REPORT

on the proposal for a regulation of the European Parliament and of the Council
on the financing, management and monitoring of the common agricultural
policy and repealing Regulation (EU) No 1306/2013

Committee on Agriculture and Rural Development

Rapporteur: Ulrike Müller
**Symbols for procedures**

* Consultation procedure
*** Consent procedure
****I Ordinary legislative procedure (first reading)
****II Ordinary legislative procedure (second reading)
****III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

**Amendments to a draft act**

**Amendments by Parliament set out in two columns**

Deletions are indicated in *bold italics* in the left-hand column. Replacements are indicated in *bold italics* in both columns. New text is indicated in *bold italics* in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

**Amendments by Parliament in the form of a consolidated text**

New text is highlighted in *bold italics*. Deletions are indicated using either the ⎡ symbol or strikeout. Replacements are indicated by highlighting the new text in *bold italics* and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION</td>
<td>5</td>
</tr>
<tr>
<td>EXPLANATORY STATEMENT</td>
<td>99</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON DEVELOPMENT</td>
<td>102</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON BUDGETS</td>
<td>128</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON BUDGETARY CONTROL</td>
<td>139</td>
</tr>
<tr>
<td>OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT</td>
<td>155</td>
</tr>
<tr>
<td>PROCEDURE – COMMITTEE RESPONSIBLE</td>
<td>198</td>
</tr>
<tr>
<td>FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE</td>
<td>199</td>
</tr>
</tbody>
</table>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on the
financing, management and monitoring of the common agricultural policy and repealing
Regulation (EU) No 1306/2013

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council
  (COM(2018)0393),

– having regard to Article 294(2) and Article 43(2) of the Treaty on the Functioning of the
  European Union, pursuant to which the Commission submitted the proposal to
  Parliament (C8-0247/2018),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to Rule 59 of its Rules of Procedure,

– having regard to the report of the Committee on Agriculture and Rural Development
  and the opinions of the Committee on Development, the Committee on Budgets, the
  Committee on Budgetary Control and the Committee on Regional Development (A8-
  0199/2019),

1. Adopts its position at first reading hereinafter set out;

2. Calls on the Commission to refer the matter to Parliament again if it replaces,
   substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the
   national parliaments.
Amendment 1
Proposal for a regulation
Recital 1

*Text proposed by the Commission*

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

*Amendment*

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change, adapting them and transferring research and innovation from the laboratories to fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production and rural development.

Amendment 2
Proposal for a regulation
Recital 1 a (new)

*Text proposed by the Commission*

(1 a) It is necessary that the agricultural sector does not suffer the financial consequences of political decisions, such as the withdrawal of the United Kingdom from the European Union, or the funding of new Union policies. Account should be taken of the European Parliament resolution of 30 May 2018 on the 2021-2027 multiannual financial framework and own resources (2018/2714(RSP)) which deplored the fact that the Commission proposal of 2 May 2018 on

*Amendment*

(1 a) It is necessary that the agricultural sector does not suffer the financial consequences of political decisions, such as the withdrawal of the United Kingdom from the European Union, or the funding of new Union policies. Account should be taken of the European Parliament resolution of 30 May 2018 on the 2021-2027 multiannual financial framework and own resources (2018/2714(RSP)) which deplored the fact that the Commission proposal of 2 May 2018 on
the MFF for 2021-2027 led to a 15% reduction in the level of the CAP, and stated that the European Parliament was particularly opposed to any radical cuts that would adversely impact on the very nature and objectives of the CAP. It also questioned, in that context, the proposal to reduce the European Agricultural Fund for Rural Development by more than 25%.

Amendment 3

Proposal for a regulation
Recital 1 b (new)

Text proposed by the Commission

(1 b) The CAP has a fundamental role in the Union with direct payments and second-pillar funds to farmers contributing significantly not only to food security, but also to investment and employment in rural areas. The severe cuts envisaged for the CAP are not acceptable. For that reason, the CAP should focus on its core activities and the funding allocated to the CAP 2021-2027 for the EU-27 should be maintained at least at the level of the 2014-2020 budget while budgeting the initial amount for the agricultural crisis reserve.

Amendment 4

Proposal for a regulation
Recital 1 c (new)

Text proposed by the Commission

(1 c) In accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the implementation of the CAP should be take account of the objectives of development cooperation including, inter alia, the 2030 Agenda for Sustainable Development and
the achievement of the Union's climate change mitigation obligations under the Paris Agreement.

Amendment 5
Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) The CAP's compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States should be responsible for tailoring their CAP interventions in line with basic Union requirements in order to maximize their contribution to Union CAP objectives and to establish and design the compliance and control framework for beneficiaries.

Amendment

(3) The CAP's compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity and flexibility in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States should be responsible for tailoring their CAP interventions in line with their specific needs and basic Union requirements in order to maximize their contribution to Union CAP objectives. *Member States should also* establish and design the control framework for beneficiaries to continue to ensure compliance of the CAP strategic plans interventions with applicable Union law. Basic Union requirements, including good agricultural and environmental conditions (GAEC) and statutory management requirements (SMRs), ensure a common approach and a level playing field between Member States.

Amendment 6
Proposal for a regulation
Recital 5
(5) The provisions of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council [New Financial Regulation]\(^\text{12}\), in particular those governing shared management with Member States, the function of accredited bodies and the budgetary principles, should apply to the interventions and measures set out in this Regulation.


Amendment 7

Proposal for a regulation
Recital 5 a (new)

\[\text{Text proposed by the Commission}\]

(5 a) Part of the provisions of Regulation (EU) .../...[CPR Regulation\(^{1a}\)], should apply to this Regulation.

\(^{1a}\) [CPR Regulation]

Amendment 8

Proposal for a regulation
Recital 5 b (new)
(5 b) Member States should refrain from adding rules that complicate the use of the EAGF and the EAFRD for the beneficiary.

Amendment 9

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) It is necessary to provide for the accreditation of paying agencies and coordinating bodies by Member States and for the establishment of the procedures for obtaining management declarations and annual performance reports, and for obtaining the certification of management and monitoring systems, of reporting systems and the certification of annual accounts by independent bodies. Moreover, in order to ensure the transparency of the system of checks to be carried out at national level, in particular as regards procedures for authorisation, validation and payment and to reduce the administrative and audit burden for the Commission and for the Member States where accreditation of each individual paying agency is required, the number of authorities and bodies to which those responsibilities are delegated should be restricted while respecting the constitutional provisions of each Member State.

Amendment

(9) It is necessary to provide for the accreditation of paying agencies and coordinating bodies by Member States and for the establishment of the procedures for obtaining management declarations, annual clearance report and performance reports, and for obtaining the certification of management and monitoring systems, of reporting systems and the certification of annual accounts by independent bodies. Moreover, in order to ensure the transparency of the system of checks to be carried out at national level, in particular as regards procedures for authorisation, validation and payment and to reduce the administrative and audit burden for the Commission and for the Member States where accreditation of each individual paying agency is required, the number of authorities and bodies to which those responsibilities are delegated should be restricted while respecting the constitutional provisions of each Member State. Paying agencies should develop their role as advisors to farmers and make efforts towards the simplification of procedures for beneficiaries while ensuring compliance with standards at Union level.

Amendment 10

Proposal for a regulation
Recital 10

Text proposed by the Commission

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national level and should keep the Commission informed of any follow-up.

Amendment

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national or regional level and should keep the Commission informed of any follow-up.

Amendment 11

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 have a corresponding output and should comply with the basic Union requirements and the governance systems.
Amendment 12
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. However, the threshold of EUR 2000 should be abolished. An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) [New Financial Regulation] foresees that non-committed appropriations may be carried over to to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2020. For this purpose a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s). Furthermore, as regards the financial year 2020, a second derogation is necessary as the total unused amount of the reserve available at the end of year 2020 should be carried over to the year 2021 to the corresponding line of the new agricultural reserve without being returned to the budgetary lines which cover direct payment interventions under the CAP Strategic Plan.

Amendment

(14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted should be maintained.
Amendment 13

Proposal for a regulation
Recital 14 a (new)

Text proposed by the Commission

(14 a) The existing crisis reserve should be reviewed and strengthened to support the establishment of an EU agricultural crisis reserve, a more effective and flexible tool which should provide supplementary support for the agricultural sector in the event of market developments and enable the Union to better respond to major crises affecting agricultural production or distribution. For that purpose and to allow the development of a sound framework enabling farmers to manage risks appropriately, the EU agricultural crisis reserve appropriations should be mobilised for the financing of the market stabilisation measures and the exceptional measures referred to in Regulation (EU) No 1308/2013 as well as for measures allowing for the substitution of the income stabilisation tools put in place by the Member States under Article 70 of Regulation (EU) ... / ... [CAP Strategic Plan Regulation] and made available to farmers in the event of a sharp decline in agricultural income beyond a threshold per sector predefined by the Commission, in respect of which it should be empowered to adopt delegated acts.

Amendment 14

Proposal for a regulation
Recital 14 b (new)

Text proposed by the Commission

(14 b) The EU agricultural crisis reserve should be established in the budget of the CAP and its initial amount should be set up in 2021 as an addition to the EAGF
and EAFRD budgets. Point (d) of Article 12(2) of Regulation (EU, Euratom) [New Financial Regulation] provides that non-committed appropriations may be carried over to the following financial year only. For that purpose a derogation from point (d) of Article 12(2) thereof is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s), allowing the accumulation of appropriations for the EU agricultural crisis reserve from one year to the next, throughout the programming period.

Amendment 15

Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) In order to avoid an excessive administrative burden for national administrations and farmers provision should be made that reimbursement of the amounts carried over from the preceding financial year in relation to financial discipline applied, should not take place either where financial discipline is applied for a second subsequent year (year N+1), or where the overall amount of non-committed appropriations represents less than 0,2% of the EAGF annual ceiling.

Amendment

(15) In order to avoid an excessive administrative burden for national administrations and farmers, to simplify procedures as much as possible and limit the complexity of payment forms, provision should be made that reimbursement of the amounts carried over from the preceding financial year in relation to financial discipline applied should not take place either where financial discipline is applied for a second subsequent year (year N+1), or where the overall amount of non-committed appropriations represents less than 0,2% of the EAGF annual ceiling.

Amendment 16

Proposal for a regulation
Recital 16a (new)
Amendment 17
Proposal for a regulation
Recital 21

(21) In order to provide the Commission with, in particular, the means to manage agricultural markets, to facilitate the monitoring of agricultural expenditure and to monitor agricultural resources in the medium and long term, the use of the agro-meteorological system and the acquisition and improvement of satellite data should be provided for.

Amendment 18
Proposal for a regulation
Recital 21 a (new)

(21 a) The Commission's monitoring of agricultural markets should be extended to monitoring trade flows to and from developing countries in sectors which have been identified as sensitive by the partner countries, so as to ensure the coherence of CAP-related agro-food sector trade outcomes with the Union’s commitment to Policy Coherence for Development.
Amendment 19
Proposal for a regulation
Recital 25

Text proposed by the Commission

(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

(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. The new CAP delivery 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.

Amendment 20
Proposal for a regulation
Recital 28

Text proposed by the Commission

(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.

Amendment

(28) Member States should send the annual accounts and the annual clearance report by 15 February N+1 and a performance report on the implementation of the CAP Strategic Plan to the Commission by 15 April of the second calendar year after the date of application of this Regulation and every two years thereafter. 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.

**Amendment 21**

**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) 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, in addition to reducing the expenditure for the financial year N-1, and following prior warning, to suspend future expenditure related to the intervention for which the output was abnormally low. Such suspensions should be subject to confirmation in the annual clearance decision.

**Amendment 22**

**Proposal for a regulation**

**Recital 30**

*Text proposed by the Commission*

(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

*Amendment*

(30) As regards the multi-annual performance monitoring, given the more complex nature of the result indicators and the necessary adaptation to the new delivery 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 every two years thereafter. Accordingly in the cases of delayed or insufficient progress towards
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.

Amendment 23
Proposal for a regulation
Recital 39

Text proposed by the Commission

(39) In order to establish the financial relationship between the accredited paying agencies and the Union's budget, the Commission should clear the accounts of the paying agencies annually, in the framework of the annual financial clearance. The decision relating to the clearance of accounts should be limited to the completeness, accuracy and veracity of the accounts and should not cover the conformity of the expenditure with Union law.

Amendment

(39) In order to establish the financial relationship between the accredited paying agencies and the Union's budget, the Commission should clear the accounts of the paying agencies annually, in the framework of the annual clearance. The decision relating to the clearance of accounts should be limited to the completeness, accuracy and veracity of the accounts and should not cover the conformity of the expenditure with Union law.

Amendment 24
Proposal for a regulation
Recital 40

Text proposed by the Commission

(40) In line with the new delivery

Amendment

(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 25

Proposal for a regulation
Recital 42

Text proposed by the Commission

(42) In order to safeguard the financial interests of the Union's budget, systems should be put in place by Member States in order to satisfy themselves that interventions financed by the Funds are actually carried out and are executed correctly, while maintaining the current robust framework for sound financial management. In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2988/95, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities including fraud, the recovery of Funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. Moreover, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a

Amendment

(42) In order to safeguard the financial interests of the Union's budget, systems should be put in place by Member States in order to satisfy themselves that interventions financed by the Funds are actually carried out and are executed correctly, while maintaining the current robust framework for sound financial management. In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (Euratom, EC) No 2988/95 and Council Regulation (Euratom, EC) No 2185/96, and Council Regulation (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities including fraud, the recovery of Funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. Moreover, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a
view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor’s Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with the Financial Regulation, any person or entity receiving Union Funds is to fully cooperate in the protection of the Union’s financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors (ECA) and to ensure that any third parties involved in the implementation of Union Funds grant equivalent rights. Member States should have the systems in place allowing them to report to the Commission, for the purpose of enabling OLAF to exercise its powers and ensure an efficient analysis of cases of irregularity, on detected irregularities and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, including fraud and on their follow-up as well as on the follow-up of OLAF investigations. To ensure the effective examination of complaints concerning the Funds, Member States should have in place the necessary arrangements.

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16 Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities
financial interests (OJ L 312, 23.12.95, p. 1).

17 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.96, p. 2).


Amendment 26
Proposal for a regulation
Recital 46 a (new)

Text proposed by the Commission

Amendment

(46 a) To ensure a level playing field between beneficiaries in different Member States, certain general rules should be introduced on controls and penalties at Union level.

Amendment 27
Proposal for a regulation
Recital 47

Text proposed by the Commission

Amendment

(47) The existing main elements of the integrated system including the early warning system and, in particular, the provisions concerning a system for identifying agricultural parcels, a geospatial and an animal-based application system, a system for identifying and
registering payment entitlements, a system for recording the identity of beneficiaries and a control and penalties system should be maintained. Member States should continue to use data or information products provided by the Copernicus programme, in addition to information technologies such as GALILEO and EGNOS in order to ensure that comprehensive and comparable data is available throughout the Union for the purposes of monitoring agri-environment-climate policy and for the purposes of boosting the use of full, free and open data and information captured by Copernicus Sentinels satellites and services. To this end, the integrated system should include also an area monitoring system.

Amendment 28

Proposal for a regulation
Recital 48

(48) The integrated system, as part of the governance systems which should be in place in order to implement the CAP, should ensure that the aggregate data provided in the annual performance reporting is reliable and verifiable. Given the importance of a properly functioning integrated system, it is necessary to set quality requirements. Member States should carry out an annual quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system. Member States should
also address any deficiencies and, if so requested by the Commission, set up an action plan.

Amendment 29
Proposal for a regulation
Recital 53

Text proposed by the Commission

(53) Having regard to the international structure of agricultural trade and in the interest of the proper functioning of the internal market, it is necessary to organise cooperation among the Member States. It is also necessary to set up a centralised documentation system at Union level concerning undertakings established in third countries and which receive or make payments.

Amendment

(53) Having regard to the international structure of agricultural trade and in the interest of the proper functioning of the internal market and respect for the Union’s Policy Coherence for Development obligations, it is necessary to organise cooperation among the Member States and between Member States and third countries. It is also necessary to set up a centralised documentation system at Union level concerning undertakings established in third countries and which receive or make payments. Such a system should also contribute to the identification of incoherencies between the implementation of the CAP and the objectives of the external policies of the Union. It would contribute to monitoring the achievement of the CAP objectives as outlined in Regulation (EU) No…/… [CAP Strategic Plan Regulation], by allowing for the evaluation of the impact of undertakings established in third countries on the 2030 Agenda for Sustainable Development, and the Union’s development objectives, as provided for in Article 208 TFEU.

Justification

In a spirit of sound and efficient cooperation with third countries, the Commission shall enhance its dialogue with partner countries on any aspect that has an impact on their development process, whether directly entering within the framework of the Union’s policy or not. The inputs from the Union’s partners shall aim at identifying and remediate to the incoherences of EU policies and the gathering and sharing of data shall facilitate this process.
Amendment 30
Proposal for a regulation
Recital 55

Text proposed by the Commission

(55) Conditionality is an important element of the CAP, in particular with regard to its environmental and climate elements but also concerning public health and animal related issues. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have a level playing field between beneficiaries in different Member States, certain general rules on conditionality controls and penalties should be introduced at Union level.

Amendment

(55) Conditionality is an important element of the CAP, which ensures that payments promote a high degree of sustainability and ensure a level playing field for farmers within and between Member States, in particular with regard to its environmental and climate elements but also concerning public health and animal welfare. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To ensure such a level playing field between beneficiaries in different Member States, certain general rules on conditionality, and controls and penalties related to non-compliance should be introduced at Union level.

Amendment 31
Proposal for a regulation
Recital 57

Text proposed by the Commission

(57) While Member States should be allowed to set out the details on penalties, those penalties should be proportionate, effective and dissuasive and should be without prejudice to other penalties laid down under Union or national law. To ensure an effective and coherent approach by Member States, it is necessary to provide for a minimum penalty rate at Union level for non-compliance occurring for the first time due to negligence, while reoccurrence should lead to a higher percentage and intentionality may result in the total exclusion from the payment. To ensure proportionality of the penalties,

Amendment

(57) While Member States should be allowed to set out the details on penalties, those penalties should be proportionate, effective and dissuasive and should be without prejudice to other penalties laid down under Union or national law. To ensure an effective and coherent approach by Member States, it is necessary to provide for minimum penalty rates at Union level. Such rates should apply to cases of non-compliance occurring for the first time due to negligence, while reoccurrence should lead to a higher percentage and intentionality should potentially result in total exclusion from
where the non-compliance is of a minor nature and occurs for the first time, Member States should be allowed to introduce an early warning system.

the payment. To ensure the proportionality of the penalties, where the non-compliance is of a minor nature and occurs for the first time, Member States should introduce an early warning system, notifying the beneficiary of the obligation to take corrective measures and allowing them to remedy the non—compliance. No administrative penalties should be imposed in the cases of non-compliance due to force majeure, simple negligence or due to obvious errors recognised by the competent authority or another authority.

Amendment 32
Proposal for a regulation
Recital 71

Text proposed by the Commission

(71) Publishing such information together with the general information provided for in this Regulation, enhances transparency regarding the use of Union Funds in the CAP, thus contributing to the visibility and better understanding of that policy. It enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy, and is more effective and is more accountable to the citizen. It also brings concrete examples of the provision of "public goods" by farming to the attention of citizens, thereby underpinning the legitimacy of state support for the agricultural sector.

Amendment

(71) Publishing such information together with the general information provided for in this Regulation, enhances transparency regarding the use of Union Funds in the CAP, thus contributing to the visibility and better understanding of that policy. It enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy, and is more effective and is more accountable to the citizen. It also brings concrete examples of the provision of "public goods" by farming to the attention of citizens, thereby underpinning the legitimacy of Union and state support for the agricultural sector.

Amendment 33
Proposal for a regulation
Article 2 – paragraph 1 – point b

Text proposed by the Commission

(b) "governance systems" means the

Amendment

(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];

Amendment 34

Proposal for a regulation
Article 2 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

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

Amendment 35

Proposal for a regulation
Article 2 – paragraph 1 – point c b (new)

Text proposed by the Commission

Amendment

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

Amendment 36

Proposal for a regulation
Article 2 – paragraph 1 – point c c (new)
Amendment 37

Proposal for a regulation
Article 2 – paragraph 1 – point c d (new)

Text proposed by the Commission

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

Amendment 38

Proposal for a regulation
Article 2 – paragraph 1 – point c e (new)

Text proposed by the Commission

(c e) "action plan" means action plan in accordance with Article 39(1) and Article 40(1) of this Regulation.

