

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

2018/0217(COD) - 25/10/2018

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 proposed 'horizontal regulation' includes the financial rules and the monitoring and evaluation framework.

Management and control

The proposal retains some key features such as integrated management and control systems. It reduces the number of regulations constituting the legislative framework from five to three.

The Court notes that 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).

Eligibility of expenditures based on achievements

The Commission's assessment of eligibility would be based on measured achievements and the functioning of governance systems and would not take into account the rules applicable to individual beneficiaries set out in the CAP strategic plans. The Court considers that the term "achievements" is imprecise and that, for some interventions, implementation depends on the beneficiaries' compliance with the commitments set out in the CAP strategic plans.

Eligibility of spending based on outputs

The Commission's assessment of eligibility would be based on output measures and the operation of governance systems, and would exclude rules for individual beneficiaries contained in the CAP strategic plans. 'Output' is not clearly defined in the proposal. In the Court's view, there are interventions where output depends upon beneficiaries' compliance with commitments set out in the CAP strategic plans.

Certification bodies' checks

The paying agencies would have to ensure legality and regularity of operations financed by the CAP. Certification bodies would check the functioning of the governance systems, consisting of governance bodies and 'basic Union requirements'. The latter would be defined as the rules laid down in the CAP strategic plan regulation and the horizontal regulation. It is unclear whether the certification bodies' checks would cover definitions and specific eligibility criteria laid down in the CAP strategic plans.

Verification of regularity and legality

In the proposal, the Member States' supervisory role does not change, although control of legality and regularity by the certification bodies is no longer mandatory. The reporting and the assurance the Commission obtains changes significantly. The Commission would, under the proposal, receive neither control statistics from paying agencies, nor assurance on payments to individual farmers from certification bodies.

The Commission remains ultimately responsible for implementing the budget, including the payments made within Member States. The Court understands the proposal as having the impact of weakening Commission accountability over this.

Furthermore, under the proposal, the Commission would no longer be able to quantify the extent to which payments breached rules. It would also make it harder to apply a single audit approach, notably because of the reduced role for certification bodies.