(11) Involving paying agencies that have been accredited by the Member States is a crucial prerequisite under the new delivery model for having reasonable assurance that the objectives and targets set out in the relevant CAP Strategic Plans will be reached by the interventions financed by the Union's budget. It should, therefore, be explicitly provided in this Regulation that only expenditure effected by accredited paying agencies can be reimbursed from the Union's budget. In addition, the expenditure financed by the Union for the interventions referred to in the CAP Strategic Plan Regulation should have a corresponding output regarding and should comply with the basic Union requirements and the governance systems.

Or. en

**Amendment 265**
Anne Sander
on behalf of the EPP Group
Pina Picierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Recital 11

**Text proposed by the Commission**

(11) Involving paying agencies that have been accredited by the Member States is a crucial prerequisite under the new delivery model for having reasonable assurance that the objectives and targets set out in the relevant CAP Strategic Plans will be reached by the interventions financed by the Union's budget. It should, therefore, be explicitly provided in this Regulation that only expenditure effected by accredited paying agencies can be reimbursed from the Union's budget. In addition, the expenditure financed by the Union for the interventions referred to in the CAP Strategic Plan Regulation should have a corresponding output regarding and should comply with the basic Union requirements and the governance systems.

**Amendment**

(11) Involving paying agencies that have been accredited by the Member States is a crucial prerequisite under the new delivery model for having reasonable assurance that the objectives and targets set out in the relevant CAP Strategic Plans will be reached by the interventions financed by the Union's budget. It should, therefore, be explicitly provided in this Regulation that only expenditure effected by accredited paying agencies can be reimbursed from the Union's budget. In addition, the expenditure financed by the Union for the interventions referred to in the CAP Strategic Plan Regulation should comply with the applicable Union requirements and governance systems, including Member States’ obligations with regard to the effective protection of the financial interests of the Union and to the performance reporting.
Amendment 266
Anne Sander
on behalf of the EPP Group
Pina Picierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Recital 25

Text proposed by the Commission
Recital 25

(25) In accordance with the architecture and the key characteristics of the new CAP delivery model, the eligibility of payments made by Member States for Union financing should no longer depend on the legality and regularity of payments to individual beneficiaries. Instead, as regards types of interventions referred to in Regulation (EU)…/[CAP Strategic Plan Regulation], Member States’ payments should be eligible if they are matched by corresponding output and in compliance with the applicable basic Union requirements.

Amendment
Recital 25

(25) In accordance with the architecture and the key characteristics of the CAP delivery model, the eligibility of payments made by Member States for Union financing should depend on the legality and regularity of payments to individual beneficiaries. However, as regards types of interventions referred to in Regulation (EU)…/[CAP Strategic Plan Regulation], Member States’ payments should be eligible only if they are in compliance with the applicable Union requirements and if the rules on the applicable governance systems, including the performance reporting obligations of the Member States are complied with. The new focus of the CAP on a result-oriented performance model should not remove the obligations of the Member States to check the legality and regularity of expenditure in order to ensure the protection of the financial interests of the Union.

Or. en
(28) Member States should send the annual accounts and an annual performance report on the implementation of the CAP Strategic Plan to the Commission by 15 February N+1. Where these documents are not sent, thus preventing the Commission from clearing the accounts for the concerned paying agency or checking the eligibility of the expenditure against reported outputs, the Commission should be empowered to suspend the monthly payments and to interrupt the quarterly reimbursement until the outstanding documents are received.
Commission from clearing the accounts for the concerned paying agency or checking the eligibility of the expenditure, the Commission should be empowered to suspend the monthly payments and to interrupt the quarterly reimbursement until the outstanding documents are received.
Amendment 268
Anne Sander
on behalf of the EPP Group
Pina Picierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) **A new form of payment suspension** should be introduced for situations of abnormally low outputs. Where the outputs reported are at an abnormally low level in comparison with the declared expenditure, and where Member States cannot provide good and comprehensible reasons for this situation, the Commission should be empowered to, in addition to reducing the expenditure for the financial year N-1 **suspend future expenditure** related to the intervention for which the output was abnormally low. **Such suspensions should be subject to confirmation in the annual performance clearance decision.**