Amendment 39

Proposal for a regulation
Article 3 – paragraph 1 – point -a (new)

Text proposed by the Commission

(-a) the death of the beneficiary;

Amendment 40

Proposal for a regulation
Article 3 – paragraph 1 – point a
Text proposed by the Commission

(a) a severe natural disaster gravely affecting the holding;

Amendment

(a) a natural disaster or meteorological event gravely affecting the holding;

Amendment 41

Proposal for a regulation
Article 3 – paragraph 1 – point a a (new)

Text proposed by the Commission

(a a) the long-term professional incapacity of beneficiary;

Amendment

Proposal for a regulation
Article 3 – paragraph 1 – point a b (new)

Text proposed by the Commission

(a b) market circumstances gravely affecting the holding;

Amendment

Proposal for a regulation
Article 3 – paragraph 1 – point b

Text proposed by the Commission

(b) the accidental destruction of livestock buildings on the holding;

Amendment

(b) the destruction of livestock buildings on the holding;

Amendment 43

Proposal for a regulation
Article 3 – paragraph 1 – point c

Text proposed by the Commission

(c) an epizootic or a plant disease affecting part or all of the beneficiary's

Amendment

(c) an epizootic, a plant disease or a plant pest outbreak affecting part or all of
livestock or crops respectively; the beneficiary's livestock or crops respectively;

**Amendment 45**

Proposal for a regulation  
Article 3 – paragraph 1 a (new)

*Text proposed by the Commission*  
**Amendment**  
Member States may apply point (a) of the first paragraph to a group of agricultural holdings affected by the same natural disaster or meteorological event.

**Amendment 46**

Proposal for a regulation  
Article 6 – paragraph 1

*Text proposed by the Commission*  
**Amendment**  
The EAFRD shall be implemented in shared management between the Member States and the Union. It shall finance the Union's financial contribution to the CAP Strategic Plan rural development interventions referred to in Chapter 4 of Title III of Regulation (EU) …/[CAP Strategic Plan Regulation].

*Justification*

The EAFRD shall also finance actions relating to technical assistance at the initiative of the Member States.

**Amendment 47**

Proposal for a regulation  
Article 7 – paragraph 1 – introductory part

*Text proposed by the Commission*  
**Amendment**  
The Funds may, either on the initiative of the Commission or on its behalf, each
directly finance the preparatory, monitoring, administrative and technical support activities, and the evaluation, audit and inspection, required to implement the CAP. In particular, they shall include:

The EAFRD contribution referred to in Article 86(3) of Regulation (EU) …/… [CAP Strategic Plan Regulation] shall take into account the increase in administrative capacity building as regards the new governance and control systems in the Member States. In particular, they shall include:

**Amendment 48**

**Proposal for a regulation**
**Article 7 – paragraph 1 – point f**

*Text proposed by the Commission*

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP, as well as studies carried out with the European Investment Bank (EIB);

*Amendment*

(f) studies on the CAP and evaluations of measures financed by the Funds, including the improvement of evaluation methods and the exchange of information on best practices under the CAP and consultations with the relevant stakeholders as well as studies carried out with the European Investment Bank (EIB);

**Amendment 49**

**Proposal for a regulation**
**Article 7 – paragraph 1 – point h**

*Text proposed by the Commission*

(h) contribution to measures relating to the dissemination of information, raising awareness, promoting cooperation and exchanging experiences at Union level, and taken in the context of rural development interventions, including the networking of the parties concerned;

*Amendment*

(h) contribution to measures relating to the dissemination of information, raising awareness, promoting cooperation and exchanging experiences with the relevant stakeholders at Union level, and taken in the context of rural development interventions, including the networking of the parties concerned;
Amendment 50
Proposal for a regulation
Article 7 a (new)

Text proposed by the Commission

Amendment

Article 7a

Competent authority

1. Member States shall designate an authority at ministerial level responsible for:
   (a) the issuing, reviewing and withdrawing of accreditation of paying agencies referred to in Article 9(2);
   (b) the issuing, reviewing and withdrawing of the accreditation of the coordinating body referred to in Article 10;
   (c) the appointment, and revocation thereof, of the certification body referred to in Article 11;
   (d) carrying out the tasks assigned to the competent authority under this Chapter taking into account the principle of proportionality.

2. On the basis of an examination of the criteria to be adopted by the Commission in accordance with Article 12(1), the competent authority shall, by way of a formal act, decide:
   (a) on the issuing or, following a review, the withdrawal of the accreditation of the paying agency and the coordinating body;
   (b) on the appointment, and revocation thereof, of the certification body.

The competent authority shall inform the Commission without delay of accreditation or appointment of the paying agencies, coordinating body and certification body, and of the withdrawal or revocation thereof.
The Commission shall promote the exchange of best practices for the operation of governance systems between Member States.

*(See wording of ex Article 9)*

**Amendment 51**

*Proposal for a regulation*

*Article 8 – title*

*Text proposed by the Commission*  

Paying agencies and coordinating bodies  

*Amendment*  

Paying agencies

**Amendment 52**

*Proposal for a regulation*

*Article 8 – paragraph 1 – subparagraph 1*

*Text proposed by the Commission*  

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.  

*Amendment*  

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.

**Amendment 53**

*Proposal for a regulation*

*Article 8 – paragraph 2 – subparagraph 1*

*Text proposed by the Commission*  

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  

*Amendment*  

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).

and communication and monitoring laid down by the Commission pursuant to point (a) of Article 12(1).

Amendment 54
Proposal for a regulation
Article 8 – paragraph 2 – subparagraph 3 a (new)

**Text proposed by the Commission**

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 the first subparagraph of Article 12(2) shows that this is not the case.

**Amendment**

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

Member States may appoint new 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.

Amendment 56
Proposal for a regulation
Article 8 – paragraph 3 – subparagraph 1 – introductory part
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:

### Amendment 57

**Proposal for a regulation**  
**Article 8 – paragraph 3 – subparagraph 1 – point a**  

- (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;

### Amendment 58

**Proposal for a regulation**  
**Article 8 – paragraph 3 – subparagraph 1 – point b**  

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

### Amendment 59

**Proposal for a regulation**  

( b) the annual **clearance** report referred to in Article 51(2) containing the information on realised outputs and expenditure, and showing that the expenditure was made in accordance with Article 35;
Article 8 – paragraph 3 – subparagraph 1 – point c – point ii

Text proposed by the Commission

(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,

Amendment

(ii) the proper functioning of the internal control systems put in place and compliance with the basic Union requirements which give, as provided for in points (b) and (c) of Article 63(6) of the Financial Regulation, the necessary guarantees, concerning the outputs reported in the annual clearance report and the compliance of the types of interventions referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation] with applicable Union law;

Amendment 60

Proposal for a regulation
Article 8 – paragraph 3 – subparagraph 2 a (new)

Text proposed by the Commission

The annual clearance report shall be submitted 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 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 report shall cover only the financial year ...[year following that of the date of application of this Regulation].

Amendment 61

Proposal for a regulation
Article 8 – paragraph 3 a (new)
3a. The person in charge of the accredited paying agency shall draw up and provide the Commission with the performance report, using the data referred to in Article 129, reflecting the progress made towards the achievement of the objectives set out in the CAP National Strategic Plan, and including, where feasible, reporting on impacts, by 15 April of the second calendar year after … [the date of entry into force of this Regulation] and every two years thereafter.

Amendment 62
Proposal for a regulation
Article 8 – paragraph 4

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.

(Moved to Article 10 a new "Coordinating bodies")

Amendment 63

Proposal for a regulation
Article 9

Text proposed by the Commission

Amendment

Article 9 deleted

Competent authority

1. Member States shall designate an authority at ministerial level responsible for:

(a) the issuing, reviewing and withdrawing of accreditation of paying agencies referred to in Article 8(2);

(b) the accreditation of the coordinating body referred to in Article 8(4);

(c) the appointing of the certification body referred to in Article 11;

(d) carrying out the tasks assigned to the competent authority under this Chapter.

2. The competent authority shall, by way of a formal act, decide on the issuing or, following a review, the withdrawal of the accreditation of the paying agency and the coordinating body on the basis of an examination of the accreditation criteria to be adopted by the Commission in accordance with point (a) of Article 10(1). The competent authority shall inform the Commission of accreditations and withdrawals of accreditations without delay.

(Moved to new Article 7 a)
Amendment 64

Proposal for a regulation
Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Coordinating bodies

1. 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 collate the documents, data and information to be provided to the Commission and to send that information to the Commission;

(b) to furnish the annual accounts, the annual clearance report referred to in Article 51(2) and the performance report, by condensing and collating the data and documents submitted by paying agencies;

(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 ensure the 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 accounts, the annual clearance report and the performance report provided by the coordinating body shall be covered by the scope of the opinion referred to in Article 11(1) and transmitted together with a management declaration covering the entirety of that report.

(See wording of Article 8.4)
Amendment 65
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

However a Member State that designates more than one certification body shall also appoint a public certification body at the national level to be responsible for coordination.

Amendment 66
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 2 – point c

Text proposed by the Commission

Amendment

(c) the performance reporting on output indicators for the purposes of the annual performance clearance referred to in Article 52 and the performance reporting on result indicators for the multiannual performance monitoring referred to in Article 115 of Regulation (EU) …/… [CAP Strategic Plan Regulation], demonstrating that Article 35 of this Regulation is complied with, is correct.

Amendment 67
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 2 – point d

Text proposed by the Commission

Amendment

(d) the expenditure for the measures laid down in Regulation (EU) No 1308/2013 for which reimbursement has been requested from the Commission is legal and regular.

(d) the reporting for the purpose of the multiannual performance monitoring referred to in Articles 115 and 121 of Regulation (EU) …/… [CAP Strategic Plan Regulation], reflecting the operations carried out and the progress
made towards the achievement of the objectives, as set out in the CAP National Strategic Plan, is correct;

Amendment 68
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 2 – point d a (new)

Text proposed by the Commission

Amendment

(d a) the expenditure for the types of interventions referred to in Regulation (EU) …/… [CAP Strategic Plan Regulation] is compliant with applicable Union law;

Amendment 69
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 2 – point d b (new)

Text proposed by the Commission

Amendment

(d b) the expenditure for the measures laid down in Regulation (EU) No 1308/2013, Regulation (EU) No 228/2013, Regulation (EU) No 229/2013 and Regulation (EU) 1144/2014 for which reimbursement has been requested from the Commission is legal and regular.

Amendment 70
Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

That opinion shall also state whether the examination calls into question the assertions made in the management declaration referred to in point(c) of Article 8(3).

That opinion shall also state whether the examination calls into question the assertions made in the management declaration referred to in point (c) of Article 9(3).
Amendment 71
Proposal for a regulation
Article 11 – paragraph 2

Text proposed by the Commission

2. The certification body shall have the necessary technical expertise. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

Amendment

2. The certification body shall have the necessary technical expertise, in terms of both financial management and also related to assessing the achievement of the intended aims of the interventions. All data and information used to enable certifying bodies to provide assurance that targets are being met, as well as those underlying the assumptions made, shall be made available transparently. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

Amendment 72
Proposal for a regulation
Article 11 – paragraph 3

Text proposed by the Commission

3. The Commission shall adopt implementing acts laying down rules on the tasks of the certification bodies, including the checks to be carried out and the bodies subject to those checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies.

The implementing acts shall also set out:

(a) the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required;

(b) the audit methods to be used, by the certification bodies, having regard to

Amendment
deleted
international standards on auditing, to deliver their opinions.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

(text is moved to new Article 12a, Commission powers, ex Article 10)

Amendment 73

Proposal for a regulation
Article 11 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. Once Member States’ competent authorities have appointed the certification bodies referred to in this Article and have informed the Commission thereof, the Commission shall present a comprehensive list of all such bodies to the European Parliament, no later than one year after … [the date of application of this Regulation] and a second time no later than four years thereafter.

Amendment 74

Proposal for a regulation
Article 12 – paragraph 1

Text proposed by the Commission

Amendment

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom)[COM(2018) 322 final].

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom)[COM(2018) 322 final] that set individual limits for the Member States.

Justification

It is very important that the Member States have the limits concerning payments so that there is no possibility for those MS who uses first to have the most.
Amendment 75
Proposal for a regulation
Article 12 a (new)

Text proposed by the Commission

Amendment

Article 12a
Commission powers
1. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on:
   
   (a) the minimum conditions for the accreditation of the paying agencies referred to in Article 9(2) and of the coordinating bodies referred to in Article 10(4);
   
   (b) the obligations of the paying agencies as regards public intervention and the rules concerning the content of their management and control responsibilities;
   
   (c) the procedures for issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies and for the appointment, and revocation thereof, of certification bodies, as well as the procedures for the supervision of the accreditation of paying agencies, taking into account the principle of proportionality;
   
   (d) the work and checks underlying the management declaration of the paying agencies, referred to in point (c) of Article 9(3);
   
   (e) the functioning of the coordinating body and the notification of information to the Commission under Article 10(4).

2. The Commission shall adopt delegated acts in accordance with Article 100 supplementing this Regulation by laying down rules on the tasks of the certification bodies, including the checks to be carried out and the bodies subject to
those checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies.

Those delegated acts shall also set out:

(a) the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required; and

(b) the audit methods to be used, by the certification bodies, having regard to international standards on auditing, to deliver their opinions, which may include the possibility of monitoring paying agencies' on-the-spot checks.

(see wording of ex Article 10 and also Article 11(3))

Amendment 76

Proposal for a regulation
Article 14 – paragraph 1 – subparagraph 1

Text proposed by the Commission

A reserve intended to provide additional support for the agricultural sector for the purpose of market management or stabilisation or in the case of crises affecting the agricultural production or distribution (“the agricultural reserve”) shall be established at the beginning of each year in the EAGF.

Amendment

An EU agricultural crisis reserve (‘the reserve’) shall be established in the budget of the CAP to provide additional support for the agricultural sector for the purpose of market management or stabilisation and to respond promptly in the case of crises affecting the agricultural production or distribution.

Amendment 77

Proposal for a regulation
Article 14 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Appropriations for the agricultural reserve shall be entered directly in the Union's budget.

Amendment

The appropriations for the reserve shall be entered directly in the Union's budget and deployed, in the financial year or years for which additional support is required,
in order to fund the following measures:

(a) measures to stabilise agricultural markets under Articles 8 to 21 of Regulation (EU) No 1308/2013;

(b) exceptional measures under Chapter I, Part V of Regulation (EU) No 1308/2013;

(c) measures to complement the income stabilisation tools referred to in Article 70 of Regulation (EU) [CAP Strategic Plans Regulation] in the event of market crises occurring with a frequency higher than a predefined sector-specific threshold.

Amendment 78
Proposal for a regulation
Article 14 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission
The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Article by defining the sector-specific thresholds required to trigger the measures to complement the income stabilisation tools as referred to in point (c) of paragraph 1 of this Article.

Amendment 79
Proposal for a regulation
Article 14 – paragraph 1 – subparagraph 3

Text proposed by the Commission
Funds from the agricultural reserve shall be made available for measures under Articles 8 to 21 and 219, 220, and 221 of Regulation (EU) No 1308/2013 for the year or years for which the additional support is required.

deleted
Amendment 80

Proposal for a regulation
Article 14 – paragraph 2 – subparagraph -1 (new)

Text proposed by the Commission

An initial amount of EUR 400 000 000 in current prices shall be set up in 2021 in addition to the EAGF and EAFRD budgets.

Amendment 81

Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 1

Text proposed by the Commission

The amount of the agricultural reserve shall be at least EUR 400 million in current prices at the beginning of each year of the period 2021-2027. The Commission may adjust the amount of the agricultural reserve during the year when appropriate in view of market developments or perspectives in the current or following year and taking into account available appropriations under the EAGF.

An initial amount of EUR 400 000 000 in current prices shall be set up in 2021 in addition to the EAGF and EAFRD budgets.

Amendment 82

Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission

At the beginning of each year of the period 2021-2027, the amount of the EU agricultural crisis reserve shall be at least equal to the initial amount allocated in 2021, with the potential for increases over that period up to a ceiling of EUR 1 500 000 000 in current prices, without prejudice to the relevant decisions taken by the budgetary authority.

The amount of the EU agricultural crisis reserve shall be adjusted through the annual budgetary procedure or during the year when appropriate in view of crisis developments or perspectives concerning the current or following years and taking into account available revenues assigned to the EAGF or margins available under the EAGF sub-ceiling.

Text proposed by the Commission
Text proposed by the Commission

Amendment

In the event that such available appropriations are not sufficient, financial discipline may be used to fund the reserve up to the initial amount referred to in the first subparagraph.

Amendment 83
Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Amendment

By way of derogation from point (d) of Article 12(2) of the Financial Regulation, non-committed appropriations of the agricultural reserve shall be carried over without time limitation to finance the agricultural reserve in the following financial years.

Amendment 84
Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Amendment

Moreover, by derogation from point (d) of Article 12(2) of the Financial Regulation, the total unused amount of the crisis reserve available at the end of year 2020 shall be carried over to the year 2021 without being returned to the budgetary lines which cover the actions referred to in point (c) of Article 5(2) and made available for the financing of the agricultural reserve.

deleted

Amendment 85
Proposal for a regulation
Article 15 – paragraph 1 – subparagraph 1
An adjustment rate for direct payments interventions referred to in point (c) of Article 5(2) of this Regulation and Union financial contribution to the specific measures referred to in point (f) of Article 5(2) of this Regulation and granted under Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013, ("the adjustment rate") shall be determined by the Commission when the forecasts for the financing of the interventions and measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.

Amendment 86
Proposal for a regulation
Article 15 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

The adjustment rate determined in accordance with this Article shall only apply to direct payments in excess of EUR 2 000 to be granted to beneficiaries in the corresponding calendar year.

Amendment 87
Proposal for a regulation
Article 19 – paragraph 6

Text proposed by the Commission

6. The Commission may adopt implementing acts determining supplementary payments or deductions adjusting the payments made in accordance with paragraph 3, without applying the procedure referred to in Article 101.

Amendment

6. The Commission may adopt implementing acts determining supplementary payments or deductions adjusting the payments made in accordance with paragraph 3, applying the procedure referred to in Article 101.
Justification

For the sake of clarity and transparency, the Commission must continue to be responsible for the monthly payment procedure.

Amendment 88

Proposal for a regulation
Article 22 – paragraph 2

Text proposed by the Commission

In accordance with point (b) of Article 7, the Commission shall supply that satellite data free of charge to the authorities competent for the area monitoring system or to suppliers of services authorised by those bodies to represent them.

Amendment

In accordance with point (b) of Article 7, the Commission shall supply that satellite data free of charge to the authorities competent for the area monitoring and control system or to suppliers of services authorised by those bodies to represent them.

Amendment 89

Proposal for a regulation
Article 22 – paragraph 4

Text proposed by the Commission

The Commission may entrust specialised entities to carry out tasks relating to techniques or working methods in connection with the area monitoring system referred to in point (c) of Article 64(1).

Amendment

The Commission may entrust specialised entities to carry out tasks relating to techniques or working methods in connection with the area monitoring and control system referred to in point (c) of Article 64(1).

Amendment 90

Proposal for a regulation
Article 23 – paragraph 1 – point b

Text proposed by the Commission

(b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of crops so as

Amendment

(b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of soil, water,
to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances; crops and other vegetation so as to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances, and assessment of the resilience of agricultural systems against climate change and progress towards the relevant Sustainable Development Goals.

Amendment 91
Proposal for a regulation
Article 23 – paragraph 1 – point d

Text proposed by the Commission
(d) contribute to transparency of world markets;

Amendment
(d) contribute to specific measures increasing the transparency of world markets including market monitoring, taking account of Union objectives and commitments including that to Policy Coherence for Development.

