2016 Discharge to the Commission

WRITTEN QUESTIONS TO COMMISSIONER HOGAN

Hearing on 28 November 2017

DG AGRI Annual Activity Report

1. Can the Commission inform the European parliament about the overall amount at risk at payment as reported by DG AGRI in its 2016 AAR before and after having been adjusted by neutralising the effect of the pre-financing? What is the method followed by the Commission to realize those adjustments?

   Can the Commission communicate also the corresponding numbers for 2015?

Commission's answer: In line with the methodology applied at corporate level by the Commission services, DG AGRI has estimated the amount at risk at payment based on the total relevant expenditure i.e. the payments effected during the year, minus the prefinancing (for the 2014-2020 programming period) but adding the amounts of cleared prefinancing (prefinancing paid at the beginning of the 2007-2013 programming period). The amount at risk is presented in DG AGRI's Annual Activity Report at page 67 and in the Annual Management and Performance Report at page 73 and it is EUR 1 419.57 million. In 2015, the corresponding amount at risk at payment based on the total relevant expenditure was EUR 1 167 million and is presented in the 2015 Annual Management and Performance Report at page 49.

As explained also in DG BUDG's note to the CONT Committee (see e-mail of 15.11.17), when estimating the possible financial exposure, the Commission bases itself on "**relevant expenditure**" accepted. This concept was introduced in the 2015 AMPR, in order to align with the methodology of the European Court of Auditors. It starts from the payments made, subtracts the new pre-financing paid by the Commission (still owned by the Commission) but duly adds the previously paid pre-financing cleared (i.e. amounts previously paid by the EU budget as pre-financing and now covered by expenditure declared by Member States and accepted by the Commission) during the financial year:

[Relevant expenditure = payments made during the year – pre-financing paid + cleared pre-financing].

Without prejudice to the previous calculation, DG AGRI to ensure comparability with previous years, presented in its AAR 2016 also the amount at risk at payment for FY2016 (thus including prefinancing but without cleared prefinancing) and this can be seen in the AAR at page 10 in the Key Performance Indicator 5 table. This amount at risk is EUR 1 341.156 million. In 2015, the amount at risk at payment (including prefinancing paid) was EUR 1 151.976.

2. In its annual activity report the Director General of DG AGRI issued a reservation in direct payments concerning 18 Paying agencies comprising 12 Member States. The amount managed by the paying agencies with a reservation and put under reinforced scrutiny is EUR 13 618.6 million, the actual exposure /amount at risk for the expenditure under reservation is EUR 541. 2 Million.

   What was the state of play in 2015 as to ABB03? What has been changed in this area? What is the cause of the detected weaknesses in Bulgaria, in Hungary and in Poland?

Commission's answer: In its 2015 Annual Activity Report, in the area of Direct Payments, DG AGRI entered reservations for 10 Paying Agencies comprising 6 Member States: Bulgaria, Cyprus, France (2 PAs), Italy, Romania, Spain (4 PAs). In 2015, the Paying Agencies concerned by the reservations managed an amount of EUR 10 437.3 million. The actual amount at risk for the expenditure under reservations was EUR 264.9 million.

4 of these 2015 reservations, which related to Spain, were not carried forward in 2016 because the error rates for 2016 expenditure were lower than 2%. In the 5th case, which related to France, a substantial part of the amount potentially at risk was subject to a suspension in FY2016. Hence, there was no risk as the expenditure was not incurred by the Commission and there was a conformity clearance procedure covering the residual financial risk.

The increase in 2016, compared to 2015, in the adjusted error rate (from 1.37% to 1.996%) and the number of Paying Agencies with a reservation (from 10 to 18) results from some difficulties experienced by Member States with the first year of implementation of the reformed direct payments, including greening.

However, the overall result confirms that, even in such challenging circumstances with higher inherent risks, the Integrated Administration and Control System (IACS), when implemented in accordance with applicable rules and guidelines, effectively limits the risk of undue expenditure. Importantly, the error rate remained below materiality, in line with the error rate detected by the European Court of Auditors.

As regards the detected weaknesses in three Member States, details can be found in the Annual Activity Report of DG AGRI Annex 10 Part 3.2.

For the weaknesses detected in Hungary:

An audit by DG AGRI in 2016 identified deficiencies in the control of certain greening elements (incorrect definition of fallow land/temporary and permanent grass land, and deficiencies in the definition of ecological focus areas). The already on-going conformity clearance procedure addresses the related financial risk to the EU budget and the corrective measures taken by Hungary.

For the detected weaknesses in Bulgaria and Poland, cf. reply to question 14.

3. According the DG AGRI AAR for 2016 page 103, the amount at risk for the expenditure under reservation is 541.2 million EUR which corresponds in ABB03 to 4 % of expenditure affected by the paying agencies subject to reservation whilst DG AGRI considers page 50 of the 2016 AAR that the error rate for ABBO3 is 1.996% with an amount at risk of EUR 814.4 million.

   How can we reconcile the different data provided by the DG AGRI AAR?

Commission's answer: In 2016, the amount at risk for those Paying Agencies for which a reservation was entered was EUR 541.2 million. This corresponded to around 4% of the expenditure incurred in 2016 by the Paying Agencies for which a reservation was entered.

However, just by looking at these two figures no conclusion can be drawn on the level of error in the total expenditure for ABB03, as both amounts refer only to those segments of expenditure affected by reservations.

In order to estimate the level of error in Direct Payments, one must take into account all expenditure, including the many Paying Agencies for which no reservation was necessary. This error rate is calculated by considering the total estimated amount at risk of EUR 814.4 million (including the Paying Agencies without reservation) and the total relevant expenditure of EUR 40 808.73 million (figures as listed in the table on page 67 of the 2016 Annual Activity Report).

Hence the overall error rate for all ABB 03 expenditure for all Paying Agencies was 1.996 %.

4. Why did the Hellenic paying agency OKEPEKE receive a limited accreditation? Why has this very old situation not been redressed?

Commission's answer: The Paying Agency OPEKEPE (in Greece) continued to be under limited accreditation because accreditation is limited to those EAFRD measures for which a proper control system and procedures have been put in place. Limited accreditation does not mean that the accreditation is problematic; simply it is limited to some measures (EAFRD measures for the Paying Agency in question).

EAFRD expenditure is implemented under a shared management system between the Member States and the EU, where the implementation tasks are delegated to the Member States while the Commission retains final responsibility.

The Commission understands that the Paying Agency in Greece does not declare any expenditure for the measures in respect of which they are not accredited.

It should be noted that the Commission does not issue accreditation for the paying agencies in the Member States. It is up to the Member State to decide for which EAFRD measures the paying agency is accredited.

In accordance with Article 1 (2) of Commission Implementing Regulation (EU) No 908/2014, the competent authority designated by the Member State (in this case in Greece) decides on the issuing or the withdrawal of the accreditation of the paying agency on the basis of an examination of the accreditation criteria. The competent authority is obliged to keep the paying agencies under constant supervision and shall follow-up on any deficiencies identified.

5. To which extend is the increase of the error rate in CAP first pillar as stated by the DG AGRI in its annual activity report linked with the introducing of the greening scheme, the Land parcel identification system or the young farmer scheme? In its proposal relating to the "Financial regulation omnibus", how does the Commission propose to remedy the problems? To which extend the compromise reached by the Council and the Parliament as to the agricultural part of the omnibus proposal will actually improve the situation?

Commission's answer: For direct payments, the adjusted error rate remains below materiality. The modest increase compared to last year is within the margin of normal annual fluctuation and has to be seen favourably in the context of the implementation of the new direct payment schemes, including the introduction of greening. Experience shows that, generally speaking, changes to the direct payments system create a risk of higher error rates in the first years of implementation. Aside from the implementation support given by DG AGRI services, no other specific remedial measures are proposed by the Commission to address this normal annual fluctuation of the error rate. The changes agreed in the agricultural part of the Omnibus regulation could, in the longer run, have a positive influence on the error rate.

6. In its annual activity report for 2016 the Director General of DG AGRI issued a reservation for ABB03 on all Italian paying agencies; what is the problem at stake?

Commission's answer: Please see reply to question 14.

DG AGRI audits identified weaknesses in 2016 that affect all the Italian Paying Agencies. It concerns deficiencies in correctly establishing the eligibility of land (trees on permanent grassland). This affects all area based payments. Furthermore, weaknesses in the verification of the Active Farmer status were detected. As these deficiencies affect all Italian Paying Agencies, the related top-ups are applied to all of them and with a resulting adjusted error rate leading to a reservation.

7. In its overall assessment which is part of the assurance given by the Commission in the AMPR the Internal Audit Service of the Commission stated that “Given the magnitude of financial corrections ad recoveries of the past and assuming that future corrections will be made at a comparable level, the IAS considered that the EU Budget is adequately protected as a whole and over time”

   How can DG AGRI assume that the magnitude of financial corrections and recoveries in CAP will stay at the same level in the future since the money that the Union recuperates the last years is definitively linked with financial exercises with double digit error rate?

Commission's answer: When issuing its 2016 overall opinion (as part of the Commission's reporting in the AMPR, see AMPR page no. 85 and Annex 5), the Internal Audit Service considered (i) the reservations made by the various Directorates-General and services (and the related amounts at risk), (ii) the corrective capacity of the Commission as evidenced by financial corrections and recoveries of the past, and (iii) the future estimated corrective capacity as presented by the AODs in their AARs. In respect of the future estimated corrections, all Directorates General, including DG AGRI, reported in their 2016 AAR their best estimate of the expected corrective capacity often based on past corrections, but then adjusted to neutralise elements which are one-off events or which are no longer valid under the current legal framework.

Specifically, DG AGRI uses a historical average of the net financial corrections. Given the variation between years in the amount of the corrections made, it was considered that an average of the previous five years would give the closest assessment of what average financial corrections could be expected to be per year for future years/until the end of the programming period.