Amendment

(29) **An annual performance monitoring** should be introduced for situations of abnormally low outputs. Where the outputs reported are at an abnormally low level in comparison with the declared expenditure, and where Member States cannot provide good and comprehensible reasons for this situation, the Commission should be empowered to request the Member State concerned an assessment of the issues affecting the implementation of the CAP Strategic Plan and to devise and implement the additional remedial actions related to the intervention for which the output was abnormally low for the following financial year.

Or. en
(30) **As regards the multi-annual performance monitoring** the Commission should also have the power to suspend payments. Accordingly in cases of delayed or insufficient progress towards targets, set out in the national CAP Strategic Plan, the Commission should be empowered to request the Member State concerned to **take the necessary remedial actions in accordance with** an action plan to be established in consultation with the Commission and containing clear progress indicators, by means of an implementing act. Where the Member State fails to submit or to implement the action plan or where the action plan is manifestly insufficient to remedy the situation, the Commission should have the power to suspend the monthly or interim payments, by means of an implementing act.

(30) **Given the necessary transition to a result-oriented performance model, the performance reporting on the realised results and the distance to respective targets should be submitted for the first time by 15 April of the second calendar year after the date of application of this Regulation and the multiannual performance review should be carried out by the Commission every two years.** Accordingly in cases of delayed or insufficient progress towards targets, set out in the national CAP Strategic Plan, and where the Member State cannot provide duly justified reasons, the Commission should be empowered to request the Member State concerned to present an action plan to be established in consultation with the Commission. The action plan should describe the necessary remedial actions and the expected timeframe for its execution. Where the Member State fails to submit or to implement the action plan or where it becomes evident that the action plan is manifestly insufficient to remedy the situation, the Commission should have the
power to suspend the monthly or interim payments, by means of an implementing act.

Or. en
Amendment 270
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Recital 30 a (new)

Text proposed by the Commission

(30 a) Where the situation is not remedied by end of the sixth month following the decision by the Commission to suspend the payments in the framework of the multiannual performance review, the Commission should be empowered to definitively reduce the amount suspended for the Member State concerned. The amounts definitively reduced shall be reallocated to reward Member States with satisfactory performance in relation to the specific objectives referred to in Article 6(1) of the Regulation (EU) …/…[CAP Strategic Plan Regulation].

Or. en
Amendment 271
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) In line with the new delivery model, an annual performance clearance should be established in order to check the eligibility of the expenditure in relation to the reported outputs. In order to tackle situations where the expenditure declared does not have corresponding reported outputs and the Member States cannot provide justifications for this deviation, a mechanism of reduction of payments should be put in place.

Amendment

deleted

Or. en
Amendment 272
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 2

Text proposed by the Commission

2 Definitions
For the purposes of this Regulation, the following definitions apply:
(a) "irregularity" means an irregularity within the meaning of Article 1(2) of Regulation (EC, Euratom) No 2988/95;
(b) "governance systems" means the governance bodies referred to in Chapter II of Title II of this Regulation and the basic Union requirements laid down in this Regulation and Regulation (EU) …/[CAP Strategic Plan Regulation], including the reporting system put in place for the purposes of the annual performance report referred to in Article 121 of Regulation (EU) …/[CAP Strategic Plan Regulation];
(c) "basic Union requirements" means the requirements laid down in Regulation …/[CAP Strategic Plan Regulation];