Amendment 92
Proposal for a regulation
Article 23 – paragraph 2

Text proposed by the Commission
Pursuant to point (c) of Article 7 the Commission shall finance the actions concerning the collection or purchase of data needed to implement and monitor the CAP, including satellite data, geo-spatial data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of agricultural land use change and soil health and the updating of agri-meteorological and econometric models. Where necessary, those actions shall be carried out in collaboration with EEA, JRC, national laboratories and bodies or with the

Amendment
Pursuant to Article 7 the Commission shall finance the actions concerning the collection or purchase of data needed to implement and monitor the CAP and its effects, including satellite data, geo-spatial data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of agricultural land use change and soil health and the updating of agri-meteorological and econometric models. Where necessary, those actions shall be carried out in collaboration with EEA, JRC, Eurostat, national laboratories and bodies or with the
involvement of the private sector. involvement of the private sector, while ensuring impartiality, transparency and the free availability of information to the greatest possible extent.

Amendment 93
Proposal for a regulation
Article 29 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission

(a) in 2021: 1% of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;

Amendment

(a) in 2021: 1.5% of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;

Justification

Prefinancing should be over two years, to avoid delays in setting second pillar measures in motion.

Amendment 94
Proposal for a regulation
Article 29 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission

(b) in 2022: 1% of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;

Amendment

(b) in 2022: 1.5% of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;

Amendment 95
Proposal for a regulation
Article 29 – paragraph 3

Text proposed by the Commission

3. No additional prefinancing shall be paid or recovered where a transfer to or from the EAFRD has taken place in accordance with Article 90 of Regulation (EU) …/… [CAP Strategic Plan Regulation].

Amendment

3. Additional prefinancing may be paid or recovered where a transfer to or from the EAFRD has taken place in accordance with Article 90 of Regulation (EU) …/… [CAP Strategic Plan Regulation].
Amendment 96
Proposal for a regulation
Article 29 – paragraph 4

Text proposed by the Commission

4. Interest generated on the prefinancing shall be used for the CAP Strategic Plan concerned and deducted from the amount of public expenditure indicated on the final declaration of expenditure.

Amendment

4. Interest generated on the prefinancing shall be used for the CAP Strategic Plan or the Regional Intervention Programme concerned and deducted from the amount of public expenditure indicated on the final declaration of expenditure.

Justification

In case of regional plans and to maintain the coherence of this article, the interest produced by prefinancing amounts should be used for the same plan that generated it.

Amendment 97
Proposal for a regulation
Article 30 – paragraph 1

Text proposed by the Commission

1. Interim payments shall be made for each CAP Strategic Plan. They shall be calculated by applying the contribution rate for each type of intervention to the public expenditure effected pertaining to it as referred to in Article 85 of Regulation (EU) …/[CAP Strategic Plan Regulation].

Amendment

1. Interim payments shall be made for each CAP Strategic Plan or, where appropriate, for each Regional Intervention Programme. They shall be calculated by applying the co-financing rate for each type of intervention to the public expenditure effected pertaining to it as referred to in Article 85 of Regulation (EU) …/[CAP Strategic Plan Regulation].

Justification

Clarification concerning interim payments in case of regional intervention programs.

Amendment 98
Proposal for a regulation
Article 30 – paragraph 4 – point a
Text proposed by the Commission

(a) the amount included in the first declaration of expenditure shall need to have been previously paid to the financial instrument and may be up to 25% of the total amount of the CAP Strategic Plan co-financing committed to the financial instruments under the relevant funding agreement;

Amendment

(a) the amount included in the first declaration of expenditure shall need to have been previously paid to the financial instrument and may be up to 25% of the total amount of the CAP Strategic Plan co-financing committed to the financial instruments under the relevant funding agreement;

Amendment 99

Proposal for a regulation
Article 31 – paragraph 1

Text proposed by the Commission

1. After receiving the last annual performance report on the implementation of a CAP Strategic Plan, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force at the level of the types of EAFRD interventions, the annual accounts for the last execution year for the relevant CAP Strategic Plan and of the corresponding clearance decisions. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure provided for in Article 80(3) of Regulation (EU) No…/[CAP Strategic Plan Regulation] and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.

Amendment

1. After receiving the last annual clearance report on the implementation of a CAP Strategic Plan, the Commission shall pay the balance, on the basis of the financial plan in force at the level of the types of EAFRD interventions, the annual accounts for the last execution year for the relevant CAP Strategic Plan and of the corresponding clearance decisions. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure provided for in Article 80(3) of Regulation (EU) No…/[CAP Strategic Plan Regulation] and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.

Amendment 100

Proposal for a regulation
Article 31 – paragraph 3

Text proposed by the Commission

3. If, by the time limit set out in paragraph 1, the Commission has not

Amendment

3. If, by the time limit set out in paragraph 1, the Commission has not
received the last annual performance report and the documents needed for clearance of the accounts of the last execution year of the Plan, the balance shall be automatically decommitted in accordance with Article 32.

Amendment 101

Proposal for a regulation
Article 32 – paragraph 1

Text proposed by the Commission

1. The Commission shall automatically decommit any portion of a budget commitment for rural development interventions in a CAP Strategic Plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 30(3) has been presented to it in relation to expenditure effected by 31 December of the second year following that of the budget commitment.

Amendment

1. The Commission shall automatically decommit any portion of a budget commitment for rural development interventions in a CAP Strategic Plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 30(3) has been presented to it in relation to expenditure effected by 31 December of the third year following that of the budget commitment.

Amendment 102

Proposal for a regulation
Article 32 – paragraph 3

Text proposed by the Commission

3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 3.

Amendment

3. In the event of legal proceedings or of an administrative appeal having suspensory effect, the period for automatic decommitment referred to in paragraph 1 or 2 shall, in respect of the amount relating to the operations concerned, be interrupted for the duration of those proceedings or that administrative appeal, provided that the Commission receives a substantiated notification from the Member State by 31 January of year N + 4.
Amendment 103

Proposal for a regulation
Article 32 – paragraph 4 – subparagraph 1 – point a

Text proposed by the Commission
(a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 2;

Amendment
(a) that part of the budget commitments for which a declaration of expenditure has been made but for which reimbursement has been reduced or suspended by the Commission at 31 December of year N + 3;

Amendment 104

Proposal for a regulation
Article 34 – paragraph 2 – introductory part

Text proposed by the Commission
Under EAFRD, an operation may receive different forms of support from the CAP Strategic Plan and from other European Structural and Investments Funds (ESI) Funds or Union instruments only if the total cumulated aid amount granted under the different forms of support does not exceed the highest aid intensity or aid amount applicable to that type of intervention as referred to in Title III of Regulation (EU) No…/… (CAP Strategic Plan Regulation). In such cases Member States shall not declare expenditure to the Commission for:

Amendment
Under EAFRD, an operation may receive different forms of support from the CAP Strategic Plan and from other European Structural and Investments Funds (ESI) Funds or Union instruments only if the total cumulated aid amount granted under the different forms of support does not exceed the highest aid intensity or aid amount applicable to that type of intervention as referred to in Title III of Regulation (EU) No…/… (CAP Strategic Plan Regulation). In such cases expenditure shall not be declared for either of the following:

Amendment 105

Proposal for a regulation
Article 35 – paragraph 1 – introductory part

Text proposed by the Commission
The expenditure referred to in Article 5(2) and Article 6 may be financed by the Union only if:

Amendment
1144/2014 may be financed by the Union only if:

Amendment 106
Proposal for a regulation
Article 35 – paragraph 1 – point b

**Text proposed by the Commission**  
(b) it has been effected in accordance with the applicable Union rules, or

**Amendment**  
(b) it has been effected in accordance with the applicable Union rules.

Amendment 107
Proposal for a regulation
Article 35 – paragraph 1 – point c

**Text proposed by the Commission**  
(c) as regards types of interventions referred to in Regulation (EU) …/… [CAP Strategic Plan Regulation],

**Amendment**  
deleted

(i) it is matched by a corresponding reported output, and

(ii) it has been effected in accordance with the applicable governance systems, not extending to the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans.

Amendment 108
Proposal for a regulation
Article 35 – paragraph 1 a (new)

**Text proposed by the Commission**

The expenditure for the measures laid down in Regulation (EU) …/… [CAP Strategic Plan Regulation] may be financed by the Union only if:

**Amendment**

(a) it has been effected by accredited paying agencies;
(b) it is matched by a corresponding reported output;
(c) it has been effected in accordance with the applicable governance systems, respecting the basic Union requirements, not extending to the eligibility conditions for individual beneficiaries.

**Amendment 109**

Proposal for a regulation
Article 37 – paragraph 2

*Text proposed by the Commission*

2. Where the Commission establishes from declarations of expenditure or the information referred to in Article 88 that the payment deadlines referred to in Article 36 have not been complied with, the Member State shall be afforded the opportunity to submit its comments within a period which shall not be less than 30 days. Where the Member State fails to submit its comments within the said period or where the Commission considers the response to be unsatisfactory, the Commission may reduce the monthly or interim payments to the Member State concerned in the framework of the implementing acts concerning the monthly payments referred to in Article 19(3) or in the framework of the interim payments referred to in Article 30.

*Amendment*

2. Where the Commission establishes from declarations of expenditure or the information referred to in Article 88 that the payment deadlines referred to in Article 36 have not been complied with, the Member State shall be afforded the opportunity to submit its comments within a period which shall not be less than 30 days. Where the Member State fails to submit its comments within the said period or where the Commission has concluded that the comments provided are manifestly insufficient, the Commission may reduce the monthly or interim payments to the Member State concerned in the framework of the implementing acts concerning the monthly payments referred to in Article 19(3) or in the framework of the interim payments referred to in Article 30. The Commission shall ensure that any reductions do not result in additional delays or difficulties for final beneficiaries in the Member State concerned.

**Amendment 110**

Proposal for a regulation
Article 37 – paragraph 3

*Text proposed by the Commission*

*Amendment*
3. Reductions under this Article shall be without prejudice to Article 51.

Amendment 111
Proposal for a regulation
Article 38 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Where Member States do not submit the documents referred to in Articles 8(3) and 11(1) by the deadlines, as provided for in Article 8(3), the Commission may adopt implementing acts suspending the total amount of the monthly payments referred to in Article 19(3). The Commission shall reimburse the suspended amounts when it receives the missing documents from the Member State concerned, provided that the date of receipt is not later than six months after the deadline.

Amendment

Where Member States do not submit the documents and data referred to in Articles 8 and 11(1) within the deadlines, as provided for in Article 8, and, where applicable, in Article 129(1) of Regulation (EU) …/[CAP Strategic Plan Regulation], the Commission shall adopt implementing acts suspending the total amount of the monthly payments referred to in Article 19(3). The Commission shall reimburse the suspended amounts when it receives the missing documents from the Member State concerned, provided that the date of receipt is not later than six months after the deadline.

Amendment 112
Proposal for a regulation
Article 38 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Where, in the framework of the annual performance clearance referred to in Article 52, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 50% and the Member State cannot provide duly justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in

Amendment

Where, in the framework of the annual clearance referred to in Article 51(2), the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output, is more than 50% and the Member State cannot provide duly justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the
Article 30. interim payments referred to in Article 30.

Amendment 113

Proposal for a regulation
Article 39 – paragraph 1 – subparagraph 1

Text proposed by the Commission

In case of delayed or insufficient progress towards targets, as set out in the national CAP Strategic Plan and monitored in accordance with Articles 115 and 116 of Regulation (EU) ⁄ ⁄ [CAP Strategic Plan Regulation], the Commission may ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear progress indicators, to be established in consultation with the Commission.

Amendment

In the case of delayed or insufficient progress towards milestones and where the reported value of one or more result indicators as set out in the national CAP Strategic Plan and monitored in accordance with Articles 115 and 116 of Regulation (EU) ⁄ ⁄ [CAP Strategic Plan Regulation] reveals a shortfall of more than 25% for the reporting year concerned, Member States shall submit justification for that shortfall.

Amendment 114

Proposal for a regulation
Article 39 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The Commission may adopt implementing acts laying down further rules on the elements of action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment

Where the Member State cannot provide duly justified reasons, the Commission may ask the Member State concerned to present and implement an action plan, to be established in consultation with the Commission. The action plan shall set out the necessary remedial actions and the expected timeframe for its execution.

For that purpose, the Commission shall adopt delegated acts in accordance with Article 100, supplementing this Regulation by laying down further rules on the elements of action plans including in particular a definition of progress indicators and the procedure for setting up the action plans.
Amendment 115

Proposal for a regulation
Article 39 – paragraph 2 – subparagraph 1

**Text proposed by the Commission**

Where the Member State fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is manifestly insufficient to remedy the situation, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

**Amendment**

Where the Member State fails to submit or to implement the action plan referred to in paragraph 1 or if the action plan presented by the Member State is manifestly insufficient to remedy the situation, the Commission may, after consulting the Member State concerned and granting it an opportunity to respond, adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30. The Commission shall take into account the timeframe indicated for the execution of the action plan before any suspension procedure is initiated.

Amendment 116

Proposal for a regulation
Article 39 – paragraph 3 – subparagraph 2 a (new)

**Text proposed by the Commission**

Paragraph 1 of this Article shall apply from ... [two years after the date of application of this Regulation].

**Amendment**

In case of serious deficiencies in the functioning of the governance systems, the Commission may ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear progress indicators,

**Amendment**

In the case of serious deficiencies in the functioning of the governance systems, the Commission shall, where necessary, ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear
to be established in consultation with the Commission.

progress indicators, to be established in consultation with the Commission.

Amendment 118
Proposal for a regulation
Article 40 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The Commission may adopt implementing acts laying down further rules on the elements of the action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment

The Commission may adopt delegated acts in accordance with Article 100, supplementing this Regulation by laying down further rules on the elements of the action plans and the procedure for setting up the action plans.

Amendment 119
Proposal for a regulation
Article 40 – paragraph 2 – subparagraph 2

Text proposed by the Commission

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure effected by the Member State where the deficiencies exist, for a period to be determined in the implementing acts referred to in the first subparagraph, which shall not exceed 12 months. If the conditions for the suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding 12 months in total. The amounts suspended shall be taken into account when adopting the implementing acts referred to in Article 53.

Amendment

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure effected by the Member State where the deficiencies exist, taking into account the findings of checks carried out by the Commission pursuant to Article 47, for a period to be determined in the implementing acts referred to in the first subparagraph, which shall not exceed 12 months. If the conditions for the suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding 12 months in total. The amounts suspended shall be taken into account when adopting the implementing acts referred to in Article 53.
Amendment 120
Proposal for a regulation
Article 40 – paragraph 3 – subparagraph 3

Text proposed by the Commission
The implementing acts determining the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30 shall take account of the implementing acts adopted under the first subparagraph of this paragraph.

Amendment
The implementing acts determining the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30 shall take account of the delegated acts adopted under the second subparagraph of paragraph 1.

Amendment 121
Proposal for a regulation
Article 42 – paragraph 2 – subparagraph 2 – point a

Text proposed by the Commission
(a) prior to 1 December but not before 16 October, pay advances of up to 50 % for direct payments interventions;

Amendment
(a) prior to 1 December but not before 16 October, pay advances of up to 50 % for direct payments interventions and for the measures referred to in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively;

Amendment 122
Proposal for a regulation
Article 42 – paragraph 3

Text proposed by the Commission
3. Member States may decide to pay advances of up to 50% under the interventions referred to in Articles 68 and 71 of Regulation (EU) No…/[CAP Strategic Plan Regulation].

Amendment
3. Member States may decide to pay advances of up to 50% under the interventions referred to in Articles 68 and 71 and Chapter III of Title III of Regulation (EU) …/[CAP Strategic Plan Regulation] as well as Section I of Chapter II of Regulation (EU) No 1308/2013.

Amendment 123

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Proposal for a regulation
Article 43 – paragraph 2

Text proposed by the Commission

2. The sums referred to in paragraph 1 shall be paid to the Union's budget and, in the event of reuse, shall be used exclusively to finance EAGF or EAFRD expenditure.

Amendment

2. The sums referred to in paragraph 1 shall be paid to the Union's budget and, in the event of reuse, shall be used exclusively to finance EAGF or EAFRD expenditure, respectively, and shall predominantly fund the agricultural reserve established under the EAGF, within the limits laid down in Article 14.

Amendment 124

Proposal for a regulation
Article 44 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The provision of information financed pursuant to point (e) of Article 7 shall aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives to reinstate consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote the European model of agriculture, as well as to help citizens understand it.

Amendment

The provision of information financed pursuant to point (e) of Article 7 shall aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives including its interaction with the climate, environment, animal welfare and development. This is to inform citizens about the challenges faced in agriculture and food, to inform farmers and consumers, to restore consumer confidence following crises through information campaigns, to inform farmers and other parties active in rural areas and to promote a more sustainable Union model of agriculture, as well as to help citizens understand it.

Amendment 125

Proposal for a regulation
Article 44 – paragraph 1 – subparagraph 2

Text proposed by the Commission

It shall supply coherent, objective and

Amendment

It shall supply coherent, impartial,
comprehensive information, both inside and outside the Union.

**Proposed for a regulation**
**Article 45 – paragraph 1 – subparagraph 1**

*Text proposed by the Commission*

The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Regulation concerning the conditions under which certain types of expenditure and revenue under the Funds are to be compensated.

*Amendment*

The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Regulation concerning the conditions relating to the details of expenditure declarations under which certain types of expenditure and revenue under the Funds are to be compensated.

*Justification*

The proposed empowerment is too broad. It should be limited, for example, to expenditure declarations, otherwise it could prevent all expenditure for support measures in an approved CAP Strategic Plan.

**Proposal 127**

**Proposed for a regulation**
**Article 46 – paragraph 1**

*Text proposed by the Commission*

For the purposes of Article 127 of the Financial Regulation, the Commission shall take assurance from the work of the certification bodies referred to in Article 11 of this Regulation, unless it has informed the Member State that it cannot rely on the work of the certification body for a given financial year, and it shall take it into account in its risk assessment of the need for Commission audits in the Member State concerned.

*Amendment*

For the purposes of Article 127 of the Financial Regulation, the Commission shall take assurance from the work of the certification bodies referred to in Article 11 of this Regulation, and shall take it into account in its risk assessment of the need for Commission audits in the Member State concerned, unless it has informed the Member State that it is unable to rely on that work.
Amendment 128
Proposal for a regulation
Article 47 – paragraph 1 – subparagraph 1 – point b

Text proposed by the Commission

(b) whether the expenditure falling within the scope of Articles 5(2) and 6 and corresponding to the interventions referred to in Regulation (EU) …/[CAP Strategic Plan Regulation] have a corresponding output as reported in the annual performance report;

Amendment

(b) whether the expenditure falling within the scope of Articles 5(2) and 6 and corresponding to the interventions referred to in Regulation (EU) …/[CAP Strategic Plan Regulation] have a corresponding clearance report;

Amendment 129
Proposal for a regulation
Article 47 – paragraph 1 – subparagraph 1 – point d a (new)

Text proposed by the Commission

(d a) whether the action plans referred to in Articles 39 and 40 are correctly implemented.

Amendment

Amendment 130
Proposal for a regulation
Article 47 – paragraph 1 – subparagraph 3 a (new)

Text proposed by the Commission

In the case of serious deficiencies detected in the Member State's management and control systems, and in order to ensure the protection of the financial interests of the Union in accordance with Article 57 of this Regulation, the Commission may extend its checks to confirm the terms on which the operations financed by the funds were undertaken and checked to ensure compliance with applicable Union law for all the interventions laid down in Regulation (EU)…/[CAP Strategic Plans].
Amendment 131

Proposal for a regulation
Article 47 – paragraph 1 – subparagraph 3 b (new)

Text proposed by the Commission

The Commission may continue to carry out the extended monitoring as long as the serious deficiencies in the governance system persist.

Amendment

Amendment 132

Proposal for a regulation
Article 48 – paragraph 3

Text proposed by the Commission

3. Member States shall make available to the Commission information about irregularities within the meaning of Regulation (EU, Euratom) No 2988/95 and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, suspected fraud cases detected, and information about the steps taken pursuant to Section 3 of this Chapter to recover undue payments in connection with those irregularities and frauds.