The variations in the last five years were mainly due to the number of enquiries closed per year. In particular, the level of financial corrections adopted by the Commission in 2015 and 2016 was exceptionally high because of the finalisation of a large number of the so-called backlog cases.

As mentioned above, the average used by DG AGRI to estimate the level of financial corrections has been amended in 2016 by considering the last 5 years and not the last 3 years, which was used for 2015 and 2014. The change was done to take account of the fact that, as mentioned above, 2015 and 2016 amounts of financial corrections included significant amounts of financial corrections related to backlog cases and thus to avoid overestimating the corrective capacity. Starting from the -2018 reporting year, as these backlog cases have been closed, it is expected to reach a more stable level of financial corrections similar to the years before 2015.

It should also be noted that it has been many years since there has been double digit error rates for the CAP and when this was the case it was only for the second pillar EAFRD.

8. Which is the average time between the moment of the detection of a deficiency in CAP and the final reimbursement of the last instalment by the Member States?

Commission's answer: The 2013 CAP reform has introduced administrative deadlines applicable to conformity clearance procedures launched after 1 January 2015. As a consequence, the average length of the procedure leading to financial corrections has been reduced to 2 years. This length is measured as the time elapsed between the date when the audit has been carried out (i.e. audit mission date or date of letter of finding in the case of desk audits) and the formal conclusion of the Commission to the Member States (i.e. "conciliation letter" or "final" letter). Member States (depending on the level of the correction) also have the possibility to reimburse the financial correction - subject to a Commission Decision – in annual instalments (until now, the Commission has granted reimbursements in three instalments. However, this is an exception to the immediate execution of the financial correction and it was applied to a limited number of cases. For a very limited number of cases this will mean a maximum 5 years before the reimbursement of the final instalment (1/3 of the amount) from the detection of the weakness.

9. Why the reservation issued by DG AGRI since 2013 concerning the pre recognition of producers group has been carried over for Poland? How will the last modification of Fin Reg omnibus proposal as to the professional organisations influence this situation?

Commission's answer: As the deficiencies triggering the reservation in the 2013 AAR have not yet been resolved, the reservation has been carried over. An action plan to remedy the situation was officially launched in November 2014 with the initial deadline for its completion of 31 December 2015 - subsequently prolonged on Poland's request until 31 October 2016.

Recent monthly reports on the implementation of the action plan do not allow DG AGRI to assess the real level of implementation of the action plan, but it is clear that it is not yet finalised.

In 2016, the adjusted error rate for Poland was 10.2%, with an amount at risk of EUR 6.5 million. The Commission suspended payments at a rate of 25% from February 2016. The reservation was carried over to the 2016 AAR as a top-up of 25% was added for the period not covered by the suspension, namely between October 2015 – February 2016. This resulted in an overall adjusted error rate for the financial year of 10.2%. There is no reservation for the amount declared after the suspension was effective as the suspension has covered the risk to the Fund.

The agricultural Omnibus Regulation will introduce a new crisis prevention measure: "coaching" or transfer of knowledge from experienced producer organisations or associations to junior ones (producer groups* or producer organisations) or even individual farmers (non-members of producer organisation/group yet). The rate of these junior entities is higher in Member States with a relatively low degree of producer organisation such as Poland.

The aim of this tool is to turn the crisis management into a more efficient action. In addition, it makes the scheme as appealing as possible to the largest number of producers.

It should also be noted that from the 2014-2020 programming period, producer groups for fruit and vegetables are now financed under the EAFRD. The old measure under EAGF, which the reservation for Poland applies to, is being phased out and payments are only being made for producer groups recognised before this transfer to the EAFRD.

*pre-stage of recognition, before getting recognised as PO.

10. According to the 2015 Annual report, there were some issues identified concerning the LPIS in Turkey. The 2016 Annual report states page 68 that Turkey is however expected to start the Agri-environmental measure in 2017 on a pilot scale. Did Turkey meet all the relevant requirements to implement the IPARD II Programme?

Commission's answer: The issues identified in 2015 by DG AGRI about agri-environment have been remedied by Turkey. Turkey met all the relevant requirements to implement the IPARD II Programme and was thus entrusted with budget implementation tasks for the agri-environmental measure and four other measures under the IPARD II Programme by a Financing Agreement, concluded in February 2017.

Paying Agencies- Reliability of the data communicated by the Member States

11. What is the state of play concerning the Hungarian Paying Agency (HU01), which delivered its Management Declaration not in time? Which assessment does the Commission have on the performance of this paying agency? The adjusted error rate for the Paying Agency HU01/MVH [ARDA] is 3,24% according to the annex of the 2016 Annual Activity Report of DG AGRI (p. 134). What are the reasons for the high top-up? Could you please provide us with detailed information on the identified weaknesses, which caused the top-up?

Commission's answer: For HU01, the Certification Body did not finalize its audit work on the Management Declaration for EAFRD in time. Thus, no opinion on the Management declaration for EAFRD was submitted in the annual clearance documents for FY2016.

As a consequence, the accounts of HU01 were not cleared for EAFRD for FY2016 before 31 May 2017 (regulatory requirement). The accounts will be cleared once DG AGRI receives the Certification Body opinion on the Management Declaration for EAFRD.

According to the latest information, the Certification Body is expected to issue an opinion on the Management Declaration for FY2016 by 15 February 2018 (i.e. 1 year later than required).

The Hungarian Paying Agency reported an error rate of 2.33%. For the weaknesses identified, a top-up of less than 1 percentage point was applied, and the adjusted error rate was calculated at 3.24%.

As regards the detected weaknesses, details can be found in the Annual Activity Report of DG AGRI Annex 10 Part 3.2.

For Hungary, deficiencies were identified in the control of certain greening elements (incorrect definition of fallow land/temporary and permanent grass land, and deficiencies in the definition of ecological focus areas). The already on-going conformity clearance procedure addresses the related financial risk to the EU budget and the corrective measures taken by Hungary.

12. In the last few years, the paying agency for Italy, the AGEA, showed a tendency to negligence, inefficiencies and irregularities, which caused damages for farmers (having the funds directed at them put at risk several times) and for the Italian State.

In view of the above, is the Commission monitoring the proper functioning of the paying agencies? Is there a working supervisory mechanism to control this issue? What action has the Commission taken to guarantee the proper functioning and which measures does it intend to propose for the forthcoming PAC?

Commission's answer: Currently there are several ongoing Commission enquiries in the Paying Agency 'AGEA'. The Commission does not communicate on issues relating to on-going enquiries.

The accounts of Paying Agency 'AGEA' were not cleared for the FY2015 and FY2016 because of the failure of the Paying Agency to implement the Action Plan. The accounts will be cleared once the Action Plan is fully implemented.

Under shared management, Member States are required to take all the necessary measures to ensure that actions financed from the EU budget are implemented correctly and effectively and in accordance with the EU rules. They are responsible for putting in place systems which prevent, detect and correct irregularities and fraud.

The CAP legislation provides that the MS shall accredit Paying Agencies which are dedicated bodies responsible for the management and control of Union funds, notably payments to beneficiaries and financial reporting to the Commission. The Certification Bodies designated by the Member States shall provide every year an opinion covering the completeness, accuracy and veracity of the annual accounts of the Paying Agency concerned, the proper functioning of its internal control system and the legality and regularity of the expenditure declared to the Commission.

Since 2015, in the framework of the annual financial clearance exercise the Certification Bodies have been auditing, at the level of each Paying Agency, the legality and regularity of the expenditure and expressed an opinion thereon. This additional audit work allows DG AGRI to consolidate and/or fine-tune its adjustments of the error rates reported by the Paying Agencies. With further experience gained by all the actors concerned, the opinion of the Certification Bodies on legality and regularity progressively becomes, where the audit work of the Certification Bodies is done in accordance with the applicable regulations and guidelines, a key element of the assurance model of the CAP expenditure.

The Communication on the Simplification and Modernisation of the CAP will reflect on the management and control system currently in place, with the objective to focus more on the delivery of results. The current set-up of governance structures, such as accredited paying agencies has proven to be effective, and would also be maintained in any future policy scenario.

13. What actions the Commission carries out in order to deal with the issue regarding the management and/or the suspension of the EU agricultural funds for farmers for whom the AGEA detected measurement irregularities, which often are of small entity?

Commission's answer: Italy decided to implement the simplified scheme for small farmers set out in Regulation (EU) No 1307/2013. It is a simplified direct payment scheme granting a one-off payment to farmers who choose to participate. The maximum level of the payment is decided at the national level, but in any case may not exceed €1,250. The small farmers' scheme includes simplified administrative procedures, and participating farmers are exempt from greening and cross-compliance sanctions and controls.

Nevertheless, if the "small entities" refer to small differences in the detected measurement irregularities, the Commission would like to make the following clarification.

The regulation foresees the application of tolerances in order to avoid any correction because of the small differences (Art.18 R.640/2014). In addition, there are technical tolerances that can be applied to correct the uncertainty of the tools used. Moreover, the administrative penalties in cases of over-declaration are related with the area irregularities (i.e. for small differences, no administrative penalties or very limited) (Art. 19 R.640/2014).

14. With reference to the tables in the annex of the 2016 Annual Activity Report of DG AGRI (p. 133 onwards), could you please provide the Parliament with further details about the reasons for the high top-up of the adjusted error rate for some Paying Agencies (BG01, DK02, FR05, GB06, IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, IT26, PL01, RO02, SE01)?

Commission's answer: For **BG01** and **DK02**, a top-up of 2% was applied for all ABB activities to reflect the risk related of not receiving on time the annual accounts and the Certification Bodies' reports for FY2016 for the annual financial clearance exercise and the Annual Activity Report.