Amendment

2 Definitions
For the purposes of this Regulation, the following definitions apply:
(a) "irregularity" means an irregularity within the meaning of Article 1(2) of Regulation (EC, Euratom) No 2988/95;
(b) "governance systems" means the governance bodies referred to in Chapter II of Title II of this Regulation and the basic Union requirements laid down in this Regulation and Regulation (EU) …/[CAP Strategic Plan Regulation], including Member States’ obligations with regard to the effective protection of the financial interests of the Union referred to in Article 57 of this Regulation and the reporting system put in place for the purposes of the annual performance monitoring referred to in Article 38a of this Regulation and the multiannual performance review referred to in Article 121 of Regulation (EU) …/[CAP Strategic Plan Regulation];
(c) "basic Union requirements" means the requirements laid down in Regulation …/[CAP Strategic Plan Regulation];
(EU) .../... [CAP Strategic Plan Regulation] and in this Regulation, in Regulation (EU) 2018/1046 (Financial Regulation) and in Directive 2014/24/EU (Public Procurement Directive).

(c a) "Union requirements" means the basic union requirements and the eligibility rules stemming from Regulation (EU) .../... [CAP Strategic Plan Regulation] contained in the CAP strategic plan of the Member State.

(c b) "output indicator" means output indicator as defined in point 12 of Article 2 of Regulation (EU) .../... [CPR Regulation];

(c c) "result indicator" means result indicator as defined in point 13 of Article 2 of Regulation (EU) .../... [CPR Regulation];

(c d) "serious deficiency" means serious deficiency as defined in point 30 of Article 2 of Regulation (EU) .../... [CPR Regulation]

(c e) "intermediate body" means intermediate body as defined in point 7 of Article 2 of Regulation (EU) .../... [CPR Regulation]

(c f) "action plan" means action plan as referred to in Article 39(1) and Article 40(1) of this Regulation.

Or. en
Amendment 273
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 8

Text proposed by the Commission

8 Paying agencies and coordinating bodies

1. Paying agencies shall be departments or bodies of the Member States responsible for the management and control of expenditure referred in Article 5(2) and Article 6.

With the exception of making payment, the carrying out of those tasks may be delegated.

2. Member States shall accredit, as paying agencies, departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal, regular and properly accounted for. To this end, paying agencies shall comply with minimum conditions for the accreditation with regard to the internal environment, control activities, information and communication and monitoring laid down by the Commission pursuant to point (a) of Article 10(1).

Amendment

8 Paying agencies

1. Paying agencies shall be departments or bodies of the Member States and, if applicable, of regions responsible for the management and control of expenditure referred in Article 5(2) and Article 6.

With the exception of making payment, the carrying out of those tasks may be delegated.

2. Member States shall accredit, as paying agencies, departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal, regular and properly accounted for. To this end, paying agencies shall comply with minimum conditions for the accreditation with regard to the internal environment, control activities, information and communication and monitoring laid down by the Commission pursuant to point (a) of Article 11a(1).
Each Member State shall restrict the number of its accredited paying agencies as follows:

(a) to a single agency at national level or, where applicable, one per region; and
(b) to a single agency for the management of both EAGF and EAFRD expenditure.

However, where paying agencies are established at regional level, Member States shall, in addition, either accredit a paying agency at national level for aid schemes which, by their nature, have to be managed at national level or Member States shall confer the management of these schemes on their regional paying agencies.

Paying agencies which did not manage EAGF or EAFRD expenditure for at least three years shall have their accreditation withdrawn.

Member States shall not appoint any new additional paying agency after the date of entry into force of this Regulation.

The accreditation of paying agencies for the period 2014-2020 shall be carried over to the programming period 2021-2027, provided that they have informed the competent authority that they are in compliance with the accreditation criteria, and unless a review carried out pursuant to point (a) of Article 7a(2) shows that this is not the case.

Paying agencies which did not manage EAGF or EAFRD expenditure for at least three years shall have their accreditation withdrawn.

Member States may appoint any additional paying agencies after the date of entry into force of this Regulation, provided that:

(a) the number of accredited paying agencies does not increase in relation to the situation on 31 December 2019; or
(b) the new paying agencies are appointed pursuant to an administrative reorganisation in the Member State concerned.