The Commission shall summarise that information and publish multiannual reports, communicating them to the European Parliament.

Justification

This is in line with the principle of transparency and also continues the scrutiny role of the European Parliament, as exercised by the Committee on Budgetary Control CONT.

Amendment 133

Proposal for a regulation
Article 51 – title
**Proposal for a regulation**
**Article 51 – paragraph 1 – subparagraph 2**

*Text proposed by the Commission*

Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to **Articles 52 and 53**.

*Amendment*

Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to **paragraph 2 of this Article and to Article 53**.

**Amendment 135**

**Proposal for a regulation**
**Article 51 – paragraph 2 – subparagraph 1**

*Text proposed by the Commission*

The Commission shall adopt implementing acts **laying down rules on the clearance of accounts provided for in paragraph 1 with regard to the measures to be taken in connection with the adoption of the implementing acts** referred to in the second subparagraph of paragraph 1 and their implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected.

*Amendment*

The Commission shall adopt implementing acts **prior to 15 October of the year following the budget year in question determining the amounts to be reduced from Union financing for the expenditure referred to in Article 5(2) and Article 6 and corresponding to the interventions referred to in Title III of Regulation (EU) .../... [CAP Strategic Plan Regulation]** where:

(a) the output reported in the annual clearance report does not correspond to the expenditure referred to in Articles 5(2) and 6; or

(b) the amount of support per unit deviates by more than the percentage of variation set in the Member State’s CAP Strategic plan for the types of
interventions subject to Article 89 of Regulation (EU) …/… [CAP Strategic Plan Regulation].

Amendment 136
Proposal for a regulation
Article 51 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment

deleted

Amendment 137
Proposal for a regulation
Article 51 – paragraph 2 – subparagraph 2 a (new)

Text proposed by the Commission

Those implementing acts shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Article 53 of this Regulation.

Amendment

(See wording of Article 52(1))

Amendment 138
Proposal for a regulation
Article 51 – paragraph 2 – subparagraph 2 b (new)

Text proposed by the Commission

The Commission shall assess the amounts to be reduced on the basis of the difference between the annual expenditure declared for an intervention and the amount corresponding to the relevant reported output in accordance with the national CAP Strategic Plan and taking account of justifications provided by the Member State concerned. Those reductions shall only apply to the
expenditure declared for the relevant intervention that does not have a corresponding output.

(See wording of Article 52(2))

Amendment 139
Proposal for a regulation
Article 51 – paragraph 2 – subparagraph 2 c (new)

Text proposed by the Commission

Amendment

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2). The Commission shall inform the Member State concerned of its intention, and shall give that Member State the opportunity to submit its comments within a period of at least 30 days, before it submits the draft implementing act in accordance with Article 3(3) of Regulation (EU) No 182/2011.

Amendment 140
Proposal for a regulation
Article 51 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on:

(a) the clearance provided for in paragraphs 1 and 2 with regard to the measures to be taken in connection with the adoption of the implementing acts referred to in the second subparagraph of paragraph 1 and in paragraph 2 and their implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected;
(b) the criteria for justifications from the Member State concerned and the methodology and criteria for applying reductions referred to in paragraph 2.

(See wording of Articles 51(2) & 52(4))

Amendment 141

Proposal for a regulation
Article 52

Text proposed by the Commission

Amendment

Article 52

Annual performance clearance

1. Where the expenditure referred to in Articles 5(2) and 6 and corresponding to the interventions referred to in Title III of Regulation (EU) …/[CAP Strategic Plan Regulation] does not have a corresponding output as reported in the annual performance report, the Commission shall adopt implementing acts prior to 15 October of the year following the budget year in question determining the amounts to be reduced from Union financing. Those implementing acts shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Article 53 of this Regulation.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

2. The Commission shall assess the amounts to be reduced on the basis of the difference between the annual expenditure declared for an intervention and the amount corresponding to the relevant reported output in accordance with the national CAP Strategic Plan and taking account of justifications provided by the Member State.

3. Before the adoption of the implementing act referred to in paragraph
1, the Commission shall give the Member State an opportunity to submit its comments and justify any differences.

4. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria for justifications from the concerned Member State and the methodology and criteria for applying reductions.

5. The Commission shall adopt implementing acts laying down rules on the measures to be taken in connection with the adoption of the implementing act referred to in paragraph 1 and its implementation, including the information exchange between the Commission and the Member States, the procedure and the deadlines to be respected.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

(Some wording of Article 52 is moved to Article 51)

Amendment 142

Proposal for a regulation
Article 53 – paragraph 2

Text proposed by the Commission  Amendment

2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the deficiencies found.  
2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the non-conformity recorded. It shall take due account of the nature of the infringement and of the financial damage incurred by the Union. It shall base the exclusion on the amounts identified as unduly spent. Where it is not reasonably possible to calculate the exact amount, flat-rate corrections shall be used in a proportionate way.
Amendment 143
Proposal for a regulation
Article 53 – paragraph 6

Text proposed by the Commission

6. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria and methodology for applying financial corrections.

Amendment

6. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria and methodology for applying financial corrections including flat-rate corrections referred to in paragraph 2.

Amendment 144
Proposal for a regulation
Article 53 – paragraph 7 – subparagraph 1

Text proposed by the Commission

The Commission shall adopt implementing acts laying down rules on the measures to be taken in connection with the adoption of the implementing act referred to in paragraph 1 and its implementation, including the information exchange between the Commission and the Member States, the deadlines to be respected and the conciliation procedure provided for in paragraph 3, including the establishment, tasks, composition and working arrangements of the conciliation body.

Amendment

The Commission shall adopt delegated acts in accordance with Article 100, supplementing this Regulation by laying down rules on the measures to be taken in connection with the adoption of the implementing act referred to in paragraph 1 and its implementation, including the information exchange between the Commission and the Member States, the deadlines to be respected and the conciliation procedure provided for in paragraph 3, including the establishment, tasks, composition and working arrangements of the conciliation body.

Amendment 145
Proposal for a regulation
Article 53 – paragraph 7 – subparagraph 2

Text proposed by the Commission

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment

deleted

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).
Amendment 146
Proposal for a regulation
Article 53 a (new)

*Text proposed by the Commission*

**Amendment**

**Article 53a**

Recoveries for non-compliance

1. Member States shall request recovery from the beneficiary for any undue payment following the occurrence of irregularities and other cases of non-compliance by beneficiaries with the conditions of the interventions referred in the CAP Strategic Plan and bring legal proceedings to that effect where necessary.

2. If the sum has not been recovered within four years of the date of the recovery request, or within eight years if the recovery is being dealt with by the national courts, 50 % of the financial cost of the non-recovery shall be borne by the Member State concerned and 50 % shall be borne by the Union, without prejudice to the requirement that the Member State concerned is to continue the recovery procedures in accordance with Article 57.

3. On duly justified grounds, Member States may decide not to pursue recovery. A decision to that effect may be taken only in the following cases:

(a) where the costs of recovery already incurred and the costs likely to be incurred total more than the amount to be recovered, which condition shall be considered to have been met if:

(i) the amount to be recovered from the beneficiary in the context of an individual payment for an intervention, not including interest, does not exceed EUR 100; or

(ii) the amount to be recovered from
the beneficiary in the context of an individual payment for an intervention, not including interest, falls between EUR 100 and EUR 250 and the Member State concerned applies a threshold equal to or higher than the amount to be recovered under its national law for not pursuing national debts;

(b) where recovery proves impossible owing to the insolvency, recorded and recognised under national law, of the debtor or the persons legally responsible for the irregularity.

Amendment 147

Proposal for a regulation
Article 54 – paragraph 1

Text proposed by the Commission

Sums recovered by the Member States following the occurrence of irregularities and other cases of non-compliance by beneficiaries with the conditions of the interventions referred to in the CAP Strategic Plan and the interest thereon shall be made over to the paying agency and booked by it as revenue assigned to the EAGF in the month in which the sums are actually received.

Amendment

Sums recovered by the Member States following the occurrence of irregularities and other cases of non-compliance by beneficiaries with the conditions of the interventions referred to in the CAP Strategic Plan and the interest thereon which shall be calculated from the day following the date on which the payment was due, shall be made over to the paying agency and booked by it as revenue assigned to the EAGF in the month in which the sums are actually received.

Amendment 148

Proposal for a regulation
Article 54 – paragraph 1 a (new)

Text proposed by the Commission

Member States may, without prejudice to the first paragraph, instruct the paying agency, as the body responsible for the recovery of debt, to deduct any outstanding debts owed by a beneficiary
Amendment 149
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Where irregularities and other cases of non-compliance by beneficiaries with the conditions of the rural development interventions referred to in the CAP Strategic Plan are detected, Member States shall make financial adjustments by **totally or** partially cancelling the Union financing concerned. Member States shall take into consideration the nature and gravity of the non-compliance detected and the level of the financial loss to the EAFRD.

Amendment

Where irregularities and other cases of non-compliance by beneficiaries with the conditions of the rural development interventions referred to in the CAP Strategic Plan are detected, Member States shall make financial adjustments by **cancelling partially or, under exceptional circumstances,** cancelling **entirely** the Union financing concerned. Member States shall take into consideration the nature and gravity of the non-compliance detected and the level of the financial loss to the EAFRD.

Amendment 150
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development interventions in the CAP Strategic Plan. **However, the cancelled or recovered Union Funds may be reused by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.**

Amendment

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, **which shall be calculated from the day following the date on which the payment was due,** shall be reallocated to other rural development interventions in the same CAP Strategic Plan.

(Last part of paragraph 1 moved to new paragraph 2a)
Amendment 151

Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission

Member States shall deduct any sums unduly paid as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments to the beneficiary by the paying agency.

Amendment

Amendment 152

Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2 b (new)

Text proposed by the Commission

However, the cancelled or recovered Union funds may be reused in their entirety by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

Amendment

(See wording of the second part of paragraph 1, Article 55)

Amendment 153

Proposal for a regulation
Article 57 – paragraph 2

Text proposed by the Commission

2. Member States shall set up efficient management and control systems in order to ensure compliance with the Union legislation governing Union interventions.

Amendment

2. Member States shall set up efficient management and control systems in order to ensure compliance with the Union legislation governing Union interventions. The control systems shall be described in the national CAP Strategic Plan pursuant to Article 101 of Regulation (EU) ... [CAP Strategic Plan Regulation]. Such
management and control systems may include early warning mechanisms.

Amendment 154
Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

In the case of penalties established in the form of a reduction in the amount of aid or support paid, the amount of the penalty shall not exceed 100 % of the amount of the aid application, payment claim or of the eligible amount to which the penalty is applied.

Amendment 155
Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 1 b (new)

Text proposed by the Commission

Amendment

In the case of penalties in the form of an amount calculated on the basis of the quantity the period concerned by the non-compliance, that amount shall not exceed an amount equivalent to the percentage referred to in the second subparagraph.

Amendment 156
Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 1 c (new)

Text proposed by the Commission

Amendment

In the case of a penalty in the form of a suspension, withdrawal of an approval, recognition or authorisation, or in the case of the exclusion from the right to participate in or benefit from an intervention, the maximum corresponding period shall last three consecutive years.
and, may be renewed in the case of any new non-compliance.

Amendment 157
Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 2 – point c a (new)

Text proposed by the Commission

(c a) where the non-compliance is due to obvious errors by the beneficiary concerning the aid application or payment claim, which are recognised by the paying agency and subject to correction and adjustment before being communicated to the beneficiary;

Amendment 158
Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 2 – point c b (new)

Text proposed by the Commission

(c b) where the non-compliance is of minor severity, extent or duration.

Amendment 159
Proposal for a regulation
Article 57 a (new)

Text proposed by the Commission

Article 57a

Correction of errors

1. Member States may opt to include in their CAP Strategic Plans provisions providing beneficiaries with the right to modify or otherwise restore to compliance an administrative declaration or a request for aid or support they had previously made, with no reduction or penalty imposed, if:
(a) the beneficiary has committed a clerical error when reporting their situation;

(b) the beneficiary has misunderstood the eligibility criteria, the commitments or other obligations concerning the allocation of aid or support with regard to their situation.

This right to modify or restore to compliance shall apply whenever the mistake or omission is committed in good faith and is not deemed to constitute attempted fraud.

The relevant national authorities shall be responsible for determining a beneficiary’s 'good faith'.

Justification

Amendment to establish a right to regularisation in the event of a material error or one resulting from a failure to comprehend the rules.

Amendment 160

Proposal for a regulation
Article 58 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Member States shall ensure a level of checks needed for an effective management of the risks.

Amendment

Member States shall ensure a level of checks needed for an effective management of the risks which may be lower than the initial level once the management and monitoring systems are functioning properly and the error rates have settled at an acceptable level. The relevant authority shall draw its check sample from the entire population of applicants comprising, where appropriate, a random part in order to obtain a presentative error rate and a risk-based part, which shall target the areas where the risk to the financial interest of the Union is the highest.
Amendment 161
Proposal for a regulation
Article 58 – paragraph 4 – subparagraph 1 – point e

Text proposed by the Commission

(e) other rules on the checks to be conducted by the Member States, as regards the measures laid down in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively.

Amendment
deleted

Amendment 162
Proposal for a regulation
Article 62 – paragraph 3 – point a

Text proposed by the Commission

(a) which ensure a non-discriminatory treatment, equity and the respect of proportionality when lodging a security;

Amendment
ensuring non-discriminatory treatment, equity and the respect of proportionality when lodging a security;

Amendment 163
Proposal for a regulation
Article 63 – paragraph 4 – point c

Text proposed by the Commission

(c) "system for the identification and registration of animals" means the system for the identification and registration of bovine animals laid down by Regulation (EC) No 1760/2000 of the European Parliament and of the Council\(^33\) or the system for the identification and registration of ovine and caprine animals laid down by Council Regulation (EC) No 21/2004\(^34\);

Amendment
"system for the identification and registration of animals" means the system for the identification and registration of bovine animals laid down by Regulation (EC) No 1760/2000 of the European Parliament and of the Council\(^33\) or the system for the identification and registration of ovine and caprine animals laid down by Council Regulation (EC) No 21/2004\(^34\) or where applicable, the system for the identification or registration of pigs laid down by Council Directive 2008/71/EC\(^34a\) and other databases established by the Member States for animals;


Amendment 164

Proposal for a regulation
Article 63 – paragraph 4 – point f

Text proposed by the Commission

(f) "claimless system" means an application system for area- or animal-based interventions in which necessary data required by the administration on at least individual areas or animals claimed for aid is available in official computerised databases managed by the Member State.

Amendment

(f) "claimless system" means a prefilled or other type of application system for area- or animal-based interventions in which necessary data required by the administration on at least individual areas or animals claimed for aid is available in official computerised databases managed by the Member State.

Amendment 165

Proposal for a regulation
Article 64 – paragraph 1 – point c

Text proposed by the Commission

(c) an area monitoring system;

Amendment

(c) an area monitoring and control
2. The integrated system shall operate on the basis of electronic databases and geographic information systems and shall enable the exchange and integration of data between the electronic databases and the geographic information systems.

To that end, GIS shall allow for the layering of geo-spatial data on farm, cadastral or reference parcels onto any delimiting protected zones and designated areas that have been established in accordance with Union legislation listed in Annex XI to Regulation (EU) …/[CAP Strategic Plan Regulation], such as Natura 2000 areas or Nitrate vulnerable zones, as well as the landscape features and ecological infrastructures (trees, hedges, ponds, buffer strips, riparian margins, etc.).
Amendment 168
Proposal for a regulation
Article 65 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The data and documentation referred to in the first subparagraph relating to the current calendar year or marketing year and to the previous ten calendar years or marketing years shall be accessible for consultation through the digital databases of the competent authority of the Member State.

Amendment

The data and documentation referred to in the first subparagraph relating to the current calendar year or marketing year and to the previous ten calendar years or marketing years shall be accessible for consultation through the digital databases of the competent authority of the Member State. The relevant information from the databases may also be provided in the form of summaries.

Justification

There is concerns relating to the costs of all data keeping required. The accessibility provided for time frame of ten years, may occur very expensive to implement. Similar and relevant information can be provided in a form of summaries much cheaper way.

Amendment 169
Proposal for a regulation
Article 65 – paragraph 5 a (new)

Text proposed by the Commission

5 a. Member States shall ensure that beneficiaries and potential beneficiaries have access to all the reference data and attribute data regarding the land they use or intend to use, in order to enable them to submit accurate applications.

Amendment

5 a. Member States shall ensure that beneficiaries and potential beneficiaries have access to all the reference data and attribute data regarding the land they use or intend to use, in order to enable them to submit accurate applications.

Amendment 170
Proposal for a regulation
Article 67 – paragraph 1

Text proposed by the Commission

1. As regards the aid for the area-

Amendment

1. As regards the aid for the area-
based interventions referred to in Article 63(2) and implemented under the national CAP Strategic Plans, Member States shall require the submission of an application by means of using the geo-spatial application provided by the competent authority to submit an application.

Amendment 171
Proposal for a regulation
Article 67 – paragraph 4 – subparagraph 1 a (new)

Text proposed by the Commission

If a Member State decides to use a claimless system, it shall enable the administration to make the eligible payments to the beneficiaries based on the existing details in the official computerised databases, where there has been no change, supplemented with additional information, where necessary to cover a change. Those details and any such additional information shall be confirmed by the beneficiary.

Amendment 172
Proposal for a regulation
Article 68 – paragraph 1

Text proposed by the Commission

1. Member States shall set up and operate an area monitoring system.

Amendment

1. Member States shall set up and operate an area monitoring and control system. On duly justified grounds, the Commission may grant a transitional period for setting up the area monitoring and control system to Member States that have not recently used such an area monitoring and control system.

Amendment 173
Proposal for a regulation
Article 68 – paragraph 2 – subparagraph 1

**Text proposed by the Commission**

Member States shall annually assess the quality of the area monitoring system in accordance with the methodology set up at Union level.

**Amendment**

Member States shall annually assess the quality of the area monitoring and control system in accordance with the methodology set up at Union level.

**Amendment 174**

Proposal for a regulation
Article 70 – paragraph 1

**Text proposed by the Commission**

Member States shall set up a control and penalties system for the aid as referred to in Article 63.

**Amendment**

Member States shall set up a control and penalties system for the aid referred to in Article 63. Member States, through the paying agencies or the bodies delegated by them, shall carry out administrative checks on the aid application to verify the eligibility conditions for the aid. Those checks shall be supplemented by on-the-spot checks.

**Amendment 175**

Proposal for a regulation
Article 70 – paragraph 1 a (new)

**Text proposed by the Commission**

For each of the interventions referred to in Article 63(2), Member States shall ensure that the control sample for on-the-spot checks carried out each year covers at least 5% of all beneficiaries. That percentage shall be increased appropriately where any significant non-compliance in the context of a given intervention or measure is detected. However, Member States may reduce that percentage where the error rates remain at an acceptable level.
**Amendment 176**

Proposal for a regulation
Article 70 – paragraph 2

*Text proposed by the Commission*

**Amendment**

*Paragraphs 1 to 5 of Article 57 shall apply mutatis mutandis.*

**Amendment 177**

Proposal for a regulation
Article 73 – paragraph 1 – point a – introductory part

*Text proposed by the Commission*

**Amendment**

(a) the form, content and arrangements for transmitting or making available to the Commission of:

**Amendment 178**

Proposal for a regulation
Article 73 – paragraph 1 – point b

*Text proposed by the Commission*

**Amendment**

(b) **basic features and** rules on the geo-spatial application system and the area monitoring system referred to in Articles 67 and 68.

**Amendment**

(b) The Commission is empowered to adopt delegated acts in accordance with Article 100, supplementing this Regulation by laying down the rules on the content for transmitting and making available to the Commission of:

(i) the assessment reports on the quality of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring and control system;

(ii) the remedial actions to be implemented by the Member States as referred to in Articles 66, 67 and 68;

(iii) basic features and rules on the geo-spatial application system and the area monitoring and control system
referred to in Articles 67 and 68.