In addition, for **BG01,** a DG AGRI audit identified in 2016 different weaknesses in the management of the greening aid scheme (e.g. definition of the fallow land, identification of the permanent grassland, definition of the Ecological Focus Area and issues with the organic status of the farmer).

For **FR05**, the 2016 reservation was carried over from the 2015 AAR due to the deficiencies detected. The French authorities were requested to implement an action plan.

The Certification Body of **GB06** did not certify the control statistics for the IACS measures because of deficiencies encountered in their compilation. The Certification Body could not assess the impact in terms of incompliance for EAGF IACS. Consequently, DG AGRI applied a top-up of 2% to reflect the risk to the Fund. For EAFRD IACS, the risk was quantified by the Certification Body and DG AGRI applied a top-up as calculated by the Certification Body.

More specifically, for GB06, DG AGRI identified a risk that the calculation of the value of the payment entitlements allocated from the national reserve was not in line with certain relevant EU legal provision.

For the Italian paying agencies referred to above (**IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, and IT26):**

DG AGRI audits identified weaknesses in 2016 that affect all the Italian Paying Agencies. It concerns deficiencies in the correct establishing of the eligibility of land (trees on permanent grassland). This affects all area based payments. Furthermore, weaknesses in the verification of the Active Farmer status were detected. As these deficiencies affect all Italian Paying Agencies, the related top-ups are applied for all of them.

For **PL01,** a 2016 DG AGRI audit identified weaknesses in the control of the greening payments. Following the exchanges with the Member State the already on-going conformity clearance procedure addresses the relative financial risk to the EU budget and the corrective measures taken by Poland.

For **RO02,** part of the top up was due to material financial errors found by the Certification Body in the testing of the FY2016 EAGF IACS expenditure.

However, (for **RO02)**, since the AAR was issued, DG AGRI concluded that there is no financial risk as the Member State has provided proper justification of the two unit amounts per hectare and the overall ceiling set in relation to the redistributive payment.

For **SE01**, a DG AGRI audit carried out in 2016 identified deficiencies in the correct establishing of the eligibility of land (permanent grassland) together with weaknesses in the control of the greening payment. In addition, a further audit on the control systems for non-area coupled aids carried out in the same year found that the administrative checks and the on-the-spot checks concerning farmers' application for the granting of the voluntary coupled support in the bovine sector were not carried out in conformity with relevant EU rules. The high top-up of the adjusted error rate stems from the deficiencies found following these two audits.

15. Despite the fact that since 2015 the certification bodies of the Member States have the duty to check the legality and regularity of the transactions it seems to be that there is still a real problem of reliability of the Member states data. How many top ups (adjustment of the error rate communicated by the MS) did DG AGRI in direct payments, market organisations (including producers organisation) and rural development? On which basis did the Commission made those adjustments?

Commission's answer: The adjustments applied to the error rates reported by the Member States are generally not caused by issues of reliability of the data transmitted by the Paying Agencies. The top-ups are applied in order to better reflect the potential risk to the Fund in those cases where the Commission has information (from its own audits, from the Certification Bodies' or from the Court of Auditors' audits) that weaknesses exist in the management and control system of the Paying Agency and thus, because of those weaknesses, it is possible that the controls carried out by the Paying Agency do not identify all the errors in the population. This does not mean that the control data that the Paying Agencies transmit to the Commission were as such not reliable, but that further errors might exist which have not been identified.

All top-ups applied by DG AGRI are clearly indicated in Annex 10 of the AAR, for each of the expenditure area concerned. The methodology applied is explained in Annex 4 of the Annual Activity Report.

For market measures, DG AGRI has made adjustments to a total of 32 schemes, which represent less than 20% of the total number of schemes for which expenditure was declared in 2016.

For Direct Payments, adjustments were made in 52 cases (out of 69). However, the majority of these adjustments were less than 1 percentage point. There have been 16 cases with adjustments of more than 1 percentage point, and out of these, 9 cases where the adjustment has been more than 2%.

For Rural Development, top ups have been applied for 39 Paying Agencies out of 72 Paying Agencies who declared expenditure for FY2016. 21 of these adjustments were of more than 1 percentage point, with 16 being above 2%.

Key performance indicators

16. According to the KPI 1 - Agricultural factor income per full-time worker, the sector’s value added and productivity dipped slightly again in 2016. The chart shows, that the KPI is falling since 2013. Last year, the response of the Commission was based on downward pressure on income that came from lower dairy and pig meat prices. As it is difficult to pinpoint what exactly caused the overall decline in factor income since 2013, the Commission provided estimates or data in footnote. Besides last year’s robust and comprehensive actions to stabilise prices, what other actions are prepared to set it back on upward trend (especially concerning reduction or decline in output)?

Commission's answer: There are multiple elements that impact the agricultural factor income. The Commission has carried out a wide public consultation on the challenges set for CAP including the increased volatility of prices. On this basis, the Commission will, in in the week starting 27 November, adopt a Communication for the modernisation and simplification of the CAP. It should be noted however that decoupled payments play an important role in stabilising incomes.

Distribution of payments

17. In the agriculture sector there is a high concentration on beneficiaries. Over half of the total beneficiaries receive less than 1.250 Euro a year, whereas the larger payments are still to an extremely small number of beneficiaries. What is the reason for this development? What is your strategy to tackle this problem and what actions can be taken?

Commission's answer: The fact that 20% of beneficiaries receive 80% of the funds is a reality which deserves to be explained in more detail – and is not new.

Direct payments are area-based payments and granted per hectare. There is, therefore a direct and natural correlation between the amounts paid and the area the farmer has. The distribution of direct payment thus largely reflects the concentration of land, as 20% of farmers also own 80% of the land. However, this is not the full story.

Recent analysis shows that about 72 % of aid is paid to farms between 5 and 250 hectares, which are clearly family-type farms.

There is indeed a large number of very small beneficiaries (about 3.5 million out of 7 million total beneficiaries, i.e. 50%), who have less than 5 hectares. But, it is important to note that direct payments per hectare tend to decrease with increasing farm size. So the unit support is actually proportionally higher for these smaller farms, in average.

The 2013 reform provided several provisions for a fairer distribution of direct payments:

- Member States must remove or reduce the historical references in the levels of payment per-hectare (this is referred to as "internal convergence"). There is also a provision to gradually adjust the envelopes per Member State in order to bring average levels of payments closer to one another between countries ("external convergence").

- In addition, Member States must also reduce by at least 5 % the receipts above EUR 150 000 which any beneficiary obtains from the basic payment scheme or the single area payment scheme. They may even cap these receipts (9 Member States have decided to apply a capping as from 2015).

- Furthermore, Member States have the option to redistribute up to 30% of their direct payments national envelope to the first hectare on every farm ("redistributive payment"). In 2015, only 9 Member States have implemented this scheme, using on average 7.5% of their total expenditure for direct payments.

It is important to note that the Commission has proposed various measures to provide a more equitable distribution of payments, which have not always been acceptable to the co-legislators.

Crisis reserve

18. The crisis reserve for agriculture has never been used. This is partly due to the fact that the unused crisis reserve is always, and expectedly, transferred back to the farmers by the end of the budget year. Therefore it seems that the crisis reserve is somewhat obsolete and does not fulfil its purpose in its current architecture. What kind of crisis management mechanism do you envisage for agriculture as we move onto the post-2020 MFF?

Commission's answer: In the context of the legislative process on the Omnibus Regulation, the Commission issued a statement, whereby it confirms its willingness to undertake a review of the current crisis reserve for agriculture.

The design of the future mechanism is subject to a wider debate in the context of the next MFF proposal and the Impact Assessment for the CAP post-2020.

The crisis management in agriculture in general is also a subject of the analysis in the Commission Communication of *The Future of Food and Farming*, which the Commission will adopt in the week starting 27 November.

Skimmed milk powder

19. What was the stock of skimmed milk powder of the EU per month in 2016?

Commission's answer: Detailed figures are provided per month in Annex I.

20. What were the storage costs per month for the skimmed milk powder for the EU in 2016?

<u>Commission's answer:</u> Member States reimbursements from EAGF for payments made to beneficiaries in calendar Year 2016 for item 05 02 12 02 *"Storage measures for skimmed-milk powder"* amount to **EUR 11 046 987,91**. Detailed figures are provided per month in Annex II.

21. Where are those deposits of skimmed milk powder located? Which capacity does each of these deposits have?

<u>Commission's answer:</u> Legislation in force does not require notification by Member States of the location of warehouses where products held under public intervention or benefiting from private storage aid are to be found. The same goes for the capacity of those warehouses. This information lies with the Member States and may be audited. Minimum storage capacity is prescribed by Regulation 2016/1240 (Art. 3) when it comes to public intervention. For skimmed milk powder, the minimum capacity per intervention storage place is 400 t (until the end of 2016), 600 t (in 2017), and 800 t from 2018 onwards. Derogations are allowed in well-defined cases (minimum capacity not available, ready access to a river, a sea or a railway connection).

Import/Export of agricultural products

22. Recent media reports point out that EU exports of agricultural products e.g. chicken parts pose a threat to African farmers, who are unable to compete with the low prices.

    a. Could you please provide us with information about the positive and negative effects of the export of European agricultural products to Africa on the African agricultural market?

Commission's answer: Ensuring global food security is a major challenge to which both the CAP and the EU development policy respond. EU agriculture and food industries supply high quality, safe and affordable agricultural and food products while EU development cooperation helps mainly smallholder farmers and small agricultural enterprises in Africa reach their potential.

The EU is at the forefront of promoting agricultural development in Africa, where many partner countries have chosen agriculture and food security to be among the first priorities of their development programmes. The EU is also encouraging responsible private sector's investments in Africa, to help boost production and meet local demand. Development cooperation combined with trade is a powerful engine of inclusive growth and sustainable development in developing countries. The Commission is for example helping African countries to improve their compliance with EU Sanitary and Phyto-Sanitary requirements and hence to facilitate access of their produce and food stuff to the European market.