3.
For the purposes of Article 63(5) and (6) of Regulation (EU, Euratom) 2018/… [the new Financial Regulation] ('the Financial Regulation'), the person in charge of the accredited paying agency shall, by 15 February of the year following the financial year concerned, draw up and provide the Commission with the following:

(a) the annual accounts for the expenditure incurred in carrying out the tasks entrusted to their accredited paying agency, as provided for in point (a) of Article 63(5) of the Financial Regulation, accompanied by the requisite information for their clearance in accordance with Article 51;

(b) the annual performance report referred to in Article 52(1) showing that the expenditure was made in accordance with Article 35;

(c) a management declaration as provided for in Article 63(6) of the Financial Regulation, as to:

(i) the fact that the information is properly presented, complete and accurate, as provided for in point (a) of Article 63(6) of the Financial Regulation,

(ii) the proper functioning of the governance systems put in place, which give the necessary guarantees concerning the outputs reported in the annual performance report, as provided for in points (b) and (c) of Article 63(6) of the Financial Regulation,

(iii) an analysis of the nature and extent of errors and weaknesses identified in systems by audit and controls, as well as corrective action taken or planned, as provided for in point (b) of Article 63(5)
of the Financial Regulation.

The deadline of 15 February referred to in the first subparagraph may be exceptionally extended by the Commission to 1 March, upon request by the Member State concerned, as provided for in the second subparagraph Article 63(7) of the Financial Regulation.

The deadline of 15 February referred to in the first subparagraph may be exceptionally extended by the Commission to 1 March, upon request by the Member State concerned, as provided for in the second subparagraph Article 63(7) of the Financial Regulation.

3 a. For the purpose of the annual performance monitoring referred to in Article 38a and the multiannual performance review referred to in Article 121 of Regulation (EU) …/… [CAP Strategic Plan Regulation], the person in charge of the accredited paying agency shall, by 15 February of the year following the financial year concerned, draw up and provide the Commission with the performance report.

The report shall reflect the operations carried out and the progress made towards the achievement of the objectives as set out in the CAP National Strategic Plan and contain information about realised outputs and realised expenditure every year, information on realised results and distance to respective targets every two years, and, where feasible, reporting on impacts using the data referred to in Article 129 of Regulation (EU) …/… [CAP Strategic Plan Regulation].

The performance report shall be submitted to the Commission for the first time by … [two years after the date of application of this Regulation] and then each subsequent year until and including 2030. The first performance report shall cover the first two financial years after … [year of the date of application of this Regulation]. Of those direct payments referred to in Chapter II of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation], the performance report shall cover only the financial year … [year following that of the date of application of this Regulation].
4. Where more than one paying agency is accredited, Member States shall appoint a public coordinating body, to which it shall assign the following tasks:

(a) to collect the information to be provided to the Commission and to send that information to the Commission;

(b) to furnish the annual performance report referred to in Article 52(1);

(c) to take or coordinate actions with a view to resolving any deficiencies of a common nature and to keep the Commission informed of any follow-up;

(d) to promote and ensure harmonised application of Union rules. As regards the processing of the financial information referred to in point (a) of the first subparagraph, the coordinating body shall be subject to specific accreditation by the Member States.

The annual performance report provided by the coordinating body shall be covered by the scope of the opinion referred to in Article 11(1) and its transmission shall be accompanied by a management declaration covering the entirety of that report.

5. Where an accredited paying agency does not meet or no longer meets one or more of the accreditation criteria referred to in paragraph 2, the Member State, acting on its own initiative or at the request of the Commission, shall withdraw that accreditation unless the paying agency makes the necessary changes within a period to be determined by the competent authority depending on the severity of the problem.

6. The paying agencies shall manage and ensure the control of the operations linked to public intervention for which they are responsible and they shall retain overall responsibility in that field.

Where support is provided through a
financial instrument which is implemented by the EIB or another international financial institution in which a Member State is a shareholder, the paying agency shall rely on the control report supporting the payment applications submitted by the EIB or another international institution.

Or. en