Amendment 179
Proposal for a regulation
Article 73 – paragraph 2

Text proposed by the Commission

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment
deleted

Amendment 180
Proposal for a regulation
Article 78 – paragraph 2

Text proposed by the Commission

2. Member States shall send the Commission a list of undertakings established in a third country for which payment of the amount in question has or should have been made or received in that Member State. Where necessary, the Commission shall invite experts from third countries, including developing countries, in order to obtain an assessment of the external impact of CAP implementation at Member State level.

Amendment

2. Member States shall send the Commission a list of undertakings established in a third country for which payment of the amount in question has or should have been made or received in that Member State.

Justification

In a spirit of sound and efficient cooperation with third countries, the Commission should enhance its dialogue with partner countries on any aspect that has an impact on their development process. The inputs from the Union’s partners shall aim at identifying and remedying the incoherencies of EU policies, especially between the external aspects of internal policies and external policies per se.

Amendment 181
Proposal for a regulation
Article 79
Article 79

Programming

1. Member States shall draw up programmes for scrutiny to be carried out pursuant to Article 75 during the subsequent scrutiny period.

2. Each year, before 15 April, Member States shall send the Commission their programme as referred to in paragraph 1 and shall specify:

(a) the number of undertakings to be scrutinised and their breakdown by sector on the basis of the amounts relating to them;

(b) the criteria adopted for drawing up the programme.

3. The programmes established by the Member States and forwarded to the Commission shall be implemented by the Member States, if, within eight weeks, the Commission has not made known its comments.

4. Paragraph 3 shall apply mutatis mutandis to the amendments to the programme made by the Member States.

5. At any stage, the Commission may request the inclusion of a particular category of undertaking in the programme of a Member States.

6. Undertakings for which the sum of the receipts or payments amounted to less than EUR 40 000 shall be scrutinised in accordance with this Chapter only for specific reasons to be indicated by the Member States in their annual programme referred to in paragraph 1 or by the Commission in any proposed amendment to that programme.

The Commission is empowered to adopt delegated acts in accordance with Article 101 amending the threshold set out in the first subparagraph.
Amendment 182
Proposal for a regulation
Title 4 – chapter 4 – title

Text proposed by the Commission
Control system and penalties in relation to conditionality

Amendment
Control system and penalties in relation to conditionality for sustainable development

Justification
Purely linguistic amendment to rename 'conditionality' as 'conditionality for sustainable development' in view of the integration of green measures under the CAP (formerly greening) in the compulsory elements linked to conditionality.

Amendment 183
Proposal for a regulation
Article 84 – paragraph 1 – subparagraph 1

Text proposed by the Commission
Member States shall set up a control system to ensure that beneficiaries of the aid referred to in Article 11 of Regulation (EU) …/… [CAP Strategic Plan Regulation] and in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 respectively, comply with the obligations referred to in Section 2 of Chapter 1 of Title III of Regulation (EU) …/…[CAP Strategic Plan Regulation]:

Amendment
Member States shall have a control system in order to ensure that the following beneficiaries comply with the obligations referred to in Section 2 of Chapter 1 of Title III of Regulation (EU) …/…[CAP Strategic Plan Regulation]:

(a) beneficiaries receiving direct payments under Chapter II of Title III of Regulation (EU)…/…[CAP Strategic Plan Regulation];

(b) beneficiaries receiving annual payments in accordance with Articles 65, 66 and 67 of Regulation (EU)…/…[CAP Strategic Plan Regulation];

(c) beneficiaries receiving support in accordance with Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of

Amendment 184
Proposal for a regulation
Article 84 – paragraph 2 – point b a (new)

*Text proposed by the Commission*

(b a) ‘reoccurrence of a non-compliance’ means the non-compliance with the same requirement or standard determined more than once, provided that the beneficiary has been informed of a previous non-compliance and, as the case may be, has had the possibility to take the necessary measures to remedy that previous non-compliance.

Amendment 185
Proposal for a regulation
Article 84 – paragraph 3 – introductory part

*Text proposed by the Commission*

3. In their control *system referred to* in paragraph 1 Member States:

*Amendment*

3. In *order to comply with* their control *obligations laid down* in paragraph 1, Member States:

Amendment 186
Proposal for a regulation
Article 84 – paragraph 3 – point c

*Text proposed by the Commission*

(c) may, where appropriate, make use of remote sensing or the area monitoring system to carry out the on-the-spot checks referred to in point (a);

*Amendment*

(c) may, where appropriate and *feasible*, make use of remote sensing or the area monitoring *and control* system to carry out the on-the-spot checks referred to in point (a); *and*
Amendment 187

Proposal for a regulation
Article 84 – paragraph 3 – point c a (new)

Text proposed by the Commission

(c a) shall establish an early warning system;

Amendment

Amendment 188

Proposal for a regulation
Article 84 – paragraph 3 – point d

Text proposed by the Commission

(d) establish the control sample for the checks referred to in point (a) to be carried out each year on the basis of a risk analysis and shall include a random component and shall provide the control sample to cover at least 1% of beneficiaries receiving the aid provided for in Section 2 of Chapter I of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation].

deleted

Amendment 189

Proposal for a regulation
Article 84 – paragraph 3 a (new)

Text proposed by the Commission

3 a. Member States shall establish the control sample for the checks referred to in point (a) of paragraph 3 of this Article to be carried out each year on the basis of a risk analysis, for which they may apply weighting factors, and a random component, and shall ensure that the control sample covers at least 1% of the beneficiaries receiving aid under Section 2 of Chapter I of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation].

Amendment 190

Proposal for a regulation
Article 84 – paragraph 3 b (new)

Text proposed by the Commission

3 b. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on simplified checks for farmers participating in the schemes referred to in Article 25 of Regulation (EU) .../... [CAP Strategic Plans Regulation].

Amendment

Amendment 191

Proposal for a regulation
Article 84 – paragraph 3 c (new)

Text proposed by the Commission

3 c. The Commission shall adopt, by means of implementing acts, rules on the carrying out of checks referred to in this Article, including rules ensuring that risk analysis takes account of the following factors:

(a) the participation of farmers in the farm advisory services system provided for in Article 13 of Regulation (EU) .../... [CAP Strategic Plan Regulation];

(b) the participation of farmers in a certification system as provided for in Article 12(3a) of Regulation (EU).../... [CAP Strategic Plan Regulation] once the Regulation covers the requirements and standards concerned.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).
Amendment 192
Proposal for a regulation
Article 85 – paragraph 2 – point a – subparagraph 1

Text proposed by the Commission

shall include rules on the application of administrative penalties in cases where the land is transferred during the calendar year concerned or the years concerned. These rules shall be based on a fair and equitable attribution of the liability for non-compliances among transferors and transferees;

Amendment

shall include rules on the application of administrative penalties in cases where the agricultural land, an agricultural holding or parts thereof is transferred during the calendar year concerned or the years concerned. These rules shall be based on a fair and equitable attribution of the liability for non-compliances among transferors and transferees;

Amendment 193
Proposal for a regulation
Article 85 – paragraph 2 – point c

Text proposed by the Commission

(c) shall provide that no administrative penalty be imposed where the non-compliance is due to force majeure.

Amendment

(c) shall provide that no administrative penalty be imposed in the following cases:

(i) where the non-compliance is due to force majeure;

(ii) where the non-compliance is due to an order from a public authority;

(iii) where the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the beneficiary subject to the administrative penalty;

(iv) where the non-compliance is due to simple negligence.

Amendment 194
Proposal for a regulation
Article 86 – paragraph 1 – subparagraph 1
The administrative penalties provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) .../[CAP Strategic Plan Regulation] shall be applied by means of reduction from or exclusion of the total amount of the payments listed in that Section of that Regulation granted or to be granted to the beneficiary concerned in respect of aid applications he has submitted or will submit in the course of the calendar year of the finding.

Amendment 195
Proposal for a regulation
Article 86 – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the calculation of those reductions and exclusions, account shall be taken of the severity, extent, permanence, reoccurrence or intentionality of the non-compliance determined. The penalties imposed shall be dissuasive and proportionate, and compliant with the criteria set out in paragraphs 2 and 3 of this Article.

Amendment

For the calculation of those reductions and exclusions, account shall be taken of the nature, severity, extent, permanence, reoccurrence or intentionality of the non-compliance determined. The penalties imposed shall be dissuasive and proportionate, and compliant with the criteria set out in paragraphs 2 and 3 of this Article.

Amendment 196
Proposal for a regulation
Article 86 – paragraph 2 – subparagraph 1

Text proposed by the Commission

In the case of non-compliance due to negligence, the percentage of reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1 of this Article.

Amendment

In the case of non-compliance due to negligence, the percentage of reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1 of this Article. The reduction shall be determined on the basis of the assessment of the nature and severity of the non-compliance, based on the criteria
set out in paragraph 1 of this Article.

Amendment 197
Proposal for a regulation
Article 86 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Member States may set up an early warning system that applies to individual cases of non-compliance occurring for the first time and which, given their minor severity, extent and permanence, shall not lead to a reduction or exclusion. Where a subsequent check within three consecutive calendar years establishes that the non-compliance has not been remedied, the reduction pursuant to the first subparagraph shall be applied retroactively.

Amendment

Member States shall set up and use the early warning system referred to in Article 84(3) that applies to individual cases of non-compliance occurring for the first time and which, given their minor severity, extent and permanence, shall not lead to a reduction or exclusion. The relevant authority shall notify the beneficiary of the obligation to take remedial action and propose corrective measures that have to be taken to remedy the non-compliance. Where a subsequent check within three consecutive calendar years establishes that the non-compliance has not been remedied, the reduction pursuant to the first subparagraph shall be applied retroactively.

Amendment 198
Proposal for a regulation
Article 86 – paragraph 2 – subparagraph 4

Text proposed by the Commission

Member States may provide mandatory training under the farm advisory system provided for in Section 3 of Chapter 1 of Title III of Regulation (EU) …/[CAP Strategic Plan Regulation] to the beneficiaries who have received an early warning.

Amendment

Member States shall provide for specific training on conditionality under the farm advisory system provided for in Section 3 of Chapter 1 of Title III of Regulation (EU) …/[CAP Strategic Plan Regulation] to the beneficiaries who have received an early warning, attendance of which may be made mandatory.

Amendment 199
Proposal for a regulation
Article 86 – paragraph 3
3. In case of reoccurrence, the percentage reduction shall be higher than the one to be applied in case of non-compliance due to negligence and sanctioned for the first time.

Amendment 200

Proposal for a regulation
Article 86 – paragraph 3 – subparagraph 1 a (new)

3. In the case of reoccurrence of a non-compliance, the percentage reduction shall be, as a general rule, 10 % of the total amount of the payments referred to in paragraph 1.

Amendment 201

Proposal for a regulation
Article 86 – paragraph 4

4. In case of intentional non-compliance, the percentage shall be higher than the one applied in case of reoccurrence pursuant to paragraph 3 and may go as far as total exclusion from payments and may apply for one or more calendar years.

Amendment 202

Proposal for a regulation
Article 87 – paragraph 1

Member States may retain 20 % of the amounts resulting from the application of
the reductions and exclusions referred to in Article 86.

Justification

There is no reason why the percentage should be lowered from the present. The percentage should be 25%, because the Member States implement the system and bear the burden of deductions.

Amendment 203

Proposal for a regulation

Article 100 a (new)

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 100a</td>
<td></td>
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<tr>
<td>Urgency procedure</td>
<td></td>
</tr>
<tr>
<td>1. Delegated acts adopted under this Article shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.</td>
<td></td>
</tr>
<tr>
<td>2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 100(6). In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.</td>
<td></td>
</tr>
</tbody>
</table>

Amendment 204

Proposal for a regulation

Article 102 – paragraph 1 – subparagraph 2 – point a

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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</thead>
<tbody>
<tr>
<td>(a) Article 5, Article 7(3), Articles 9, 34, Article 35(4), Articles 36, 37, 38, 43, 51, 52, 54, 110 and 111 of Regulation (EU) No 1306/2013 and the relevant</td>
<td></td>
</tr>
<tr>
<td>(a) Article 5, Article 7(3), Article 9, Article 26(5), Article 34, Article 35(4), Articles 36, 37, 38, 43, 51, 52, 54, 110 and 111 of Regulation (EU) No 1306/2013 and</td>
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</tbody>
</table>
implementing and delegated rules shall continue to apply in relation to expenditure incurred and payments made for the agricultural financial year 2020 and before as regards the EAGF, and as regards the EAFRD in relation to expenditure incurred and payments made for rural development programmes approved by the Commission under Regulation (EU) No 1305/2013,

the relevant implementing and delegated rules shall continue to apply in relation to expenditure incurred and payments made for the agricultural financial year 2020 and before as regards the EAGF, and as regards the EAFRD in relation to expenditure incurred and payments made for rural development programmes approved by the Commission under Regulation (EU) No 1305/2013,

**Amendment 205**

**Proposal for a regulation**

**Article 103**

*Text proposed by the Commission*

**Amendment**

**Article 103** deleted

**Transitional measures**

*The Commission is empowered to adopt delegated acts in accordance with Article 101 supplementing this Regulation with derogations from, and additions to, the rules provided for in this Regulation, where necessary.*
EXPLANATORY STATEMENT

On 1 June 2018 the European Commission adopted the package of three legislative proposals for the reform of the Common Agricultural Policy (CAP) 2021 - 2027 including the rules on “Financing, Management and Monitoring” (FMM) (Regulation (EU) No 393/2018). This extensive legislative package was initially foreseen for late 2017. The delay that occurred imposes a tight time limit coinciding with the end of the mandate of both the European Parliament and the Commission and thus creates difficult circumstances for adoption by the co-legislator.

The delay has been caused also due to a late proposal for the Multi-annual Financial Framework 2021-2027 (MFF) in May 2018 only (COM(2018)321) which sets out the financial envelope for the future CAP. The allocation for the CAP is EUR 365 006 million for EU-27 (in commitment appropriations) which represents a reduction of around 5%. The allocation for the European Agricultural Guarantee Fund (EAGF) amounts to EUR 286.2 billion, a reduction of -1.1% while for the European Agricultural Fund for Rural Development (EAFRD), the EUR 78.8 billion represent a reduction of -15.3%, always compared to the baseline. However, if in the process of adoption further substantial changes are made to the proposed budgetary ceilings a revision of the Parliaments position might also be needed therefore eventually the final decision on the CAP reform is tied to the final agreement of the MFF.

The overall architecture of the CAP package comprises three reports: The Financing and Management (FMM) regulation, the CAP Strategic Plans regulation bringing under one umbrella two currently separate regulation on Direct Payments and Rural Development, and the Single Common Market Organisation regulation (CMO). Due to substantial overlaps, the Strategic Plans and FMM regulations have to be read and voted together.

As regards the evidence-base, the EC Impact Assessment (IA) largely fails to deliver e.g. on the key issue of simplification, where no detailed quantification of the reduction of administrative burden is provided - in reality it is shifted from the EC to the Member States. Meanwhile, the European Court of Auditors (ECA) delivered analysis on the performance of the current CAP demonstrates that the “Greening” component of Direct payments, while meant well, has not achieved its objectives entirely and has created a significant administrative burden.

While being a part of the CAP reform package, rapporteur believes that the report on the Financing and Management in particular cannot be seen separately from the overall EU approach to Structural funds (ESIF) and in particular the proposal on Common Provisions regulation (CPR) that serves as an umbrella regulation for all EU multiannual funds. Both CPR and FMM refer also to the overall framework set out in the Financial regulation which covers all models of (direct, indirect, shared) management and provides the basic definitions (including Governance) and conditions (including audit and control). CPR allows for both performance and output orientation, the establishment of milestones with a link to disbursement based on result indicators and the use of Simplified Cost Options (SCO) such as flat rates, lumps sums and standard cost units that rapporteur believes are vital instruments also in the management of the EARDF. In addition, it also clarifies the interlinkage between
LEADER (EAFRD-funded) and ESIF-Community-led Development (CLD) initiatives.

In the Parliaments resolution “The Future of Food and Farming” (P8_TA(2018)0224) of May 2017 on the Commissions Communication under the same title (COM(2017)713final), the key issues raised concern a simple and transparent governance system, a properly functioning result-orientated delivery model and an integration of the various Agri-Environmental and Climate Measures (AECM) into a coherent and simplified structure. The substantive change in the new CAP reform proposal, that rapporteur considers positive, is a shift from compliance to performance meanwhile assigning many more responsibilities from the Commission to the Member States, also as regards the management and controls as outlined in the FMM regulation.

The **key issues** of the EP draft report therefore aim to establish a legislative framework that allows for improved implementation of a simplified and modernised CAP management and control though:

**Governance system:** The dual objective of a both simple and comprehensive structure is achieved by an almost complete re-shuffle of the EC proposed system, notably clarifying structure and competences of the - increased - number of institutions (Coordinating body, Monitoring Committee) and specifying their additional tasks (Certification body) with a view to ensuring efficiency, transparency and accountability;

**Reporting obligations:** The change of system from a purely output (financial) to a mixed output-and results-based (performance) reporting system including the decreased Commission oversight and increased additional reporting duties by Member states. In order to limit the unavoidably increasing administrative burden (annual performance review) while ensuring relevance and quality of the new performance based system (performance result indicators), an adjustment of the reporting cycle is proposed;

**Crises reserve:** The crucial role of an adequately funded, independent and well-targetted crises mechanism is reinstated by limiting its scope to crisis only (no market intervention) while at the same time allowing for a broadening of the funding base both within the CAP framework as well as outside and keeping the proposed roll-over principle;

**Penalties and controls:** The threshold for exclusion from penalties is reinstated at EUR 1.250 per beneficiary and up to 10 ha of eligible land as a major step for simplification for small farmers; while at the same time, the necessity of risk-based on-the-spot checks by Member states is reinforced; better availability on satellite data from the EC to help to do better controls; to reinstate some degree of harmonisation, a common system of gradually increasing penalty level is introduced in case of repeated non-compliance;

**Farm Advisory Service (FAS):** This is an essential element of the CAP implementation system and thus should remain in the horizontal regulation, together with more detailed rules to ensure access for beneficiaries in all Member states as a prerequisite for a modern agriculture policy throughout the EU;

**Democratic oversight:** The proposals contains an enormous number of empowerments to be decided at a later stage, which needed to be revised and redesigned to keep a balance between institutions.
Regarding the *entry-into-force* of the legislative proposals, once adopted by the co-legislators, it is useful to recall that for the last CAP programming period this necessitated two years of transitional measures. However, this did not coincide neither with the end of the Parliaments and Commissions mandate nor with the introduction of new tasks and structures. Therefore, a comprehensive legal act to govern the necessary transitional provisions, particularly the new performance-based approach, will have to be adopted in due time to give Member States the time to set up the new systems.
12.2.2019

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Agriculture and Rural Development


Rapporteur for opinion: Maria Heubuch

SHORT JUSTIFICATION

The EU’s obligation to Policy Coherence for Development (PCD) is codified in Article 208 of the Lisbon Treaty: the EU has committed to take account of development objectives in all policies likely to affect developing countries and to avoid contradictions between these policies. Food security and sustainable agriculture are priority areas of EU development cooperation. The relevant EU policy framework\(^1\) (2010) underlines the importance of Policy Coherence for Development for global food security and singles out the EU’s Common Agricultural Policy (CAP).

Although the CAP’s incoherence with development objectives has diminished since export subsidies have been phased out, problems with incoherence remain. Negative effects for development can be caused by CAP subsidies and market support measures that trigger increased exports or imports of certain goods to or from developing countries, and through negative climate impacts caused by resource-intensive agricultural production.

The “horizontal regulation” we are amending provides for adapting the financing, management and monitoring rules for various CAP measures. These “interventions” are financed from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), often referred to as the two “pillars” of the CAP. After 2021, the CAP will have a new delivery model that gives member states (MS) more responsibility in defining national priorities. This new model goes hand in hand with a

shift from compliance to performance and conditionality is an important element of the CAP.

The rapporteur welcomes the shift to a new results-based CAP approach which may be beneficial for coherence with development cooperation, climate and environmental policies, although as MS will be setting targets themselves in the national plans there is significant scope for reduced ambition and a race to bottom. An analysis of this legislative proposal from a PCD perspective shows that PCD is not sufficiently reflected in the rules for financing, management and monitoring.