For its agricultural exports, the EU stopped providing export refunds. The last payments for dairy were made at the end of 2009 and for poultry meat in summer 2013. Moreover, the EU's Economic Partnership Agreements with African countries, as for instance with the South African Development Community (SADC) bans agricultural export subsidies altogether.

All EU exports are now market driven. They exclusively correspond to decisions taken by operators in the private sector.

b. Could the Commissioner please comment on the impact of Common Agricultural Policy on the agricultural exports of Africa?

Commission's answer: The negative impact of the Common Agricultural Policy through its price support policies and its export refunds is a **feature of the past**. Trade distortive elements of the policy have been phased out, contrary to the development in many emerging economies, where subsidies have been increased.

The EU is open to imports from developing countries. In 2016, we imported agri-food products worth € 112 billion. We give duty-free and quota-free access for everything but arms to all Least Developed Countries (LDCs), i.e. including for their agricultural exports to the EU. The EU is actually the world's largest importer of agricultural products from Least Developed Countries.

The Economic Partnership Agreements (EPAs) between the EU and ACP partners currently include 13 countries in sub-Saharan Africa and provide duty-free quota-free access to the EU market to all partner countries' products (except arms). This includes processed, manufactured and raw materials alike. EPAs are reciprocal but asymmetric trade and development agreements that were carefully crafted to allow partner countries to protect their sensitive agricultural products from liberalisation, either by excluding them entirely or by allowing robust safeguards that can be used to guard against sudden increases in imports.

Both the system of unilateral preferences for developing countries and the EPAs give opportunities for agriculture in these countries, complementing the production for local markets, to earn some income from exports to the EU.

On the export side, with the phasing out of trade distorting measures of the past, the EU has become the world largest agri-food exporter, with exports worth € 131 billion in 2016 (without any export subsidies). However, our main markets are industrialised countries for processed and high quality agricultural products. But we also export basic agricultural commodities where there is a demand for imports, like for cereals in Northern Africa.

Moreover, the European Common Agricultural Policy has an important role to play in maintaining in sharing innovations, promoting good farming techniques and sustainable practices with other regions. We continue to advocate open and rules based trade. We promote multilateral processes, in trade as well as in climate protection and other sustainability issues.

a. Which steps are taken by DG AGRI against negative effects of EU agricultural exports to Africa?

Commission's answer: In many cases, agri-food exports to Africa have positive effects in improving food security when local production is not sufficient or too expensive for consumers. They also ensure the provision of high quality and safe food to a growing middle class.

The Common Agricultural Policy has developed over the past decades to reinforce policy coherence for development, e.g. by abandoning financial support for poultry or milk exports to Africa.

The objective of the European Common Agricultural Policy is not to produce cheap goods for exports, but to ensure viable food production, sustainable management of natural resources and climate action and a balanced territorial development within the European Union.

EU support to farmers is made conditional on compliance with a number of environmental and social standards and practices, which are among the highest in the world and respond to the legitimate expectations of consumers in Europe and abroad. This is the strength of our agri-food sector.

Market measures are still available, but are used only in the case of market crisis, and even then price support for farmers is set at levels that are generally well below normal market conditions, providing a safety net, but not encouraging surplus production.

In addition, **the EU is providing a lot to support food security and responsible investments in sustainable agriculture in Africa**, to create jobs there, in a spirit of solidarity and responsibility.

We strengthen our policy dialogue with development partners such as the African Union to share expertise and best practice on agriculture and rural development policies, including quality policy, organic farming, agricultural research, food safety and access to markets. For instance, together with the African Union, Estonia and the Netherlands, the EU organised a conference of agricultural ministers in July this year in Rome.

The development of the local agriculture sector requires policies and investments, requires addressing structural factors such as cost of inputs, disease control, infrastructure, improved breeding, logistics, and reliable energy supplies. However, immediate shortfalls can only be met by import. The agri-food products exported from the EU to Africa are responding to the African demand. They are concluded by private operators, without any export refund paid by the Union.

The EU is also helping to overcome these shortcomings through the development assistance and also by promoting EU responsible investments in the African agricultural sector. Sustainable agriculture, focus on smallholder family farming, women and youth have been made top priorities for the EU assistance across Africa.

b. What are the terms and conditions of the export of agricultural products that are produced within the EU?

Commission's answer: The EU does **not use export subsidies** any more. In July 2013, the Commission fixed export refunds on poultry meat to zero and this was the last of the EU products for which this move was done. CMO Regulation 1308/2013 confirmed zero export refunds for all agricultural products with its entry into force on 1 January 2014.

At the 10th Ministerial Conference of the World Trade Organization (WTO) in Nairobi in December 2015, the other members agreed with the EU that export subsidies for agriculture would be abolished.

23. There are currently 49 countries benefiting from the "Everything But Arms scheme" (EBA) with full duty free and quota free access to the EU Single Market for all products.

a. How developed the export of agricultural products of the participating countries into the EU after they had become a beneficiary country of the EBA?

Commission's answer: The Everything But Arms arrangement grants full duty free and quota free access to the EU Single Market for all products except arms and ammunitions. A country is granted EBA status if the UN Committee for Development Policy has listed it as a Least Developed Country (LDC). In 2016, EU total imports under EBA amounted to around EUR 23.5 billion.

EU imports of agri-food products from EBA beneficiary countries are **steadily increasing**. In 2015 and 2016 they have reached record values of EUR 3.4 billion.

The Commission would like to emphasize that the EU is the **world's largest importer of agri-food products from LDCs**. EU imports are substantially larger than that of the "big 5" importers (US, Canada, Russia, China and Japan) together ("big 5" combined imports only amount to EUR 2.8 billion).

b. What are the 10 most imported agricultural products (trade volume, corresponding financial amount and origin) into the EU under the EBA?

Commission's answer: The ten most important agricultural products imported by the EU in 2016 from LDCs which benefit from "Everything but Arms" were:

1. Unroasted coffee, tea in bulk and mate	EUR 740 million
2. Raw tobacco	EUR 634 million
3. Tropical fruit, fresh or dried, nuts and spices	EUR 333 million
4. Cocoa beans	EUR 286 million
5. Rice	EUR 237 million
6. Cut flowers and plants	EUR 214 million
7. Beet and cane sugar	EUR 188 million
8. Vegetables, fresh, chilled and dried	EUR 175 million
9. Gums, resins and plant extracts	EUR 121 million
10. Bulbs, roots and live plants	EUR 65 million

Special reports of the ECA

24. In its special report 16/2017 on “Rural Development Programming: less complexity and more focus on results needed” the Court concluded that the *“performance reserve” is a misnomer because the indicators used for the performance review do not measure policy results but explicitly seek to measure expenditure and direct output. This being the case, the performance framework does not provide information about the Rural Development Programmes’ objectives and expected results. Moreover, the audit confirmed the inherent risk of RDPs setting unambitious milestones and targets to avoid).possible sanctions in the event of underperformance. In any case, when relevant milestones are not reached, the performance reserve is not lost as it can be reallocated to other priorities, and potential financial sanctions are not based on result indicators.*

    What is the evaluation of the Commission in this regard? What does the Commission intend to do in order to redress the situation?

Commission's answer: The Commission is of the view that the increased result orientation of the rural development policy features several elements of which the performance reserve forms part, such as the revised Common Monitoring and Evaluation Framework, stricter requirements in terms of target setting and reporting, more flexibility in the allocation of the measures to relevant policy objectives, and ex-ante conditionalities.

The principle aim of the performance reserve is to provide an incentive to Member States to achieve the milestones, which necessarily are the precondition for obtaining the intended results.

The legal acts define the type of indicators to be used for the setting of milestones as "key implementation steps", which refer to an important stage in the implementation, necessary to achieve targets set for output indicators for 2023, and output indicators. Result indicators can be used where appropriate and only if closely linked to supported policy interventions. In accordance with this legal framework, the majority of indicators in the performance framework relate to key implementation steps and outputs, demonstrating delivery on the ground. . These two types of indicators cover the majority of allocations for a given priority. The financial indicators (total public expenditure) on the other side cover the entire priority and make it possible to follow the overall progress and contribute to the assessment of the efficiency.

The Commission considers that the reallocation of the performance reserve to other priorities is not a flaw of the system: the funding is lost to the managers of the relevant priority or measure, so it does act as an incentive. In addition, reallocating funds to priorities which are more effective in delivering results actually increases the overall performance of the budget.

The Commission also considers that the unfeasibility of financial sanctions on the basis of result indicators is not a flaw of the system: the financial sanctions applicable by the Commission, on the substance, cannot be applied on the basis of result indicators both because of the timing issue (results can only be assessed in some cases a considerable time after outputs) and because of the likely influence of external factors.

25. The ECA concluded in its Special Report No 16/2017 on Rural Development Programming that the programming documents are too complex and voluminous and yet insufficiently focused on expected results. The shortcomings identified by the Court would hinder the focus on performance.

a. Does the Commission intend to simplify the programming documents and reduce the number of requirements? Do you plan to redefine the indicators more accurately?

Commission's answer: The Commission has accepted the ECA recommendation to review the design of programming documents with a view to simplifying them and it has partially accepted the ECA recommendation to define more accurately the result-oriented indicators.

The Commission has been reflecting on the future of the CAP, in respect of which a Communication will be adopted in the week starting 27 November. The Commission is not yet in a position at this stage to make specific commitments in relation to legislative proposals for the post-2020 period.

The Commission has also committed to analyse ways to simplify the programming documents to the greatest extent possible and also to improve the performance measurement of the CAP. More details will be included in the forthcoming Commission Communication

b. Another problem found by the Court is that the in the programming period of 2014-2020 the implementation of programmes did not start earlier and spending began more slowly than in the previous period. What are the main reasons for the delays?

