Common agricultural policy CAP: financing

2007/0045(CNS) - 12/09/2007

The Committee on Agriculture and Rural Development adopted a report drafted by Jorgo **CHATZIMARKAKIS** (ADLE, DE), and approved the proposal for a Council regulation amending Regulation (EC) No 1290/2005 on the financing of the common agricultural policy, subject to some amendments.

The main amendments were as follows;

Accreditation of paying agencies: Member States should be obliged to inform the Commission of any accreditation given to a paying agency, including an assessment of their fulfilment of the conditions. This will enable the Commission to monitor the accreditation of paying agencies by the Member States and it will stimulate Member States to improve their accreditation procedures. They must also inform the Commission of any major changes in the structures or the functioning of the accredited paying agency which might affect fulfilment of the conditions by the paying agencies. The Commission must monitor the accreditation of paying agencies by the Member States. Where an accredited paying agency does not meet one or more of the conditions laid down, the Commission must order the accrediting Member State to withdraw the accreditation unless the paying agency makes the necessary changes within a period to be determined by the Commission according to the severity of the problem.

Member States should be obliged to inform the Commission of the designation of certification bodies, including an assessment of their ability to perform the desired tasks.

Protection of the Community's financial interests: in order to ensure effective control of Community funds, each Member State shall, at the appropriate national level, prior to receiving Community funding, issue a statement, based on available audits and declarations, declaring that the financial control structures required by Community law are in place and functioning.

Reduction and suspension of monthly payments: one amendment aims to ensure that Member States with several paying agencies do not face a higher risk of preventive penalties being imposed than Member States with only one. In addition, the percentage by which the monthly payments may be reduced or suspended shall be equal to the percentage decided by the Commission. This percentage will be reduced if in the meantime the Member State has gone some way towards remedying the shortcomings identified by the Commission in its latest decision. The Commission may decide to increase this percentage annually if the shortcomings have persisted for four years or longer.

Duration of infringement: in addition to the nature and gravity of the infringement, its duration must also be taken into account in the Commission's assessment of the amounts to be excluded from financing in the event of non-conformity. The Commission will draw up an annual report which summarises the amounts excluded from Community financing, following infringements by

Member States of their obligations, as well as the amounts which could not be excluded due to failure to notify Member States in time.

Irregularities: the Committee felt that the general rule of equal burden-sharing in case of non- recovery, i. e. 50% for the EC budget and 50% for the budget of the Member State concerned, is counterproductive. An amendment stipulates that if recovery has not taken place within four years of the primary administrative or judicial finding, or within eight years where recovery action is taken in the national courts, the financial consequences of non-recovery shall be borne by the Member State

concerned. A transitional period of 5 years shall be allowed. Where, in the context of the recovery procedure, the absence of any irregularity is recorded by an administrative or legal instrument of a definitive nature, the Member State concerned shall declare as expenditure to the EAGF the financial burden borne by it. However, if, for reasons not attributable to the Member State concerned, recovery could not take place within the time-limits specified, and the amount to be recovered exceeds EUR 1 million, the Commission may, at the request of the Member State , extend the time-limits by a maximum of 50 % of the initial time-limits.

Report on publication: within two years following the entry into force of the Regulation, the Commission shall submit a report setting out the experience gained from the publication of information concerning the beneficiaries of agricultural payments. This report will include a review of what the data was used for, by whom it was used and an assessment of the advantages or otherwise of the publication of this data from the point of view of openness, transparency and public understanding of the common agricultural policy. In addition, the Commission shall indicate whether the centralised publication of information at Commission level would be advisable, or, as appropriate, why this is not the case.

Evaluation report: in 2008-2009, the Commission shall draw up an evaluation report, possibly accompanied by legislative proposals. In 2011, the Commission shall draw up an evaluation report, possibly accompanied by legislative proposals, considering, in particular, the objective distribution of agricultural and rural development funds, on the basis of objective criteria rather than taking as its starting point historical expenditure and compromises in the Council.

Confidentiality and transparency: Member States must ensure annual ex-post publication, via the Internet, of the beneficiaries of the EAGF and the EAFRD and the amounts received per beneficiary under each of these Funds. When accessing the proposed Internet site, users shall be required to sign on or register. In the interests of transparency on both sides, any beneficiary of EU payments whose details have been published shall have access to a report on visitors to pages relating to it. Data on payments from the EARDF should at least be subdivided in such a way as to make clear which axis they relate to, since these payments differ substantially depending on the axis concerned. There should be further minimum criteria for published information to increase comparability between Member States.

The publication must contain at least :

- for the EAGF, the amount subdivided in direct payments within the meaning of Article 2(d) of Regulation (EC) No 1782/2003 and other expenditure. In addition, intervention expenditure shall be subdivided by area;
- for the EAFRD, the total amount of public funding per beneficiary subdivided by axes pursuant to Title IV, Chapter I, of Regulation (EC) No 1698/2005;
- the beneficiaries' names and – subject to binding data protection provisions – the municipalities in which they have their places of residence or registered offices, and the amounts of the annual payments;
- if, in the case of agricultural holdings in the legal form of a sole proprietorship, the names of farmers are published then, in the case of other legal forms of business, the names of the investors and of the management, e.g. the board of a public limited company and the directors of a private limited company, shall also be given.

In keeping with the data protection requirements, Member States may further subdivide the information. In particular, they may also publish information concerning payments from the EAFRD on a project-related basis. Member States shall not be required to publish details of additional payments from purely national funds (top-ups), but publication of this information will be encouraged.

Information shall be published annually on a date to be specified by the Member State which should be notified to the Commission and to the recipients.

The Commission shall set up an Internet platform linked to the Member States' Internet platforms. If Member States have information published by several paying agencies, those agencies shall also be linked to one another. Member States and the Commission shall be free to carry out general assessments of and to explain published data. Data concerning individuals shall be assessed only with the consent of the specific persons concerned.

Lastly, Members stated that if, as a result of the absence of key components of control systems, the annual publications by the Member States after 30 June 2009 contain major errors which seriously compromise the desired degree of transparency concerning expenditure practice, within two years following the entry into force of the Regulation, payments for the Funds concerned and for the paying agency concerned shall be reduced by a flat rate of 2% for every year in which the major errors are not remedied.