The rapporteur therefore proposes amending the regulation to introduce a stronger commitment to PCD and to ensure adequate consultation of stakeholders throughout the different stages of planning, implementation, monitoring and evaluation of the CAP, inter alia:

- Stronger commitment and clarifying both the EU’s and the MS’s obligations to respect the TFEU obligation for PCD, the Agenda 2030 and the Paris Agreement.

- Systematic monitoring of PCD indicators, SDG and climate targets, and the CAP’s global footprint. Extending the existing monitoring mechanism for agricultural markets to track external trade flows of sensitive products to and from developing partner countries.

- Consultation with a wide range of stakeholders, including development partners and experts, prior to defining the Member States’ CAP Strategic Plans.

**AMENDMENTS**

The Committee on Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to take into account the following amendments:

**Amendment 1**

**Proposal for a regulation**

**Citation 1**

*Text proposed by the Commission*

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) thereof,

*Amendment*

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) and Article 208 thereof,

**Amendment 2**

**Proposal for a regulation**

RR\1183861EN.docx 103/199 PE629.392v02-00
Recital 1

Text proposed by the Commission

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

Amendment

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges, opportunities by boosting employment, growth and investments in rural areas, promoting social inclusion, reducing development gaps between areas, fighting and adapting to climate change, bringing research and innovation out of the laboratories and onto fields and markets. The Communication also stresses the global dimension of the CAP and states the Union’s commitment to enhance Policy Coherence for Sustainable Development (PCSD). The CAP should furthermore be reformed to address citizens' concerns regarding sustainable agriculture production and its impact on third countries, in particular developing countries, ensuring that populations are provided with nutritious, safe and healthy food and to foster sustainable development and efficient management of natural resources such as water, soil and air to provide to the protection of biodiversity and preserve habitats and landscapes, in line with the Union’s international obligations and commitments including the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change.

Amendment 3

Proposal for a regulation
Recital 3
(3) The CAP’s compliance-driven delivery model should be adjusted to ensure a greater focus on results and performance. Accordingly the Union should set the basic policy objectives, types of intervention and basic Union requirements while greater responsibility and accountability for meeting those objectives should be borne by the Member States. As a consequence, there is a need to ensure greater subsidiarity in order to take better account of the local conditions and needs. Accordingly, under the new delivery model, Member States should be responsible for tailoring their CAP interventions in line with basic Union requirements in order to maximize their contribution to Union CAP objectives and to establish and design the compliance and control framework for beneficiaries.

Amendment 4
Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission

(8a) The implementation of the CAP should be coherent with the objectives of development cooperation, as referred to in Article 208 of the Treaty, including, inter alia, the 2030 Agenda for Sustainable Development. In line with this policy coherence, measures taken under this Regulation should jeopardise neither the food production capacity and long-term food security of developing countries, in particular least developed countries (LDCs), nor the achievement of the Union's climate change mitigation obligations under the Paris Agreement on
climate change.

Justification

According to Article 208 TFEU, all EU policies must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of the EU development cooperation. The CAP has external effects, influencing in particular agricultural trade. The principle of Policy Coherence for Development requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendment 5

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 have a corresponding output regarding and should comply with the basic Union requirements and the governance systems. It should also serve to achieve the sustainable development goals (SDGs). Following the principles of sound financial management and for optimal use of the Union’s financial resources, a wide range of stakeholders should be consulted on the planning and the allocation of Union and national funds. Such consultation should be organised both by the Member States before defining their CAP Strategic Plans and by the Commission before validating
national strategies. Development partners should be included for issues related to PCD and impacts of the CAP on developing country populations, particularly LDCs.

Amendment 6
Proposal for a regulation
Recital 21 a (new)

Text proposed by the Commission

Amendment

(21a) In order to provide the Commission with the means to fulfil its responsibilities with regard to ensuring PCD in the implementation of the CAP as laid down in Regulation (EU) …/… [CAP Strategic Plan Regulation], expanded monitoring capacities should be provided for that facilitate the monitoring of external effects of the CAP especially with regard to developing countries.

Amendment 7
Proposal for a regulation
Recital 25 a (new)

Text proposed by the Commission

Amendment

(25a) In light of the new delivery model of the CAP, with its emphasis on results, it is necessary to measure outputs and impacts related to all the objectives of the CAP as outlined in Articles 5 and 6 of Regulation (EU) …/… [CAP Strategic Plan Regulation], in order to provide assurance that the CAP funds are being used effectively.

Amendment 8
Proposal for a regulation
Recital 25 b (new)
(25b) Following the principle of budgetary efficiency, public funds should not be spent in the CAP that creates other costs for the environmental, public health, or development aid. Such damaging activities should not receive CAP funding. Therefore, in providing assurance on effectiveness of CAP and Union spending, the concept of what constitutes a risk to the financial interests of the Union budget should include risks to the environment, public health, and PCD. This also serves to ensure coherence in the CAP's and other Union policy priorities and objectives. Minimising additional costs in other areas should ensure efficiency in public spending.

Justification

Costs arising from impacts associated with environment, public health, social structures or development are externalised to other areas of public, including EU, spending. This means we pay many times over if spending is inefficient, e.g. once in payment that drive over-production for example, again to deal with crises, again in development aid spending. Or paying once for agricultural practices that are polluting, again to clean up after them or rehabilitate ecosystems, or again to clean drinking water.

Amendment 9

Proposal for a regulation
Recital 30

Text proposed by the Commission

(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.

The action plan should be drawn up with the involvement of the partners referred to in Article 94. 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. Particular attention should be paid to the respect of the environmental Union law as well as the Union’s and Member States' commitments under the 2030 Agenda for Sustainable Development and the obligations under the Treaty.

Amendment 10

Proposal for a regulation
Recital 31

Text proposed by the Commission

(31) As had been the case under Regulation (EU) No 1306/2013, the Commission should be empowered to suspend payments when serious deficiencies exist in the governance systems, including non-compliance with Union basic requirements and unreliability of reporting. It is, however, necessary to review the conditions for suspending payments in order to make the mechanism more efficient. The financial consequences of such suspensions should be decided in an ad-hoc conformity procedure.

Amendment

(31) As had been the case under Regulation (EU) No 1306/2013, the Commission should be empowered to suspend payments when serious deficiencies exist in the governance systems, including non-compliance with Union basic requirements and unreliability of reporting. Incoherence between the implementation of the CAP and other Union policies, inter alia, the SDGs, climate, environment and human rights obligations, should be considered as a serious deficiency in Member States’ governance systems. It is, however, necessary to review the conditions for suspending payments in order to make the mechanism more efficient. The financial consequences of such suspensions should be decided in an ad-hoc conformity procedure.
Justification

Taking into consideration the need for the common agricultural policy to be coherent with the EU development policy as recognized by the Commission’s communication on the future of food and farming COM(2017) 713 final, as well as by the Council and Member states in the 2017 ‘New European Consensus on Development’; incoherences between the implementation of the CAP and broader Union’s external objectives shall be subject to penalties if resulting from deliberate actions.

Amendment 11

Proposal for a regulation
Recital 41

Text proposed by the Commission

(41) The Commission is responsible for the implementation of the Union's budget in cooperation with Member States in accordance with Article 317 of the Treaty. The Commission should thus be empowered to decide, by means of implementing acts, whether the expenditure effected by the Member States is in conformity with Union law. Member States should be afforded the right to justify their decisions to make payments and should have recourse to conciliation where there is no common agreement between them and the Commission. In order to give Member States legal and financial assurances as to expenditure effected in the past, a limitation period should be set for the Commission to decide which financial consequences should follow from the non-conformity.

Amendment

(41) The Commission is responsible for the implementation of the Union's budget in cooperation with Member States in accordance with Article 317 of the Treaty. The Commission should thus be empowered to decide, by means of implementing acts, whether the expenditure effected by the Member States is in conformity with Union law, priorities, and international agreements, inter alia, the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. Amongst these objectives, particular attention should be given to the principle of PCD, as well as the Union’s climate and environmental policy objectives set out in Article 191 of the Treaty. The agricultural policy and its financing should not impede on the functioning of other Union policies. Member States should be afforded the right to justify their decisions to make payments and should have recourse to conciliation where there is no common agreement between them and the Commission. In order to give Member States legal and financial assurances as to expenditure effected in the past, a limitation period should be set for the Commission to decide which financial consequences should follow from the non-conformity.
Justification

Taking into consideration the need for the common agricultural policy to be coherent with the EU development policy as recognized by the Commission's communication on the future of food and farming COM(2017) 713 final, as well as by the Council and Member states in the 2017 ‘New European Consensus on Development’; incoherences between the implementation of the CAP and broader Union’s external objectives shall be subject to penalties if resulting from deliberate actions.

Amendment 12

Proposal for a regulation
Recital 49

Text proposed by the Commission

(49) The Communication from the Commission on 'The future of food and farming' set out the bolstering of environmental care and climate action and the contributing to the achievement of Union environmental and climate objectives as a strategic orientation of the future CAP. Hence, sharing Land Parcel Identification System and other Integrated Administration and Control System data has become necessary for environmental and climate purposes at national and Union level. Provision should therefore be made for sharing the data collected through the integrated system, which is relevant for environmental and climate purposes, between Member States' public authorities and with the Union institutions and bodies. In order to increase efficiency in using data available to different public authorities for the production of European statistic, it should also be provided that data from the integrated system has to be made available for statistical purposes to bodies which are part of the European Statistical System.

Amendment

(49) The Communication from the Commission on 'The future of food and farming' set out the bolstering of environmental care and climate action and the contributing to the achievement of Union environmental and climate objectives as a strategic orientation of the future CAP. The Communication also stresses the global dimension of the CAP and states the Union’s commitment to enhance PCSD. Hence, at national and Union level, sharing Land Parcel Identification System and other Integrated Administration and Control System data has become necessary for environmental and climate purposes and PCD grounds, and for achieving the SDGs as well as for the purpose of coherence with other Union’s internal and external policies at national and Union level. Provision should therefore be made for sharing the data collected through the integrated system, which is relevant for these purposes, between Member States' public authorities and with the Union institutions and bodies. In order to increase efficiency in using data available to different public authorities for the production of European statistics, it should also be provided that data from the integrated system has to be made available for statistical purposes to bodies which are
Amendment 13

Proposal for a regulation
Recital 49 a (new)

**Text proposed by the Commission**

(49a) An additional strategic orientation to ensure the consistency of CAP related agro-food sector trade outcomes with Union development policy also needs to be respected in the planning and the implementation by the Member States of CAP policies and instruments, particularly as regards the deployment of voluntary coupled support and of the agricultural reserve in addressing market crisis situations.

Amendment 14

Proposal for a regulation
Recital 53

**Text proposed by the Commission**

(53) Having regard to the international structure of agricultural trade and in the interest of the proper functioning of the internal market, it is necessary to organise cooperation among the Member States. It is also necessary to set up a centralised documentation system at Union level concerning undertakings established in third countries and which receive or make payments.

**Amendment**

(53) Having regard to the international structure of agricultural trade and in the interest of the proper functioning of the internal market and respect for the PCD obligations, it is necessary to organise cooperation among the Member States and between the Member States and third countries. It is also necessary to set up a centralised documentation system at Union level concerning undertakings established in third countries and which receive or make payments. Such a system should contribute to the identification of incoherencies between the implementation of the CAP and the objectives of the external policies of the Union. The documentation system should highlight the contribution or impact of the aforementioned undertakings in third
countries to the 2030 Agenda for Sustainable Development. Such documentation should also underline the CAP contribution, especially having regard to its external dimension, to the Union’s development objectives as provided for in Article 208 of the Treaty.

Justification

In a spirit of sound and efficient cooperation with third countries, the Commission shall enhance its dialogue with partner countries on any aspect that has an impact on their development process, whether directly entering within the framework of the Union’s policy or not. The inputs from the Union’s partners shall aim at identifying and remediate to the incoherences of EU policies and the gathering and sharing of data shall facilitate this process.

Amendment 15

Proposal for a regulation
Recital 55

Text proposed by the Commission

(55) Conditionality is an important element of the CAP, in particular with regard to its environmental and climate elements but also concerning public health and animal related issues. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have a level playing field between beneficiaries in different Member States, certain general rules on conditionality controls and penalties should be introduced at Union level.

Amendment

(55) Conditionality is an important element of the CAP, in ensuring that payments achieve a high degree of sustainability, e.g. on the use of pesticides and ensuring a level playing field for farmers within and between Member States, in particular with regard to its environmental and climate elements but also concerning public health and animal welfare. This implies that controls should be carried out and, where necessary, penalties should be applied to ensure the effectiveness of the conditionality system. To have that level playing field between beneficiaries in different Member States, certain general rules on conditionality, and controls and penalties related to non-compliance should be introduced at Union level.
Amendment 16
Proposal for a regulation
Recital 67

Text proposed by the Commission

(67) In this context the role played by civil society, including by the media and non-governmental organisations and their contribution to reinforcing the administrations' control framework against fraud and any misuse of public funds, should be properly recognised.

Amendment

(67) In this context the role played by civil society, including by the media and non-governmental organisations and their contribution to reinforcing the administrations' control framework against fraud and any misuse of public funds, should be properly recognised. The aforementioned stakeholders should furthermore be encouraged to highlight and refer to the Commission Hearing Officer established by Regulation (EU) .../... [the CAP Strategic Plan Regulation] the inconsistencies between the implementation of the CAP and existing Union policies, especially taking into consideration the environmental and development policies of the Union.

Justification

The EU committed itself to recognise and strengthen the principle of participation of Non-state actors in order to fulfil the development objectives of 3rd country partners with the 2005 ‘EU Consensus on Development’, reaffirmed by the 2017 ‘New consensus for development’. A Commission hearing officer function has been established in amendments to the strategic plans regulation.

Amendment 17
Proposal for a regulation
Recital 82

Text proposed by the Commission

(82) The implementing powers of the Commission should also cover: rules aiming at reaching a uniform application of Member States' obligations regarding the protection of the financial interests of the Union and the necessary rules aiming at reaching a uniform application of checks in the Union.

Amendment

(82) The implementing powers of the Commission should also cover: rules aiming at reaching a uniform application of Member States' obligations regarding the protection of the financial interests of the Union which should include the principle of budgetary efficiency by not allowing CAP payments that generate additional...
costs for the Union budget, and the necessary rules aiming at reaching a uniform application of checks in the Union. The Commission should therefore also define rules ensuring the coherence between the CAP implementation by Member states and the Union’s other policies, with a particular attention being given to the environmental requirements laid down in Article 11 and 191 of the Treaty as well as the obligations in terms of PCD set out in Article 208 of the Treaty.

**Justification**

Costs arising from impacts associated with environment, public health, social structures or development are externalised to other areas of public, including EU, spending. This means we pay many times over if spending is inefficient, e.g. once in payment that drive over-production for example, again to deal with crises, again in development aid spending. Or paying once for agricultural practices that are polluting, again to clean up after them or rehabilitate ecosystems, or again to clean drinking water.

**Amendment 18**

Proposal for a regulation

**Article 7 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) measures required for the analysis, management, monitoring, information exchange and implementation of the CAP, as well as measures relating to the implementation of control systems and technical and administrative assistance;

*Amendment*

(a) measures required for the analysis, management, monitoring, information exchange and implementation of the CAP and of the of the 2030 Agenda for Sustainable Development and Paris Agreement on climate change, as well as measures relating to the implementation of control systems and technical and administrative assistance;

**Justification**

Article 208 TFEU establishes that all EU policies must take development objectives into account. Enhancing global food security and aiding in the development of robust agricultural systems in developing countries are major development objectives of EU development cooperation and the SDGs. Internal market regulation of the agricultural sector has direct implications for the health of these systems in the developing world.
Amendment 19

Proposal for a regulation
Article 7 – paragraph 1 – point c

Text proposed by the Commission

(c) the actions taken by the Commission through remote-sensing applications used for the monitoring of agricultural resources in accordance with Article 23;

Amendment

(c) the actions taken by the Commission through remote-sensing applications used for the monitoring of agricultural resources and of the Member States' participation in farming practices consistent with the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, in accordance with Article 23;

Justification

Article 208 TFEU establishes that all EU policies must take development objectives into account. Enhancing global food security and aiding in the development of robust agricultural systems in developing countries are major development objectives of EU development cooperation and the SDGs. Internal market regulation of the agricultural sector has direct implications for the health of these systems in the developing world.

Amendment 20

Proposal for a regulation
Article 7 – paragraph 1 – point f

Text proposed by the Commission

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP, as well as studies carried out with the European Investment Bank (EIB);

Amendment

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP, as well as studies carried out with the European Investment Bank (EIB), involving relevant actors referred to in Article 94 of Regulation (EU) .../... [the CAP Strategic Plan Regulation], notably local, regional, national, and international stakeholders, academic experts and NGOs;
Amendment 21
Proposal for a regulation
Article 7 – paragraph 1 – point h

Text proposed by the Commission

(h) contribution to measures relating to the dissemination of information, raising awareness, promoting cooperation and exchanging experiences at Union level, and taken in the context of rural development interventions, including the networking of the parties concerned;

Amendment

(h) contribution to measures relating to the dissemination of information, raising awareness, including as regards the global consequences of CAP, promoting cooperation and exchanging experiences at local, regional, national, Union and international level, and taken in the context of rural development interventions, including the networking of the parties concerned;

Amendment 22
Proposal for a regulation
Article 7 – paragraph 1 – point j a (new)

Text proposed by the Commission

(ja) effects of the CAP on third countries, especially developing countries.

Amendment

Amendment 23
Proposal for a regulation
Article 8 – paragraph 4 – subparagraph 1 – point d

Text proposed by the Commission

(d) to promote and ensure harmonised application of Union rules.

Amendment

(d) to promote and ensure harmonised application of Union rules as well as rules to be applied by the Union that arise from the relevant international treaties.
Amendment 24

Proposal for a regulation
Article 23 – paragraph 1 – point a

Text proposed by the Commission
(a) manage Union agricultural markets in a global context;

Amendment
(a) equitably and sustainably manage Union agricultural markets in a global context, including by establishing and expanding market monitoring mechanisms at a regional and global level, taking account of development objectives;

Justification
Monitoring is necessary to understand the external effects on internal EU policies on the developing world, and so to achieve PCD. Similarly, as established by TFEU 191, the CAP and its financing should not impede on the achievement of the SDGs or goals outlined in the Paris Agreement.

Amendment 25

Proposal for a regulation
Article 23 – paragraph 1 – point b

Text proposed by the Commission
(b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of crops so as to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances;

Amendment
(b) ensure agri-economic and agri-environmental-climate monitoring of agricultural land use and agricultural land use change, including agro-forestry, and monitoring of the condition of crops so as to enable estimates to be made, in particular as regards yields and agricultural production and agricultural impacts associated with exceptional circumstances, as well as monitoring progress regarding the implementation of agricultural practices helping to reach climate goals and targets laid down in the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change;

Justification
Monitoring is necessary to understand the external effects on internal EU policies on the
developing world. Similarly, as established by TFEU 191, the Union’s climate and environment policy objectives, the CAP and its financing shall not impede on the achievement of the SDGs or goals outlined in the Paris Agreement.

Amendment 26
Proposal for a regulation
Article 23 – paragraph 1 – point d

Text proposed by the Commission
(d) contribute to transparency of world markets;

Amendment
(d) contribute to transparency of world markets, including ensuring PCD;

Amendment 27
Proposal for a regulation
Article 23 – paragraph 2

Pursuant to point (c) of Article 7 the Commission shall finance the actions concerning the collection or purchase of data needed to implement and monitor the CAP, including satellite data, geo-spatial data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of agricultural land use change and soil health and the updating of agri-meteorological and econometric models. Where necessary, those actions shall be carried out in collaboration with EEA, JRC, national laboratories and bodies or with the involvement of the private sector.