Commission's answer: The Rural Development basic Regulation was adopted late (only on the 17 December 2013) as a part of the first legislative CAP package under the ordinary co-legislative procedure (with the participation of the European Parliament and the Council).

While the delegated and the implementing regulations could not be finalised before the adoption of the basic act, they were approved very shortly after that, already in March and July 2014.

Of course, no Rural Development Programme could be approved before the legal acts entered into force. However, the Commission and the Member States worked together in advance towards the preparation and the assessment of the Rural Development Programmes. As a result, in the current programming period the time from the adoption of the basic act to the approval of the last Rural Development was 24 months, compared to 39 months in the previous programming period. Moreover, with respect to the date of adoption of the basic act the new programmes have started earlier than in the previous period.

The execution of the Rural Development annual measures which constitute around 45% of the financial envelope, do not represent any delay. The implementation of the investment measures is also progressing very well. Now, almost at the end of the 3rd year of implementation there is no real risk of decommitment. Implementation of the programmes has nowadays reached its cruising speed of spending levels with 22.68%

of main EAFRD allocation already paid, matched by 42% commitments of planned total public expenditure. Taking into account current expenditure paths, the situation is likely to further improve in the next months.

26. Special Report 10/2017 on support for young farmers notes that for Pillar 1, the aid is not based on a sound needs assessment, does not reflect the general objective of encouraging generational renewal, is not always provided to young farmers in need and is sometimes provided to holdings where young farmers play only a minor role. Pillar 2 is generally based on a vague needs assessment – according to the Court.

a. What measures is the Commission taking in order to better target the spending? Do you plan to improve project selection?

Commission's answer: The Commission will continue to carry out relevant analysis at the level of the EU, about which needs could be addressed by EU policy instruments and will continue to promote best practices through networking activities.

However, given the diversity of conditions and territorial realities throughout the EU, the Commission cannot replace Member States as regards the detailed assessment of specific young farmers' needs, the choice and articulation in the use of instruments available at national or EU level and the quantification of expected results from the support provided.

Direct payments aim at supporting income. As part of the system of direct payments, the YFP follows the form (payment per hectare decoupled from production) and the annual logic of Pillar 1. Given the high number of direct payment beneficiaries (almost 7 million farmers), any in-depth assessment of the individual needs of the applicants would be complex and may prove unfeasible. Likewise, targeting that implies income support on the basis of project selection (even simply for the beneficiaries of the top-up payment) may prove unfeasible.

Some implementation choices have been left to Member States because they are best placed to estimate the number of new young farmers to set-up in a given year, as well as their potential size, and the consequent needs for granting the young farmer payment within the maximum envelope they have available for this purpose. In view of this high level of subsidiarity and under the principle of shared management, it is expected that Member States make these choices in line with the policy objective of the scheme and their national specificities. For example, one Member State opted for applying payment for young farmers as a lump-sum per holding and some Member States require beneficiaries to prove adequate skills and training.

Rural development measures are programmed by the Member States based on needs analysis of the respective programming areas. The general objective of encouraging generational renewal is not solely targeted by the specific measure for setting-up of young farmers. Under rural development, targeting of the support for the setting up of young farmers is pursued through the application of selection criteria (Article 49 of Regulation (EU) No 1305/2013).

b. Furthermore the report notes Member States do not coordinate Pillar 1 payments with Pillar 2 support to young farmers. Aid is provided in a standardised form which does not address specific needs. Is there any role for the Commission to play to encourage Member States to coordinate better between the two pillars?

Commission's answer: There is an inbuilt complementarity of interventions as the support provided under the two pillars of the CAP pursues different objectives: the (obligatory) young farmer payment brings additional income for a period of maximum 5 years, which is complementary to the (voluntary) rural development one-off start-up aid based on a business plan.

Besides, while the rules governing Pillar 1 and Pillar 2 are set at EU level, their implementation is managed directly by each Member State under the principle of ‘shared management’. It is therefore the responsibility of Member States to ensure coordination with national measures.

c. The Court also observed that the common monitoring and evaluation framework contains no result indicators.

Commission's answer: The current CMEF contains many indicators, including result indicators which are linked to specific objectives of the CAP, not to individual measures or instruments. For this reason, there is indeed no specific result indicator for the "Young Farmer Payment". Similarly, within the framework of Rural Development Programs, expected results and corresponding targets are established at the level of objectives, i.e. focus areas (objectives) and not at the level of individual measures.

It is also important to note that effectiveness and efficiency cannot be observed directly from indicators but have to be assessed in evaluations which also take into account other factors which influence the results of the Rural Development Programs Policy.

Moreover, the Commission will, before the end of the year, launch an evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas. Results of this evaluation will become available in the second half of 2018.

As for post-2020, the Commission is strongly committed to improve its performance framework and to keep high standards as regards evaluations carried out at the level of the Union. The Commission will continue to promote exchange of best practices on indicators, drawing on lessons learnt.

The concrete way to achieve this will depend on the overall new policy setting and needs to be proportionate and provide value for money.

d. Could you tell us about best practises of monitoring and evaluation developed by the Member States? Perhaps the Commission could draw from these.

Commission's answer: In order to facilitate the Member States' work on evaluation of their Rural Development Programmes, the Commission provides focussed guidance documents and workshops. Moreover, regular meeting are also held with Member State within the framework of the GREX (Expert Group on Monitoring and

Evaluating the CAP), allowing for the exchange of good practices. The awareness of evaluation issues has visibly increased and Member States action in this field in many cases can serve as best practice examples to the others.

According to the Special Report (quote of paragraphs 72 and 73)

"In addition to the compulsory indicators under the CMEF, Member States may set additional specific indicators. Table 6 provides an overview of the additional voluntary indicators set by some audited Member States in relation to the Pillar 2 setting-up measure.

These additional indicators set by Member States allow assessing the effectiveness of the measures in relation to specific objectives, such as job creation, gender balance, rejuvenation of farmers and innovation. For example, in Italy (Emilia-Romagna), thanks to the indicator “Number of supported young farmers introducing voluntary certification systems”, we know that 214 (13 %) out of the 1640 beneficiaries of the measure in 2007-2013 have introduced this type of innovation in their holdings. In Spain (Andalucía), thanks to the two additional output indicators, we know that the measure was less effective than expected in fostering rejuvenation of farmers (only 53 supported young farmers set up as a result of an early retirement, compared to a target of 92) and the setting-up of women (only 23 % of supported young famers were women, compared to a target of 45 % and a percentage of women under 44 years old in the farmers population in Andalucía of 32 %)."

27. In some Member States the budget was used up right at the start of the programming period, preventing farmers who set up later from receiving funds. Besides the four audited Member States which countries suffer from this phenomenon?

Commission's answer: The Commission is not in a position to answer this question, as the management of the calls for proposals for the provision of Rural Development support under the rural measures is under the responsibilities of the authorities managing the programmes in the Member States.

28. The new provisions imposed by the Commission in the Financial Regulation omnibus proposal as to the payment on conditions fulfilled are supposed to be applied to the young farmer scheme.

How will it be put in place? What would be the impact of a delay in the approval (if after 1 January 2018) of the Financial regulation omnibus proposal?

Commission's answer: The new financing system proposed by the Commission in the omnibus proposal and referred to in the question is expected to be included in Art. 67 of Common Provisions Regulation (CPR) as a new voluntary option for the Member States.

The new method is expected to complement already existing options listed in art 67 CPR. Those existing options include "specific methods for determining amounts established in accordance with the fund-specific rules" Art. 67(5)(e). This method ("lump sum") is the one currently used to provide support to young farmers under rural development. There is no intention to replace the "lump-sum" method with the new "payment on conditions" method to provide support to young farmers.

29. The Court recommended in its Special Report 7/2017 that the Commission use the Certification Bodies' results as the key element of its assurance model, once their work is adequately defined and carried out. The Commission did not accept the recommendation that using the opinion of CBs for assurance would be possible only once the work is carried out as defined in recommendations 2 to 7. The Commission considers that the guidelines, if they are correctly applied, already in their current form enable the CBs to give an opinion on legality and regularity in compliance with applicable rules and standards. However, the Court identified a number of weaknesses in the guidelines, relating to the risk of inflating assurance derived from internal controls, the representativeness of samples, the type of testing allowed, the calculation of two different error rates and how these rates were used, and opinions being based on an understated error.

- Is the Commission willing to improve the guidelines, and especially is the Commission ready to:

a. require the Certification Bodies to put in place appropriate safeguards to ensure the representativeness of their samples;

Commission's answer: The Commission accepted the recommendation in question and considers that it is already implemented in the revised guidelines for FY2018 which were finalised in the Agricultural Fund Committee in January 2017 and amended in July 2017. These guidelines are to be applied on a voluntary basis as of FY2018 and mandatorily as of FY2019 onwards. The new guidelines are reinforced as follows: "*the Certification Bodies should check that the Paying Agency's sample is selected in accordance with relevant legislation, rules and guidelines including representativeness and then, the Certification Body should check the representativeness of its own sample.*"

b. allow the Certification Bodies to carry out on-the-spot testing;

Commission's answer: The Commission partially accepted the recommendation stating that its guidelines should allow the Certification Bodies to carry out on-the-spot testing for **any** transaction:

1) The Commission did not accept the recommendation where it would entail that the Certification Bodies go on-the-spot for transactions which have not been controlled on-the-spot by the Paying Agency. This would not be in line with the Commission's CAP assurance model and would not bring comparable results vis-à-vis the Paying Agency's checks. Moreover, and especially for non-IACS transactions, checking on-the-spot transactions previously not controlled on-the-spot by the Paying Agency would generally not result in valuable additional evidence.

