but has not provided strong economic evidence to support the options ultimately chosen, in which traditional CAP measures are maintained: direct payments, market measures and rural development.

Greening the CAP

The proposal does not appear to correspond to a clear increase in the Commission’s environmental and climate ambitions. Since it would be up to Member States to prioritise in their CAP strategic plans the types of interventions to be financed, it is difficult to know how the Commission would verify whether

these plans are ambitious from an environmental and climate point of view. Therefore, the Commission's estimate of the CAP's contribution to the corresponding EU objectives would appear to be unrealistic.

Under the proposal, EU funds would be allocated neither on the basis of an EU-wide needs assessment nor on the basis of expected results.

Each Member State would allocate part of its pre-established financial envelope to specific interventions based on its own needs assessment. Member States would continue to be required to use direct payments calculated on the basis of the number of hectares of land owned or cultivated.

The Court considers that this instrument is not suited to addressing many environmental and climate concerns; nor does it represent the most efficient way of supporting sustainable farm incomes.

Simplification

The combined programming, within one national CAP strategic plan, of measures currently spread between the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) could help to ensure consistency between the different CAP measures. However, it is difficult to know whether the CAP would be simplified overall, as complexity would increase in other respects (e.g. the proposal introduces an environmental programme with objectives similar to those of two other environmental instruments).

Performance-based model

The Court considers that the proposal does not contain the necessary elements for an effective performance measurement system. The absence of clear, specific and quantified objectives at EU level creates uncertainty about how the Commission would assess Member States' CAP strategic plans. The Court recommends that the following elements be included:

- clear, specific and quantified EU objectives for which achievement can be measured,

- measures that are clearly linked to the objectives,

- a fully developed set of output, result and impact,

- requirements for Member States to compile reliable and comparable statistics on disposable farm income,

- transparent criteria for assessing the content and quality of CAP strategic plans,

- performance-based payments to Member States.