Pursuant to point (c) of Article 7 the Commission shall finance the actions concerning the collection or purchase of data needed to implement and monitor the CAP and its effects, both inside and outside of the Union, including satellite data, geo-spatial data and meteorological data, the creation of a spatial data infrastructure and a website, the carrying out of specific studies on climatic conditions, remote sensing used to assist in the monitoring of agricultural land use change and soil health and the updating of agri-meteorological and econometric data and models. Where necessary, those actions shall be carried out in collaboration with EEA, JRC, national laboratories and bodies or with the involvement of civil society and the private sector. This shall include sharing access and contributing to international initiatives and data sources including UNFCCC as well as climate and environmental data, or data and/or information that contributes to transparency of world markets or tracking achievement of SDGs.
Amendment 28

Proposal for a regulation
Article 23 a (new)

Text proposed by the Commission

Amendment

Article 23 a

Monitoring Policy Coherence for Development

1. In accordance with Article 208 of the Treaty, the impact of the CAP on food systems and on long-term food security in developing countries shall be subject to regular and independent assessments. This monitoring shall pay particular attention to the impact of agri-food trade flows between the Union and developing countries on:

(a) food production, processing and distribution in LDCs;
(b) local smallholder producers and women farmers;
(c) products deemed to be sensitive by developing countries;
(d) products from sectors where CAP coupled payments have been granted and where CAP crisis management measures have been deployed.

2. The assessment shall examine data from the Union market observatories, case studies, reporting on the SDGs, as well as evidence provided by partner countries and other relevant stakeholders such as civil society organisations. For this purpose, the sectoral and geographic scope of the Union market observatories shall be expanded to products deemed to be sensitive by partner countries and to cover LDCs. The Commission shall adopt delegated acts in accordance with Article 100 supplementing this Regulation by defining the scope of and the procedure for the assessment.
3. If monitoring data indicate a risk of adverse affects on the agri-food production and processing or food security of a developing country, an early warning shall be issued by the Commission, prompting a consultation between the Union and affected farming communities as well as partner country governments to agree on measures. A social safeguard shall be available to affected parties.

4. Where no early warning is issued but adverse effects occur, the affected party may file a complaint. Complaints shall be received by the European Parliament's Standing Rapporteur on Policy Coherence for Development and the complaint shall be handled by Hearing Officers in the Commission. Evidence may be presented by the affected groups and other interested parties.

5. The Commission shall transmit an annual report to the European Parliament and to the Council on the results of the assessment, the evidence received and the Union’s policy response.

Justification

This procedure intends to establish a mechanism that simultaneously monitors policy coherence for development and allows signals for the markets and communities potentially affected to be received by the Commission. This expands upon the role of market observatories that already exist. The Commission Hearing Officer already exists in the European Commission, and the role could also be based in EU Delegations with trade and agriculture competences.

Amendment 29

Proposal for a regulation

Article 24 – paragraph 1 – point a

Text proposed by the Commission

(a) rules relating to the financing pursuant to points (b) and (c) of Article 7;

Amendment

(a) rules relating to the financing pursuant to points (b), (c) and (k) of Article 7;
Amendment 30
Proposal for a regulation
Article 35 – paragraph 1 – point c – point i a (new)

Text proposed by the Commission

Amendment

(ia) it does no harm socially or environmentally and is coherent with Union policy aims and international commitments and obligations as referred to in Articles 5 and 6 of Regulation (EU) .../... [the CAP Strategic Plan Regulation].

Amendment 31
Proposal for a regulation
Article 39 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

Where the Member States fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is manifestly insufficient to remedy the situation, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Where the Member States fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is manifestly insufficient to remedy the situation or is not in line with the Union's international agreements or with PCD, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Amendment 32
Proposal for a regulation
Article 44 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

The provision of information financed pursuant to point (e) of Article 7 shall aim, in particular, to help explain, implement and develop the CAP and to raise public awareness of its content and objectives to reinstate consumer confidence following crises through information campaigns, to

Information financed pursuant to point (e) of Article 7 shall aim in particular to help explain, implement and develop the CAP and to raise public awareness of its content and its objectives, including climate change mitigation, environmental protection, animal welfare, maintaining
inform farmers and other parties active in rural areas and to promote the European model of agriculture, as well as to help citizens understand it.

social structures in rural areas, as well as its global dimension, while assuming responsibility for the CAP’s impact, in particular, on developing countries and to inform citizens, following crises, through impartial and objective information campaigns, to inform farmers and other parties active in rural areas, and to promote a sustainable Union model of agriculture, as well as to help citizens understand it.

Amendment 33

Proposal for a regulation

Article 58 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The system set up by the Member States in accordance with Article 57(2) shall include systematic checks which shall also target the areas where the risk of errors is the highest.

Amendment

The system set up by the Member States in accordance with Article 57(2) shall include systematic checks which shall also target the areas where the risk of errors is the highest and where the nature of those risks poses the highest degree of damage to the environment, climate, and public or animal health.

Justification

This updates the concept of risk to the new delivery model. The "risk to the Funds" principle that has been followed until now should also be understood as spending EU and MS public funds effectively: This means that, following the principle of budgetary efficiency, the CAP should not be enabling expenditure of public funds that incur additional costs, as such externalised costs end up being covered by public funds later on.

Amendment 34

Proposal for a regulation

Article 58 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Checks shall not be carried out at the level of the EIB or other international financial institutions in which a Member State is a shareholder.

Amendment

Checks shall not be carried out by the Member States at the level of the EIB or other international financial institutions in which a Member State is a shareholder. Those systematic conformity and
coherence checks shall be carried out on Union or other appropriate level.

Amendment 35
Proposal for a regulation
Article 65 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. Member States shall ensure that datasets collected through the integrated system, and which are relevant for the Commission to analyse, monitor and assess the impact of the CAP, the CAP Strategic Plans and the interventions supported on the Union’s development objectives and on developing countries, are shared free of charge with the Commission and, where necessary, with the national bodies of the Member States responsible for drawing up the CAP Strategic Plans and the national Managing Authorities for the CAP Strategic Plans.

Amendment 36
Proposal for a regulation
Article 76 a (new)

Text proposed by the Commission

Amendment

Article 76 a
Proof of responsible investments and good practices

Undertakings that wish for their investments and good practices, that can outbalance negative impacts, to be taken into account in the framework of the assessment pursuant to Article 7 Regulation (EU) …/… [CAP Strategic Plan Regulation] shall provide the Commission with the necessary proof.
Amendment 37
Proposal for a regulation
Article 78 – paragraph 2

Text proposed by the Commission

2. Member States shall send the Commission a list of undertakings established in a third country for which payment of the amount in question has or should have been made or received in that Member State.

Amendment

2. Member States shall send the Commission a list of undertakings established in a third country for which payment of the amount in question has or should have been made or received in that Member State. Where necessary, the Commission shall invite experts from third countries, including developing countries, in order to obtain an assessment of the external impacts of CAP implementation at Member State level.

Justification

In a spirit of sound and efficient cooperation with third countries, the Commission should enhance its dialogue with partner countries on any aspect that has an impact on their development process. The inputs from the Union’s partners shall aim at identifying and remedying the incoherencies of EU policies, especially between the external aspects of internal policies and external policies per se.

Amendment 38
Proposal for a regulation
Article 83 – paragraph 1 – point a a (new)

Text proposed by the Commission

(AA) the production of proof referred to in Article 76a as regards responsible investments and good practices;

Amendment

(aa) the production of proof referred to in Article 76a as regards responsible investments and good practices;
## PROCEDURE – COMMITTEE ASKED FOR OPINION

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<td><strong>Rapporteur</strong></td>
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<td>Date appointed</td>
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<td>19.11.2018</td>
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<td>7.2.2019</td>
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<td><strong>Members present for the final vote</strong></td>
<td>Beatriz Becerra Basterrechea, Ignazio Corrao, Charles Goerens, Maria Heubuch, György Hölvényi, Arne Lietz, Linda McAvan, Norbert Neuser, Elly Schlein, Bogusław Sonik, Mirja Vehkaperä, Anna Záborská</td>
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<tr>
<td><strong>Substitutes present for the final vote</strong></td>
<td>Stefan Gehrold, Bernd Lucke, Judith Sargentini</td>
</tr>
<tr>
<td><strong>Substitutes under Rule 200(2) present for the final vote</strong></td>
<td>Asim Ademov, Czesław Hoc, Monika Hohlmeier, John Howarth, Tom Vandenkendelaere, Josef Weidenholzer, Bogdan Andrzej Zdrojewski</td>
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**FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION**

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<td>VERTS/ALE</td>
<td>Maria Heubuch, Judith Sargentini</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention
OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Agriculture and Rural Development


Rapporteur for opinion: Zbigniew Kuźmiuk

SHORT JUSTIFICATION

In the draft horizontal regulation concerning the CAP (COM(2018)393), the Commission proposes to maintain the current financing structure of the CAP from two separate funds: the EAGF and the EAFRD. Measures with general coverage paid out in the annual system under the first pillar would be supplemented with funds under the multi-annual pillar II programmes.

In the Commission proposals for the EU's MFF for 2021-2027, the amount allocated to the CAP is EUR 324.3 billion at constant prices. The two pillars of the CAP are expected to be maintained. For direct payments and market interventions, the Commission has provided for EUR 254.2 billion in constant prices, with EUR 70 billion in constant prices for rural development.

The rapporteur disagrees with the decrease in the level of EU funding for the CAP. Significant cuts in CAP expenditure (EUR 31.896 billion in constant prices (2018)) for the first pillar, a reduction of 11%; EUR 26.675 billion in constant prices (2018) for the second pillar, a reduction of 28%) may have a negative impact on the ability to achieve the objectives of this policy. Such cuts would have negative consequences, extending beyond rural areas. In particular, a radical reduction in the financing of the second pillar may halt the process of levelling inequalities between agricultural areas in different Member States. Furthermore, they may disproportionately affect less prosperous countries with the greatest need for further economic convergence. A similar impact could be had by an increase in the level of national co-financing of the expenditure under the second pillar of the CAP.

In the rapporteur's view, increasing the environmental and climate ambitions of the CAP should go hand in hand with providing an increased budget for this purpose. Otherwise, imposing overly ambitious and complicated requirements on farmers will have a negative impact on achieving the objectives and results of the CAP.
The rapporteur insists on ensuring a level playing field for EU farmers in the EU single market. Farmers operating within the EU internal market must meet the same, increasingly high EU production standards. Therefore, the rapporteur advocates full equalisation of the level of direct payments between Member States and insists on the completion of the process of levelling out direct payments in the 2021-2027 financial perspective. With the new CAP objectives, the rate of equalisation of direct payments proposed by the Commission would maintain large, unjustified and inconsistent disparities in support for agricultural producers operating in the single market.

The rapporteur considers that the new agricultural reserve created under the EAGF should constitute a separate budget line, with EAGF expenditure planned for this purpose within the limit of the EAGF for the current year of the 2021-2027 period, without reducing expenditure for direct payments.

The rapporteur is in favour of restoring the exclusion of the financial discipline mechanism to beneficiaries receiving up to EUR 2,000 in direct payments. Coverage for all agricultural beneficiaries, as proposed by the EC, will not achieve the objective of balancing the distribution of direct support between various sized farms.

In the rapporteur's opinion, the Commission proposal to replace the currently binding N+3 rule with the N+2 rule for decommitment of unused budget commitments related to rural development interventions will narrow the implementation of the CAP's strategic plans and threaten the loss of funds by Member States.

The rapporteur proposes increasing the amount of advances for Member States to implement interventions funded from the EAFRD to 5% in the first year of implementation of the CAP strategic plan, i.e. in 2021.

In connection with the new CAP implementation model, the draft regulation extended the list of cases in which the Commission can suspend payments. Meanwhile, in managing CAP-financed programmes, Member States are already striving to contract and spend these funds efficiently.

In the rapporteur's view, the proposed setting of annual milestones will not result in the CAP being better targeted, but in significant administrative burdens and increased financial risks for Member States and farmers.

For the sake of simplification, the rapporteur proposes delete the reimbursement rule in Article 15, which, in his opinion, should be regulated by the provisions of the implementing act rather than a rule laid down in the basic act.

The rapporteur also proposes deleting Article 35 due to the fact that the possibility to use the performance reserve should be conditional on results, but the eligibility of costs at the level of the beneficiary should not be linked to the 'corresponding reported output'. This approach will introduce major limitations and difficulties at the stage of programming and implementing instruments.

In the opinion of the rapporteur, Articles 37, 38 and 39 should be deleted on account of their financial consequences for Member States resulting from decisions taken unilaterally by the Commission to suspend payments. In presenting this proposal, the Commission did not
substantiate how such a system for implementing the multi-annual strategic plan would ensure better implementation of the objectives than is the case when applying the N+3 rule.

AMENDMENTS

The Committee on Budgets calls on the Committee on Agriculture and Rural Development, as the committee responsible, to take into account the following amendments:

Amendment 1
Proposal for a regulation
Recital 1 a (new)

Text proposed by the Commission

(1a) In its resolution of 30 May 2018 on the Multiannual Financial Framework and own resources for 2021-2027 (2018/2714(RSP), the European Parliament deplored the fact that the Commission proposal of 2 May 2018 on the MFF for 2021-2027 led to a 15% reduction in the level of common agricultural policy, and stated that it was particularly opposed to any radical cuts that would adversely impact on the very nature and objectives of that policy. It also questioned, in this context, the proposal to reduce the European Agricultural Fund for Rural Development by more than 25%.

Amendment 2
Proposal for a regulation
Recital 1 b (new)

Text proposed by the Commission

(1b) Taking into account the importance of direct payments and all other payments in pillar one as well as second-pillar funds for farmers, which makes a significant contribution to investment and employment in rural areas, and given the fundamental role of common agricultural policy, the severe
cuts envisaged for the second pillar of the CAP are not acceptable. Therefore, it is essential to maintain the funding allocated to the common agricultural policy 2021-2027 for the EU-27 at least at the level of the 2014-2020 budget while budgeting the initial amount for the agricultural crisis reserve: EUR 383.255 billion in 2018 prices (i.e. EUR 431.946 billion in current prices).

Amendment 3
Proposal for a regulation
Recital 1 c (new)

*Text proposed by the Commission*

(1c) Agriculture must not suffer any financial disadvantage as a result of political decisions such as the withdrawal of the United Kingdom from the EU or the funding of new European policies.

Amendment 4
Proposal for a regulation
Recital 14

*Text proposed by the Commission*

(14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. **However, the threshold of EUR 2000 should be abolished.** An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) [New Financial Regulation] foresees that non-committed appropriations may be carried over to the following...
committed appropriations may be carried over to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2020. For this purpose a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s). Furthermore, as regards the financial year 2020, a second derogation is necessary as the total unused amount of the reserve available at the end of year 2020 should be carried over to the year 2021 to the corresponding line of the new agricultural reserve without being returned to the budgetary lines which cover direct payment interventions under the CAP Strategic Plan.

Justification

The exclusion of the financial discipline mechanism should be maintained for beneficiaries who receive up to EUR 2 000 in direct payments. Coverage for all agricultural beneficiaries, as proposed by the Commission, will not achieve the objective of balancing the distribution of direct support between various sized farms. The newly created agricultural reserve should constitute a separate budget item, financed without reducing expenditure for direct payments.

Amendment 5

Proposal for a regulation
Recital 16 a (new)

Text proposed by the Commission

(16a) Equalising the level of direct payments among the Member States is essential in order to ensure a level playing field in the EU’s single market. There is an urgent need for a fair distribution of direct payments between Member States.
Amendment 6
Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) As regards the financial management of the EAFRD, provision should be made with regard to budget commitments, payment deadlines, decommitment and interruptions. Rural development interventions are financed from the Union's budget on the basis of commitments made in annual instalments. Member States should be able to draw on the Union Funds provided for as soon as the CAP Strategic Plans are approved. A suitably restricted prefinancing system is therefore needed, to ensure a steady flow of funds so that payments to beneficiaries under the interventions are made at the appropriate time.

Amendment

(22) As regards the financial management of the EAFRD established regarding the relevant lines of Common Provisions Regulation, provision should be made with regard to budget commitments, payment deadlines, decommitment and interruptions. Rural development interventions are financed from the Union's budget on the basis of commitments made in annual instalments. Member States should be able to draw on the Union Funds provided for as soon as the CAP Strategic Plans are approved. A suitably restricted prefinancing system is therefore needed, to ensure a steady flow of funds so that payments to beneficiaries under the interventions are made at the appropriate time.

Amendment 7
Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) a severe natural disaster gravely affecting the holding;

Amendment

(a) a natural disaster gravely affecting the holding;

Justification

The definition of weather-related phenomena having the characteristics of a natural disaster is based on national law. Grading the level of a natural disaster will lead to unnecessary interpretation difficulties.

Amendment 8
Proposal for a regulation
Article 8 – paragraph 3 – subparagraph 2
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.

Amendment

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

Justification

The suggested time frame of four months for the completion, certification and the Management Committee procedure of the performance report could be challenging and it would be shorter than the time frame currently in place for reporting under Pillar II. Sufficient time for gathering the information should be allowed.

Amendment 9

Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Moreover, by derogation from point (d) of Article 12(2) of the Financial Regulation, the total unused amount of the crisis reserve available at the end of year 2020 shall be carried over to the year 2021 without being returned to the budgetary lines which cover the actions referred to in point (c) of Article 5(2) and made available for the financing of the agricultural reserve.

Amendment

deleted

Justification

The Commission’s proposal not to return, in 2021, the unused 2020 crisis reserve in the form of increased direct payments to agricultural producers should be dropped. The new agricultural reserve should constitute a separate budget item (with expenditure planned for this purpose as part of the 2021 limit) without reducing expenditure for direct payments in 2014-2020. This is justified by the nature of the disbursement of funds from this reserve, which should support market mechanisms under the next MFF.
Amendment 10
Proposal for a regulation
Article 15 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The adjustment rate shall only apply to direct payments in excess of EUR 2 000 to be granted to farmers in the corresponding calendar year.

Justification

The exclusion of the financial discipline mechanism should be maintained for beneficiaries who receive up to EUR 2 000 in direct payments. Coverage for all agricultural beneficiaries, as proposed by the Commission, will not achieve the objective of balancing the distribution of direct support between various sized farms. This amendment will also trigger the need for additional costs to rebuild IT systems.

Amendment 11
Proposal for a regulation
Article 42 – paragraph 2 – subparagraph 2 – point a

Text proposed by the Commission

Amendment

(a) prior to 1 December but not before 16 October, pay advances of up to 50 % for direct payments interventions;

(a) prior to 1 December but not before 16 October, pay advances of up to 75 % for direct payments interventions;

Justification

In the spirit of simplification harmonized timetables and percentages for advances between direct payments interventions and rural development interventions would be justified.

Amendment 12
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development interventions in the CAP Strategic Plan. However, the cancelled or recovered Union

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development operations in the CAP Strategic Plan. However, the cancelled or recovered Union
Funds may be reused by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

**Justification**

*In accordance with draft EU legislation, the word 'intervention' means the support instrument (Article 3(c) of the draft regulation on the CAP strategic plans). The provision of Article 55 proposed by the Commission would mean that the funds recovered from the beneficiary should be allocated for the implementation of another action and not 'revert' to the budget of the measure under which they were recovered. There is no substantive justification for the funds recovered from beneficiary X not to be used for an operation of beneficiary Y, properly implemented under the support instrument in question.*
# PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
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<th>Financing, management and monitoring of the common agricultural policy</th>
</tr>
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<tr>
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<td>Date announced in plenary</td>
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<td>Date announced in plenary</td>
<td>11.6.2018</td>
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<td>Rapporteur</td>
<td>Zbigniew Kuźmiuk</td>
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<td>Date appointed</td>
<td>9.7.2018</td>
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<td>Discussed in committee</td>
<td>26.9.2018</td>
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<td>21.11.2018</td>
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| Result of final vote | +: 24  
–: 3  
0: 5 |
| Members present for the final vote | Nedžhmi Ali, Jean Arthuis, Lefteris Christoforou, Gérard Deprez,  
Manuel dos Santos, André Elissen, José Manuel Fernandes, Eider  
Gardiazabal Rubial, Ingeborg Gräßle, Monika Hohlmeier, John  
Howarth, Bernd Kölmel, Zbigniew Kuźmiuk, Vladimir Maňka, Jan  
Olbrycht, Răzvan Popa, Petri Sarvamaa, Jordi Solé, Patricija Šulin,  
Eleftherios Synadinos, Indrek Tarand, Isabelle Thomas, Inese Vaidere,  
Monika Vana, Daniele Viotti, Tiemo Wölken, Stanisław Żółtek |
| Substitutes present for the final vote | Karine Gloanec Maurin, Giovanni La Via, Ivana Maletić, Andrey  
Novakov, Tomáš Zdechovsky |
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>Eider Gardiazabal Rubial, Karine Gloanec Maurin, John Howarth, Vladimír Maňka, Răzvan Popa, Manuel dos Santos, Isabelle Thomas, Daniele Viotti, Tiemo Wölken</td>
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Key to symbols:
+ : in favour  
- : against  
0 : abstention
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy

Rapporteur for opinion: Claudia Schmidt

SHORT JUSTIFICATION

The Committee on budgetary Control welcomes the Commission’s attempt to move from a compliance-based towards a performance-based delivery model of the CAP.