Taking into account the need to provide guidance to Certification Bodies on how to strike the right balance between costs and benefits, the Commission's revised guidelines for FY2018 request Certification Bodies to have statistically representative samples for the on-the-spot re-verifications for IACS. For non-IACS expenditure a minimum of 30 on-the spot re-verifications are requested. The results of the re-verification will be extrapolated to the entire population. The Commission considers that in the CAP framework this balanced approach would be sufficient for the

Certification Bodies to deliver a reliable opinion on the legality and regularity of expenditure.

c. require the Certification Bodies to calculate only a single error rate;

Commission's answer: The Commission accepted the relevant recommendation and considers that it is already implemented in the revised guidelines. The revised guidelines for FY2018 foresee a separation between the conformity and financial clearance procedures. To that end, Certification Bodies are to calculate two separate rates of error: an error rate (ERR) including only errors from the annual accounts testing and an incompliance rate (IRR) including all legality and regularity errors not detected by the Paying Agency. The IRR will be used both for the audit opinion on legality and regularity and to confirm (or not) the assertions in the Management declaration. The IRR will be used to top up the control results reported by the Paying Agencies.

d. ensure that the level of error reported by the paying agencies in their control statistics is properly included in the Certification Bodies' error rate?

Commission's answer: The Commission accepted the recommendation in question and considers that it is already implemented in the new guidelines for FY2018. The revised guidelines are reinforced as follows: "*as part of the audit procedures, the CB should check the completeness and assurance of the control results reported in the control statistics*".

In respect of the Certification Body's incompliance rate (IRR), it is designed to estimate by how much the Paying Agency's controls differ from the Certification Body's re-verification or, in other words, how much the Paying Agency failed to detect. Thus, it is reasonable to assume that, if the Paying Agency finds an error, this error will be corrected before payment. The Certification Body's error should reflect only how much was not detected and as a result, not corrected before payment. That is why in order to avoid double-counting of errors, the Certification Body should not include the beneficiary's claim, as the difference will include a part that was already corrected by the PA and reported in the control statistics.

30. The Court of Auditors published a special report assessing whether a new framework set up in 2015 by the Commission enabled the certification bodies to form their opinions in line with EU regulations and international audit standards and made a number of recommendations for improvements. Could you elaborate further why you did not accept all of those recommendations? What were the weaknesses in your point of view?

Commission's answer: The Commission accepted 5 of the 7 recommendations and partially accepted the remaining 2. The one part rejected was mainly due to the fact that this would entail a fundamental change in the CAP single audit model, which is already in place and functioning well (according to the Court of auditors, the overall error for the CAP for FY2016 is 2.5%, which means assurance for 97.5% of the CAP expenditure) – see also reply to Question 29b. The other part rejected was because the Commission considers that, whereas the guidelines for FY2015 can be improved, in the cases where they are correctly applied they already, in their current form, enable the Certification Bodies to give an opinion on legality and regularity in compliance with the applicable rules and standards. Where the audit work of the Certification Bodies is done in accordance with the applicable regulations and guidelines their opinion is an important and valuable additional building block and should be the key element for the Commission's assurance. This is in line with the audit strategy of DG AGRI and the CAP single audit model.

Staff reduction

31. According to the annual activity report 2016, DG AGRI is undergoing staff reductions. Which areas has been affected by that? How will you make sure it does not restrain the internal audit and control capacity?

Commission's answer: In 2016, DG AGRI concluded a specific agreement with horizontal services spelling out yearly staff reduction objectives for the period until end of 2018.

The substantial staff reduction objectives came along with an important frontloading in 2016 which rendered necessary to adapt the organisational structure of DG AGRI as from January 2017. The reorganisation streamlined the DG's structure and resources around core activities and aimed at reaching efficiency gains through the rationalisation of certain administrative support activities: clerical support, financial management and meetings organisation.

Directorate H "Assurance and audit" was slightly affected by the reorganisation. In terms of staffing, the number of posts allocated to Directorate H has decreased in net figures by 7 posts compared to the figures provided to CONT in November 2016. Overall however, the ratio of DG AGRI staff allocated to audit and control has not decreased and still represents 12% of DG AGRI total staff.

The staff reduction has meant that there was a slight reduction in the number of audit missions which can be carried out. In the medium term, due to the increased reliance which can be placed on the work of the Certification Bodies, DG AGRI is confident that it will be possible to maintain the level of assurance.

H.1 total staff number	19	posts
H.2 total staff number	19	posts
H.3 total staff number	26	posts
H.4 total staff number	30	posts
H.5 total staff number	26	posts
Total H1, H2, H3, H4, H5	120	posts in total 16/11/2016

Greening

32. Farmers receive, in addition to the basic payment or the single area payment under the first pillar of CAP, an additional payment per hectare for using climate- and environment-friendly farming practices - the so-called Greening support actions. There are thoughts to pay farmers for implementing *Greening* measures also under the 2nd pillar.

a. What is the opinion of the Commissioner on these considerations?

Commission's answer: As decided by the co-legislators, the current Greening is part of the direct payments schemes and respects their principles, in particular the fact that measures are generalised, simple, non- contractual and annual.

If a future "Greening" were to be developed under the 2nd pillar, it would adhere to Rural Development principles notably by being contractual. It would consequently differ from the current Greening under 1st pillar.

The reflection on the future CAP and in particular its environmental instrument has started and will address environmental and climate objectives taking into account all relevant instruments

b. What would be the budgetary impact on the 1st pillar if, additionally, *Greening* measures are i) co-financed or ii) fully financed under the 2nd pillar?

Commission's answer: The co-financing rates for the EAFRD are established in the CAP legislation. Rates are differentiated according to regions and particular measures.

The budgetary allocation as well as the co-financing rates will be subject to a wider discussion in the framework of the MFF and CAP reform. It is impossible, therefore, to speculate on the issues raised in the question.

c. How could be ensured that the same practices are not paid twice under the 1st and 2nd pillar?

Commission's answer: The general principle of no double funding (currently already enshrined in legislation) will remain valid for the future CAP

In a scenario where "greening measures" are part of the 2nd pillar, they are no longer part of the 1st pillar, therefore there would be no risk of paying twice for the same practices.

33. The greening measures has been fully implemented for the first time in 2016. How many farms received greening payments and what are the results of farming practices so far? What is the share of farms which have not practiced any of the environmental policy goals, such as crop diversification and maintenance of grassland, before?

Commission's answer: The greening measures have been fully implemented for the first time in claim year 2015 and thereby financial year 2016. In financial year 2016 6.8 Million farmers[1] have received the greening payment.

The result of the implementation of the greening measures during the two first years has been analysed in two documents issued by the Commission[2]. An evaluation study on greening will also be published in early 2018.

In summary the published analyses conclude that greening has the potential to enhance the environmental performance of the CAP mainly thanks to its wide area coverage including in most intensive areas (77% of the EU agricultural area is subject to one or several greening requirements). However, the analyses also conclude that this potential is not fully exploited, in particular due to choices made by Member States and farmers not to use the most environmentally beneficial elements (non-productive areas).

These analyses were not able to compare farmers' practices before and after the introduction of greening, in the absence of relevant data. However for permanent grassland, it should be noted that a similar system existed before 2015 under cross-compliance and the rules have been strengthened and allow now less conversion of grassland into arable land (5% instead of the previous 10%, in relation to a ratio established in a reference period). The ECA sample of a number of farmers also demonstrates that practices have been changed in the first year of implementation.

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1 Source: CATS data (unpublished); beneficiaries of BPS, SAPS and SPS

2 - Commission Staff Working Document: Review of Greening After One Year (SWD(2016) 218 final)

- Commission Staff Working Document accompanying the document Report from the Commission to the European Parliament and the Council on the implementation of the ecological focus area obligation under the direct payment scheme (SWD(2017) 121 final)

34. Based on the information provided in the ECA annual report 2016 the European farmers are implementing the greening requirements in an exemplary manner and without big errors. However, it should be noted that compliance with rules and performance are two somewhat separate issues. What do you expect in terms of performance from the current greening efforts in view of climate and biodiversity? How is the Commission going to audit the performance of greening in this regard?

Commission's answer: The greening review after one year showed that the actual impact on environmental outcomes depends on the choices made by Member States and farmers, including how these choices will be implemented. This is the case in particular for ecological focus areas where nitrogen - fixing and catch crops are the predominant declared EFA types.

At the time notably few Member States made use of the possibilities to limit the use of pesticides and fertilisers in these areas. Landscape features which are particularly important for the protection of biodiversity were not among the most declared EFA types. Thus, it was concluded that the pattern of EFA types tended to limit the intended contribution of this instrument as regards the improvement of biodiversity on farms but the expansion of land lying fallow represents a positive development in this context. Based on the above analysis the Commission has proposed amendments improving the performance of greening (with e.g. a pesticide ban on EFAs)

An in-depth evaluation of the greening requirements will be concluded early in 2018.

35. According to the EC Staff working Document (SWD 2016/218)," Review of greening after one year" "overall farmers would have to change crops on less than 1% of the total arable land in the EU in order to comply with the new requirements"

a)What is the global cost of the greening scheme? Please give us a detailed reply specifying the costs of the measures of crop diversification, biodiversity and Ecological Focus area policy?

Commission's answer: The Commission report indeed concludes that "overall farmers would have to change crops on less than 1% of the total arable land in the EU in order to comply with the new requirements" (on the basis of a simulation) but also states that "in the face of the long term trend toward specialisation in the agricultural sector, the green direct payments ensures the preservation of (crop diversification)".

It is impossible to specify at this stage the global cost of the greening scheme and the costs of crop diversification and Ecological Focus Area since these costs considerably vary across regions and depending on types of farming and existing farming practices (see in this respect section 6.3 of EC Staff working Document SWD(2016) 218). An assessment of costs is part of the evaluation of the greening requirements which will be concluded early 2018.

b)What is the real added value of the greening scheme bearing in mine the little progress pursued in terms of bio diversity and crop diversification, on the one side, and the cost of the measures on the other side?

Commission's answer: It is too early to conclude on the progress as regards bio diversity and crop diversification (see also reply to point 39).

While greening aims at in particular promoting biodiversity and crop diversification, it is not the only policy instrument addressing these issues and the assessment of the situation in this respect should take into account the whole set of instruments having these objectives. However Greening is expected to contribute to the achievement of these objectives through basic requirements commonly defined and implemented at EU level by all concerned farms. More targeted and more ambitious measures can be defined beyond greening requirements in the context of Pilar II.

As regards the cost/benefit of the greening requirements more information will become available through the specific evaluation of this instrument to be concluded early in 2018.

36. According to the same document (SWD 2016/218): “while in certain cases farmers had to adapt their practices to the new rules, most of the administrative efforts at their level relate to the time spent on filling in and ensuring correctness of the greening part of aid declarations which are to a large part common to other CAP instruments”

What did the Commission do to improve the efficiency of the scheme whilst simplifying the procedures?

Commission's answer: Following the review after one year of greening and the publication of Staff Working Document(2016) 2018, the Commission has adopted in 2017 a set of changes of the delegated rules for simplifying and streamlining the implementation of the greening scheme especially on EFA. These changes aim at improving the efficiency of the scheme (e.g. by prohibiting the use of pesticides on productive EFAs) and simplifying the procedures for farmers (e.g. by simplifying the list and the requirements of features eligible to EFA). Moreover, during the same period the Commission has also designed new management rules to simplify applications for the greening payment and reduce the risk of incurring penalties[3].

[3] Member States are now required to help farmers as much as possible to submit their applications by pre-establishing application forms with e.g. information on EFAs and environmentally sensitive permanents grassland, as well as by providing warning alerts during the application process when the greening obligations have not been complied with (e.g. the required thresholds for crop diversification have not been met). A system of preliminary checks which requires MS to inform farmers of possible non-compliances and enables farmers to correct their applications has also been introduced. Finally, the greening reductions have been made more proportional.

37. New proposals tabled by the Commission in the financial regulation omnibus proposal aimed at facilitate and extend new derogations to the greening scheme. As the ambition of the Commission was initially rather limited why has it been necessary after less than one year to increase the possibility of derogations?

Commission's answer: In the framework of the Omnibus proposal, the Commission has not proposed any changes to the legislative rules for greening. However, in the legislative process, the European Parliament and the Council proposed such amendments concerning the EU greening rules. Some of these amendments have been retained in the final agreement between co-legislators. After the entry-into-force of the agricultural part of the Omnibus they will consequently be part of the new legal greening framework.

38. It seems that few MS (see EC SWD (2016/2018) made use of the possibilities to limit the use of pesticides and fertilisers in the ecological focus areas. What will the Commission do to improve the biodiversity of farms in this context?

Commission's answer: The Commission has adopted in 2017 a set of changes of the delegated rules for simplifying and streamlining the implementation of the greening scheme. As a result the use of pesticides will be prohibited on all productive/potentially productive areas in the Ecological Focus Areas as from 2018.

39. According to the SWD 2016/ 2018, the practice of crop diversification was already applied on most arable land. Is it true that the Commission only proposed to remunerate already existing practices? Does the Commission consider the “greening” as a successful story?

Commission's answer: The purpose of "greening" is to remunerate the provision of basic environmental and climate public goods in the framework of direct payments. These public goods may be provided through new environmental practices where farming did not provide them, or through existing farming practices where these practices were already at the level required. Higher public goods are provided by more targeted and ambitious practices possibly supported under Rural Development and going beyond the baseline set inter alia by "greening".

The first assessments of "greening" (in particular in SWD(2016) 2018) conclude that "greening" is properly managed by Member States and respected by farmers and highlight its potential to enhance the environmental performance of the CAP. However the analyses also conclude that this potential is not fully exploited, in particular due to choices made by Member States and farmers not to use the most environmentally beneficial elements. An external evaluation study on "greening" will be published in early 2018. In any case "greening" environmental benefits are expected in mid- and long-term and it is too early to decide on good grounds at this early stage if "greening" can be considered a successful story.

40. The trend between 2006 and 2015 points to a relatively stable situation as to the permanent grassland; what has been the impact of greening on permanent grassland since 2015?

Commission's answer: The ratio of permanent pasture in relation to the total agricultural area has been indeed stable at EU level before and after the introduction of greening (ca. 30%). However there are variations between Member States and these variations (in relation to a ratio for a reference period) are shown in figure 15 of Annex 2 to SWD(2016) 2018. In the future it can be foreseen that the prohibition of conversion is more likely to be activated in the short-term in Member States where a trend of conversion is observed, due to the reduced flexibility brought by greening compared to cross-compliance in respect of permanent pasture protection[4].

4 Under greening a decrease of only 5% of the ratio of permanent pasture is allowed in relation to a reference ratio, while a decrease of 10% was allowed under the previous cross compliance system

41. The CAPRI model predicts a 3.22% increase of permanent grassland due to greening. How does the Commission consider this “prediction” Would it be a success? What has been the impact of the modification of the definition of permanent grassland (that will be modified once again as a consequence of the adoption of the financial regulation omnibus proposal) on the total area of permanent grassland?

Commission's answer: The Commission considers that an increased share of permanent pasture in relation to the total agricultural area would be favourable for the environment and climate change. This trend is influenced by various factors, greening being only one of them. As regards the specific impact of greening on this trend, the Commission's conclusion (SWD(2016) 2018) is that "the medium-term assessment, based on the CAPRI model, shows that the full set of greening obligations is likely to slow down the decline in the area of permanent grassland", which is the purpose of this instrument.

The definition of permanent pasture was indeed modified during the 2013 CAP reform, with areas of shrubs and grazed trees being introduced in the definition. It is difficult to compare the area under permanent pasture before and after the modification of definition since the population of concerned farmers (subject to greening obligations as from 2015) is not entirely the same. Moreover other factors such as the definition of eligibility conditions of land by Member States have had also an impact on the areas covered.

As regard the changes brought by Omnibus regulation, a new option introduced by co-legislators allows Member States to consider that grassland that has been ploughed up should not be classified into permanent grassland any more.

Internal Audit Service annual report

42. According to the annual report of the IAS for 2016, significant weaknesses were identified in the management and control systems put in place by DG AGRI for the voluntary coupled support. What does it mean? Which measures were taken to redress the situation?

Commission's answer: This 2016 audit on DG AGRI's management and control system for Voluntary Coupled Support (VCS) confirmed that this scheme was very complex and that the legislation left considerable scope for interpretation, increased the administrative burden for MS, and put additional pressure on the Commission's resources to support the MS.

IAS concluded that, although DG AGRI had put in place adequate processes to ensure an effective management of VCS, there remained a number of significant weaknesses which needed to be addressed:

The follow-up of VCS notification assessments needed to be enhanced notably when cases of possible non-compliances had been identified ;

- the monitoring and control of the financial ceilings had to be improved and automated and

- the monitoring arrangements for the performance of the scheme had to be reinforced so that DG AGRI would be able to identify problems in meeting the scheme objectives and potential distorting effects on other agricultural markets (sectors and/or regions) at a sufficiently early stage for them to be effectively addressed.

To address the compliance issue, DG AGRI has made guidance documents available to the Member States in order to improve the level of compliance of their decisions and has launched conformity clearance procedures.

In addition, internal working arrangements and procedures covering the assessment and follow-up of VCS notifications have been put in place. As regards the financial ceilings, a financial monitoring procedure has been established.

The performance monitoring has been improved through a procedure on monitoring the quantitative limits which takes into account data relevant to measure the policy effect such as market information and EUROSTAT data.

DG AGRI considers that all IAS recommendations have been implemented. The implementation of these recommendations by DG AGRI will be assessed by the IAS. In accordance with its follow up strategy, the IAS is currently performing its first follow up of the actions taken by DG AGRI to address its recommendations...

For completeness: eight conformity procedures were launched in 2016 already to cover the potential financial risk to the EU budget. Two of them were closed without financial correction. For the remaining six, the conformity audit procedure is still on-going

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43. According to its annual report for 2016 the IAS made an audit to assess whether DG AGRI has adequately designed the Common Monitoring and Evaluation Framework in order to monitor, evaluate and report on the performance of the CAP 2014-2020.

The IAS has found important deficiencies; which are the recommendations made by the IAS, what has been the reaction of DG AGRI?

Commission's answer: In 2015, the IAS carried out an audit related to the design of DG AGRI's performance measurement system for the CAP 2014-2020. This audit was finalised in 2016 and the IAS acknowledged that this audit had been conducted at an early stage in terms of the actual implementation of the Common Monitoring and Performance Framework for the CAP (CMEF). The IAS recognised the efforts and commitment made by DG AGRI to design and implement a robust system for the assessment of the performance of the CAP policy. Nonetheless, it identified certain weaknesses in the fundamental design of the CMEF and issued recommendations in relation to:

The quality of the objectives, indicators and intervention logic:

The IAS recommended that DG AGRI should ensure that the CAP specific objectives for Pillar I/Horizontal Provisions are more compliant than at present with the SMART criteria and assess whether there is a need to include related additional indicators, based where possible on available data and taking into account cost effectiveness considerations in order to better demonstrate the achievement of policy objectives. The CAP intervention logic needs to be explained much more clearly.

The consistency and completeness of the CMEF:

The IAS recommended that DG AGRI should develop additional indicators to cover the CAP instruments which are not adequately addressed through the current set of CMEF indicators and, if possible, use existing data to integrate Pillar I and Pillar II aspects. This does not necessarily mean including additional Rural Development indicators, which have already been established. In the longer term and for the next MFF programming period, DG AGRI should consider developing a set of result indicators aimed at showing the combined effects of both Rural Development and Pillar I/Horizontal Provisions.

The reliability and availability of data:

The IAS recommended that for data which is currently missing, including that relating to environmental indicators, it should follow this up with Eurostat and seek to obtain additional data through the mapping and cross-linking of available data, as well as through research projects. For the data needed to support the CMEF indicators, but for which there is no specific legal obligation on Member States to provide, the DG should assess whether this needs to be addressed through an implementing regulation.

Following these recommendations, the IAS and DG AGRI agreed on an action plan, which is currently being implemented.

Work has been done on the assessment of the quality and completeness of objectives and indicators as well as on the improvement of the explanation of the intervention logic. Further improvements will be made by the end of 2018.

As regards the objectives, the reflexion was initiated in the context of the preparation of the Commission Communication on CAP Modernisation and Simplification.

As regards the development of new indicators, this assessment will be included in the Commission report to the Parliament and Council on the implementation of article 110 of Regulation 1306/2013, due by the end of 2018.

In the field of data collection, a lot of initiatives have been undertaken. AGRI has revitalised its work with the partners of the Memorandum of Understanding on agri-environmental indicators (currently Eurostat, DG ENV, DG JRC and the European Environmental Agency; DG CLIMA and DG SANTE will be added in the coming months). Also the work on several legal acts has advanced well: the draft Integrated Farm Statistics (IFS) Regulation entered into trilogues, a draft implementing act containing a list of characteristics for the modules of the agricultural census in 2020 and the related descriptions (definitions) is under discussion within the Farm Structure Survey working group as well as a draft regulation for Statistics on Agricultural Input and Output was discussed in the Directors Group on Agricultural Statistics meeting. The Annual Hearing AGRI-ESTAT was held on 3rd of October 2017.

***ANNEX I – Question 19**: Figures relating to **evolution** of stock of skimmed milk powder of the EU per month in 2016*

<u>IN TONNES</u>

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	**YEAR**
PUBLIC STORAGE													
Start of Month	29.074	46.740	70.020	102.764	151.648	225.394	292.353	328.673	352.935	355.173	352.947	351.874	29.074
In	17.666	23.410	32.885	49.428	74.499	68.525	38.954	26.089	4.130	0	0	0	335.586
Out	0	130	140	544	753	1.566	2.634	1.828	1.892	2.226	1.073	846	13.632
End of Month	46.740	70.020	102.764	151.648	225.394	292.353	328.673	352.935	355.173	352.947	351.874	351.028	351.028
PRIVATE STORAGE													
Start of Month	32.935	34.956	37.014	35.800	32.026	33.756	39.224	52.410	64.819	75.074	74.756	73.177	32.935
In	6.811	7.131	3.820	1.782	4.218	6.442	14.478	14.205	13.134	5.807	7.277	5.590	90.694
Out	4.790	5.073	5.033	5.556	2.488	974	1.292	1.796	2.879	6.125	8.857	12.811	57.673
End of Month	34.956	37.014	35.800	32.026	33.756	39.224	52.410	64.819	75.074	74.756	73.177	65.956	65.956
TOTAL STORAGE													
End of Month	81.696	107.034	138.565	183.675	259.151	331.577	381.083	417.754	430.247	427.703	425.050	416.984	**416.984**

EVOLUTION DES STOCKS DE SMP en 2016

Tonnes Tonnes

in tonnes	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNEE
STOCK PUBLIC													
DEBUT DU MOIS	29 074	46 740	70 020	102 764	151 648	225 394	292 353	328 673	352 935	355 173	352 947	351 874	29 074
ENTREE	17 666	23 410	32 885	49 428	74 499	68 525	38 954	26 089	4 130	0	0	0	335 586
SORTIE	0	130	140	544	753	1 566	2 634	1 828	1 892	2 226	1 073	846	13 632
FIN DU MOIS	46 740	70 020	102 764	151 648	225 394	292 353	328 673	352 935	355 173	352 947	351 874	351 028	351 028
STOCK PRIVE													
DEBUT DU MOIS	32 935	34 956	37 014	35 800	32 026	33 756	39 224	52 410	64 819	75 074	74 756	73 177	32 935
ENTREE	6 811	7 131	3 820	1 782	4 218	6 442	14 478	14 205	13 134	5 807	7 277	5 590	90 694
SORTIE	4 790	5 073	5 033	5 556	2 488	974	1 292	1 796	2 879	6 125	8 857	12 811	57 673
FIN DU MOIS	34 956	37 014	35 800	32 026	33 756	39 224	52 410	64 819	75 074	74 756	73 177	65 956	65 956
STOCK TOTAL													
FIN DU MOIS	81 696	107 034	138 565	183 675	259 151	331 577	381 083	417 754	430 247	427 703	425 050	416 984	416 984

*ANNEX II – **Question 20**: Figures relating to the storage costs per month for the skimmed milk powder for the EU in 2016*

<u>IN EUROS</u>

<u>a) Costs per month</u>

Sub Item	2016/01	2016/02	2016/03	2016/04	2016/05	2016/06	2016/07	2016/08	2016/09	2016/10	2016/11	2016/12	
05 02 12 02 0000 003			0,00	75.069,28		40.685,17	0,00						**115.754,45**
05 02 12 02 0000 004	6.831,46	0,00	1.100,20	2.628,38	0,00		0,00						**10.560,04**
05 02 12 02 0000 004											22.054,66	-22.054,66	**0,00**
05 02 12 02 0000 005	102.834,10	69.484,23	131.896,60	227.228,17	166.380,28	60.418,34	148.661,38	53.156,93	54.274,97	36.387,06			**1.050.722,06**
05 02 12 02 0000 005											202.183,26	-110.043,37	**92.139,89**
05 02 12 02 0000 006	0,00	139.922,31	0,00	0,00	41.257,34	0,00	0,00	241.289,17	74.570,79				**497.039,61**
05 02 12 02 0000 006											61.339,56	207.567,85	**268.907,41**
05 02 12 02 0000 007		0,00						0,00	17.163,08	-321,05			**16.842,03**
05 02 12 02 0000 007											0,00	484.538,32	**484.538,32**
05 02 12 02 2011 001	104.299,22	183.399,93	269.914,41	379.641,79	569.673,34	834.540,95	1.022.890,74	1.152.413,48	1.108.874,21	1.048.132,85			**6.673.780,92**
05 02 12 02 2011 001											785.776,23	796.423,50	**1.582.199,73**
05 02 12 02 2012 001	3.653,78	5.436,78	8.281,62	12.161,04	17.878,79	25.471,13	36.250,58	45.568,57	47.596,24	49.117,84			**251.416,37**
05 02 12 02 2013 001	-78,44	-41,07	9,16	-105,79	-83,75	-11.089,46	-29.124,06	35.203,90	7.717,01	727,83			**3.135,33**
05 02 12 02 2013 001											739,08	-787,33	**-48,25**
	217.540,12 EUR	**398.202,18 EUR**	**411.201,99 EUR**	**696.622,87 EUR**	**795.106,00 EUR**	**950.026,13 EUR**	**1.178.678,64 EUR**	**1.527.632,05 EUR**	**1.310.196,30 EUR**	**1.134.044,53 EUR**	**1.072.092,79 EUR**	**1.355.644,31 EUR**	**11.046.987,91 EUR**

NB. Sub items are described below.

b) Description of the sub items (referred to above)

Sub Item	***Sub Item Description***
05 02 12 02 0000 003	*Intervention storage of skimmed-milk powder - private storage - balance - payments 100% - R.1308/13, Art.17(g); R.948/14, Art.5 - 2014*
05 02 12 02 0000 004	*Intervention storage of skimmed-milk powder - private storage - advances - R.1308/13, Art.17(g); R.948/14, Art.4(1)(a) - 2015-2016*
05 02 12 02 0000 004	*Private storage - skimmed-milk powder - advances - R.1308/13, Art.17(g); R.948/14, Art.4(1)(a) - 2015-2016-2017*
05 02 12 02 0000 005	*Intervention storage of skimmed-milk powder - private storage - balance - payments 100% - R.1308/13, Art.17(g); R.948/14, Art.4(1)(a) - 2015-2016*
05 02 12 02 0000 005	*Private storage - skimmed-milk powder - balance - payments 100% - R.1308/13, Art.17(g); R.948/14, Art.4(1)(a) - 2015-2016-2017*
05 02 12 02 0000 006	*Intervention storage of skimmed-milk powder - private storage - advances - R.1308/13, Art.17(g); R.948/14, Art.4(1)(b) - 2015-2016*
05 02 12 02 0000 006	*Private storage - skimmed-milk powder - advances - R.1308/13, Art.17(g); R.948/14, Art.4(1)(b) - 2015-2016-2017*
05 02 12 02 0000 007	*Intervention storage of skimmed-milk powder - private storage - balance - payments 100% - R.1308/13, Art.17(g); R.948/14, Art.4(1)(b) - 2015-2016*
05 02 12 02 0000 007	*Private storage - skimmed-milk powder - balance - payments 100% - R.1308/13, Art.17(g); R.948/14, Art.4(1)(b) - 2015-2016-2017*
05 02 12 02 2011 001	*Intervention storage of skimmed-milk powder - technical costs of public storage - R.1308/13, Art.11(e)*
05 02 12 02 2011 001	*Public storage - skimmed-milk powder - technical costs of public storage - R.1308/13, Art.11(e)*
05 02 12 02 2012 001	*Intervention storage of skimmed-milk powder - financial costs of public storage - R.1308/13, Art.11(e)*
05 02 12 02 2013 001	*Intervention storage of skimmed-milk powder - other public storage costs - R.1308/13, Art.11(e)*
05 02 12 02 2013 001	*Public storage - skimmed-milk powder - other public storage costs - R.1308/13, Art.11(e)*