However, as stated by the European Court of auditors in its opinion 7/2018, “this move would not remove the need to check legality and regularity”. If, in the Commission proposal, the Member States’ supervisory role does not change, control of legality and regularity by the certification bodies is, according to the Court, no longer mandatory. It is unclear whether the certification bodies’ check would cover definitions and specific eligibility criteria laid down in the CAP strategic plans. The reporting and the assurance the Commission obtains changes significantly. The Commission would receive neither control statistics from paying agencies, nor assurance on payments to individual farmers from certification bodies.

In accordance with the Treaty of the Functioning of the European Union the Commission remains ultimately responsible for implementing the budget in cooperation with the Member States, including the payments made within Member States. The Commission proposal will have the impact of weakening Commission accountability over this.

The Commission would no longer be able to quantify the extent to which payments breached rules. The proposal would also make it harder to apply a single audit approach, notably because of the reduced role for certification bodies. The recent murders of investigative journalists reminds us that it is no time to weaken the EU chain of controls on the financial transactions until the final beneficiaries.

AMENDMENTS
The Committee on Budgetary Control calls on the Committee on Agriculture and Rural Development, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 1

**Text proposed by the Commission**

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

**Amendment**

(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change, adapting them and transferring research and innovation from the laboratories to fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production.

Amendment 2

Proposal for a regulation
Recital 8 a (new)

**Text proposed by the Commission**

(8 a) In accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the implementation of the CAP shall be in coherence with the objectives of development cooperation, including, inter alia, the 2030 Agenda for Sustainable Development. Measures taken under this Regulation should jeopardise neither the food production capacity and long-term food security of developing countries, in
particular least developed countries (LDCs), nor the achievement of the Union's climate change mitigation obligations under the Paris Agreement.

Amendment 3
Proposal for a regulation
Recital 10

Text proposed by the Commission

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national level and should keep the Commission informed of any follow-up.

Amendment

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national level and should keep the Commission informed of any follow-up. Paying agencies should develop their role as advisors to farmers and make efforts towards the simplification of procedures and ensuring compliance with standards at European level. In addition, in recognition of New Delivery Model Member States shall establish a functionally independent mediation and appeals body comprising the required expertise and stakeholder representation;

Amendment 4
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) With a view to ensuring that the

Amendment

(14) With a view to ensuring that the
amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. However, the threshold of EUR 2000 should be abolished. An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) [New Financial Regulation] foresees that non-committed appropriations may be carried over to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2020. For this purpose a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s). Furthermore, as regards the financial year 2020, a second derogation is necessary as the total unused amount of the reserve available at the end of year 2020 should be carried over to the year 2021 to the corresponding line of the new agricultural reserve without being returned to the budgetary lines which cover direct payment interventions under the CAP Strategic Plan.

Amendment 5
Proposal for a regulation
Recital 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.

Particular attention should be paid to respect of the Union’s environmental legislation as well as EU and Member States’ commitments to the 2030 Agenda for Sustainable Development and Treaty obligations.

Amendment 6
Proposal for a regulation
Recital 47

The existing main elements of the integrated system and, in particular, the provisions concerning a system for identifying agricultural parcels, a geo-spatial and an animal-based application system, a system for identifying and registering payment entitlements, a system for recording the identity of beneficiaries and a control and penalties system should be maintained. Member States should continue to use data or information products provided by the Copernicus

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programme, in addition to information technologies such as GALILEO and EGNOS in order to ensure that comprehensive and comparable data is available throughout the Union for the purposes of monitoring agri-environment-climate policy and for the purposes of boosting the use of full, free and open data and information captured by Copernicus Sentinels satellites and services. To this end, the integrated system should include also an area monitoring system.

**Amendment 7**

Proposal for a regulation
Recital 48

*(48) The integrated system, as part of the governance systems which should be in place in order to implement the CAP, should ensure that the aggregate data provided in the annual performance reporting is reliable and verifiable. Given the importance of a properly functioning integrated system, it is necessary to set quality requirements. Member States should carry out an annual quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system. Member States should also address any deficiencies and, if so requested by the Commission, set up an action plan.*

*(48) The integrated system, as part of the governance systems which should be in place in order to implement the CAP, should ensure that the aggregate data provided in the annual performance reporting is accurate, reliable and verifiable. Given the importance of a properly functioning integrated system, it is necessary to set quality requirements. Member States should carry out an annual quality assessment of the identification system for agricultural parcels, of the geo-spatial application system and of the area monitoring system. Member States should also address any deficiencies and, if so requested by the Commission, set up an action plan.*

**Amendment 8**

Proposal for a regulation
Recital 57

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(57) While Member States should be allowed to set out the details on penalties, those penalties should be proportionate, effective and dissuasive and should be without prejudice to other penalties laid down under Union or national law. To ensure an effective and coherent approach by Member States, it is necessary to provide for a minimum penalty rate at Union level for non-compliance occurring for the first time due to negligence, while reoccurrence should lead to a higher percentage and intentionality may result in the total exclusion from the payment. To ensure proportionality of the penalties, where the non-compliance is of a minor nature and occurs for the first time, Member States should be allowed to introduce an early warning system.

Amendment 9

Proposal for a regulation
Recital 69

Text proposed by the Commission

(69) If the objective of the public control of the use of the money from the Funds is to be achieved, a certain level of information about beneficiaries needs to be brought to the attention of the public. That information should include data on the identity of the beneficiary, the amount awarded and the fund from which it comes, and the purpose and nature of the type of intervention or measure concerned. The publication of that information should be made in such a way as to cause less interference with the beneficiaries' right to respect for their private life, and to their right to protection of their personal data, both rights which are recognised in

Amendment

(69) If the objective of the public control of the use of the money from the Funds is to be achieved, a certain level of information about beneficiaries needs to be brought to the attention of the public. That information should include data on the identity of the beneficiary, the amount awarded and the fund from which it comes, and the purpose and nature of the type of intervention or measure concerned and should be published in an open and machine-readable format. The publication of that information should be made in such a way as to cause less interference with the beneficiaries' right to respect for their private life, and to their right to protection
Articles 7 and 8 of the Charter of Fundamental Rights of the European Union.

of their personal data, both rights which are recognised in Articles 7 and 8 of the Charter of Fundamental Rights of the European Union.

Amendment 10

Proposal for a regulation
Article 2 – paragraph 1 – point b

Text proposed by the Commission

(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];

Amendment

(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 report referred to in Article 121 of Regulation (EU) …/… [CAP Strategic Plan Regulation];

Amendment 11

Proposal for a regulation
Article 7 – paragraph 1 – point f

Text proposed by the Commission

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP, as well as studies carried out with the European Investment Bank (EIB);

Amendment

(f) studies on the CAP and evaluations of measures financed by the Funds, including improvement of evaluation methods and exchange of information on practices under the CAP, including consultations with local, regional, national, and international stakeholders, academic experts, NGOs, as well as studies carried out with the European Investment Bank (EIB);
Amendment 12

Proposal for a regulation
Article 11 – paragraph 1 – subparagraph 2 – point d

Text proposed by the Commission
(d) the expenditure for the measures laid down in Regulation (EU) No 1308/2013 for which reimbursement has been requested from the Commission is legal and regular.

Amendment
(d) the expenditure for which reimbursement has been requested from the Commission, and in particular for the measures laid down in regulation (EU) No 1308/2013, Regulation (EU) No 228/2013, Regulation (EU) No 229/2013 and Regulation (EU) 1144/2014 is legal and regular.

Justification
It is key that the certification bodies provide an opinion on all the expenditures paid to final beneficiaries for which reimbursement has been requested from the Commission.

Amendment 13

Proposal for a regulation
Article 11 – paragraph 2

Text proposed by the Commission
2. The certification body shall have the necessary technical expertise. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

Amendment
2. The certification body shall have the necessary technical expertise, not solely from a financial management aspect but also related to achieving the intended aims of the interventions and payments rewarding public goods. All data and information used to enable the certifying bodies to give assurance that the objectives and targets of the CAP are indeed being reached, as well as the assumptions made, shall be made available transparently and shall be evidence based and verifiable by third parties. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.
Amendment 14
Proposal for a regulation
Article 35 – paragraph 1 – introductory part

Text proposed by the Commission
The expenditure referred to in Article 5(2) and Article 6 may be financed by the Union only if:

Amendment
The expenditure referred to in Article 5(2) and Article 6 may be financed by the Union only if it has been effected by accredited paying agencies and:

Amendment 15
Proposal for a regulation
Article 35 – paragraph 1 – point -a (new)

Text proposed by the Commission
(-a) it has been effected in accordance with the applicable Union rules, or

Amendment
(-aa) as regards types of interventions referred to in Regulation (EU) .../...
[CAP Strategic Plan Regulation],

Amendment 16
Proposal for a regulation
Article 35 – paragraph 1 – point -a a (new)

Text proposed by the Commission
(-aa) as regards types of interventions referred to in Regulation (EU) .../...
[CAP Strategic Plan Regulation],

Amendment

Amendment 17
Proposal for a regulation
Article 35 – paragraph 1 – point c – point ii

Text proposed by the Commission
(ii) it has been effected in accordance with the applicable governance systems, not extending to the eligibility conditions for individual beneficiaries laid down in

Amendment
(ii) it has been effected in accordance with the applicable governance systems, extending to the eligibility conditions for individual beneficiaries laid down in the
the national CAP Strategic Plans.

Justification

The respect of all eligibility conditions for individual beneficiaries including those laid down in the national strategic plans must be guaranteed by the paying agencies in conformity with the principle of the single audit scheme.

Amendment 18

Proposal for a regulation
Article 35 – paragraph 2

Text proposed by the Commission

Point (c)(i) of the first paragraph shall not apply to advances paid to beneficiaries under types of interventions referred to in Regulation (EU) No.../...[CAP Strategic Plan Regulation].

Amendment

Point (b)(i) of the first paragraph shall not apply to advances paid to beneficiaries under types of interventions referred to in Regulation (EU) No.../...[CAP Strategic Plan Regulation].

Amendment 19

Proposal for a regulation
Article 40 – paragraph 1 – subparagraph 1

Text proposed by the Commission

In case of serious deficiencies in the functioning of the governance systems, the Commission may ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear progress indicators, to be established in consultation with the Commission.

Amendment

In case of serious deficiencies in the functioning of the governance systems, the Commission shall, where necessary, ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear progress indicators, to be established in consultation with the Commission.

Amendment 20

Proposal for a regulation
Article 46 – paragraph 1

Text proposed by the Commission

For the purposes of Article 127 of the Financial Regulation, the Commission

Amendment

For the purposes of Article 127 of the Financial Regulation, the Commission may
shall take assurance from the work of the certification bodies referred to in Article 11 of this Regulation, unless it has informed the Member State that it cannot rely on the work of the certification body for a given financial year, and it shall take it into account in its risk assessment of the need for Commission audits in the Member State concerned.

shall take assurance from the work of the certification bodies referred to in Article 11 of this Regulation, unless it has informed the Member State that it cannot rely on the work of the certification body for a given financial year, and it shall take it into account in its risk assessment of the need for Commission audits in the Member State concerned.

Justification

Single audit scheme does not imply that the Commission is obliged to take assurance from the work of the Member States bodies.

Amendment 21

Proposal for a regulation
Article 53 – paragraph 1 – subparagraph 3

Text proposed by the Commission

The first subparagraph shall not apply to cases of non-compliance with the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans and national rules.

Amendment

The first subparagraph shall not extend to cases of non-compliance with the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans and national rules.

Amendment 22

Proposal for a regulation
Article 57 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Member States shall take appropriate precautions ensuring the penalties applied as referred to in point (d) of paragraph 1 are proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found.

Amendment

Member States shall take appropriate precautions ensuring the penalties applied as referred to in point (d) of paragraph 1 are proportionate and graduated according to the severity, extent, duration and reoccurrence of the non-compliance found.
Amendment 23
Proposal for a regulation
Article 58 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Checks of operations receiving aid from financial instruments as referred to in [CPR Article 52] of Regulation (EU) …/… shall be carried out only at the level of the bodies implementing financial instruments.

Amendment

Checks of operations receiving aid from financial instruments as referred to in [CPR Article 52] of Regulation (EU) …/… shall be carried out at the level of the bodies implementing financial instruments.

Amendment 24
Proposal for a regulation
Article 58 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Checks shall not be carried out at the level of the EIB or other international financial institutions in which a Member State is a shareholder.

Amendment

Checks may also be carried out at the level of the EIB or other international financial institutions in which a Member State is a shareholder.

Amendment 25
Proposal for a regulation
Article 64 – paragraph 3

Text proposed by the Commission

3. Without prejudice to the responsibilities of the Member States for the implementation and application of the integrated system, the Commission may seek the assistance of specialised bodies or persons in order to facilitate the establishment, monitoring and operation of the integrated system, in particular, with a view to providing the competent authorities of the Member States with technical advice.

Amendment

3. Without prejudice to the responsibilities of the Member States for the implementation and application of the integrated system, the Commission shall, where necessary, seek the assistance of specialised bodies or persons in order to facilitate the establishment, monitoring and operation of the integrated system, in particular, with a view to providing the competent authorities of the Member States with technical advice.

Amendment 26
Proposal for a regulation
Article 65 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Member States shall record and keep any data and documentation on the annual outputs reported in the context of the annual performance clearance as referred to in Article 52, and the reported progress towards targets as set out in the CAP Strategic Plan and monitored in accordance with Article 115 of Regulation (EU) .../[CAP Strategic Plan Regulation].

Amendment

Member States shall record and keep any data and documentation on the annual outputs which are reported in the context of the annual performance clearance as referred to in Article 52, and the progress reported towards targets as set out in the CAP Strategic Plan and monitored in accordance with Article 115 of Regulation (EU) .../[CAP Strategic Plan Regulation].

Amendment 27

Proposal for a regulation
Article 65 – paragraph 5

Text proposed by the Commission

5. Member States shall limit public access to data sets referred to in paragraphs 3 and 4 where such access would adversely affect the confidentiality of personal data, in accordance with Regulation (EU) 2016/679.

Amendment

5. Member States may limit public access to data sets referred to in paragraphs 3 and 4 where such access would adversely affect the confidentiality of personal data, in accordance with Regulation (EU) 2016/679.

Amendment 28

Proposal for a regulation
Article 84 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Member States may make use of their existing control systems and administration to ensure compliance with the rules on conditionality.

Amendment

Member States shall make use of their existing control systems and administration to ensure compliance with the rules on conditionality.
## PROCEDURE – COMMITTEE ASKED FOR OPINION

| Title | Financing, management and monitoring of the common agricultural policy |
| Committee responsible | Date announced in plenary | AGRI 11.6.2018 |
| Opinion by | Date announced in plenary | CONT 11.6.2018 |
| Rapporteur | Date appointed | Claudia Schmidt 12.7.2018 |
| Date adopted | | 29.1.2019 |
| Result of final vote | +: 17  
| | -: 1  
| | 0: 1 |
| Substitutes present for the final vote | Karin Kadenbach, Andrey Novakov, Miroslav Poche, Patricija Šulin |
### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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Key to symbols:
+ : in favour
- : against
0 : abstention
23.1.2019

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Agriculture and Rural Development


Rapporteur for opinion: Franc Bogovič

SHORT JUSTIFICATION


Mr Bogovič has been appointed by the REGI committee as rapporteur for the REGI Opinion on this file. The rapporteur agrees with the concept of the proposed CAP delivery model, which reflects more subsidiarity and flexibility for MS in implementing the policy, so that the CAP is closer to the beneficiaries (in majority constituted of farmers).

Moreover, the rapporteur welcomes the continuation of the current funding structure of the CAP, which is divided into two pillars, i.e. the European Agriculture Guarantee Fund (EAGF) and the European Agriculture Fund for Rural Development (EAFRD) and the stability proposed by the Commission regarding the structure of the governance bodies.

Nevertheless, the rapporteur is not certain whether the new delivery model provides simplification and less bureaucracy. There will be probably various simplification elements for the CAP beneficiaries, but simplification is not certain for regional and national administrations, which will have to implement a new performance-based policy. Mr Bogovič is also worried that performance indicators will be challenging to define and to monitor and their strategic role might be seen more as a control tool, especially at the moment of the
annual performance clearance (Article 52).

As a result, the rapporteur proposes among other important aspects, the following amendments to the Commission’s proposal:

- as monitoring performance and logically the reliability of available data might as well add complexity to the implementation of the CAP and change the role of some of the governance bodies; the rapporteur considers that it is important for the European Parliament to have a more prominent role in the discussions linked to the implementation of certain provisions (i.e. Articles 52 and 53);

- in order to ensure consistency, the rapporteur considers that certain details should be part of the basic act and not covered by implementing acts (Article 39);

- the new CAP delivery model cannot be applied in 2021, rather in 2023 and, therefore a longer transitional period between the current CAP regulations and the future ones is needed (Article 104);

- the death of the beneficiary, long-term professional incapacity of beneficiary and other justified cases defined by Member States in their CAP strategic plans should be included in the exemptions in cases of force majeure and exceptional circumstances (Article 3);

- since the principle of proportionality is one of the leading principles in the financial regulation, this principle needs to be preserved in the current proposals – mainly when linked to administrative burdens on farmers, competent authorities and accreditation procedures (Recital 47, Article 9, Article 10);

Finally, Mr Bogovič believes that it is essential to maintain the synergies between the EAFRD and the structural funds for the benefit of the rural areas; complementarities have to be ensured and all legislative obstacles need to be avoided.

AMENDMENTS

The Committee on Regional Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation
Recital 1

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<th>Text proposed by the Commission</th>
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PE629.392v02-00 156/199 RR\1183861EN.docx
Social Committee and the Committee of the Regions entitled 'The Future of Food and Farming' of 29 November 2017 concludes that the Common Agricultural Policy (hereinafter ‘CAP’) should continue to step up its response to future challenges and opportunities, by boosting employment, growth and investment, fighting and adapting to climate change and bringing research and innovation out of the laboratories and onto fields and markets. The CAP should furthermore address citizens' concerns regarding sustainable agriculture production and rural development.

Justification

Rural development as an integral part of the CAP should be included in the objectives that address citizens' concerns.

Amendment 2

Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission

Amendment

(5 a) Member States should refrain from adding rules that complicate the use of EAGF and EAFRD for the beneficiary.

Amendment 3

Proposal for a regulation
Recital 9

Text proposed by the Commission

Amendment

(9) It is necessary to provide for the accreditation of paying agencies and coordinating bodies by Member States and for the establishment of the procedures for obtaining management declarations and annual performance reports, and for obtaining the certification of management and monitoring systems, of reporting
systems and the certification of annual accounts by independent bodies. Moreover, in order to ensure the transparency of the system of checks to be carried out at national level, in particular as regards procedures for authorisation, validation and payment and to reduce the administrative and audit burden for the Commission and for the Member States where accreditation of each individual paying agency is required, the number of authorities and bodies to which those responsibilities are delegated should be restricted while respecting the constitutional provisions of each Member State.

Farmers should be offered financial compensation for any delayed payment by paying agencies due to administrative errors. Moreover, in order to ensure the transparency of the system of checks to be carried out at national level, in particular as regards procedures for authorisation, validation and payment and to reduce the administrative and audit burden for the Commission and for the Member States where accreditation of each individual paying agency is required, the number of authorities and bodies to which those responsibilities are delegated should be restricted while respecting the constitutional provisions of each Member State.

Amendment 4

Proposal for a regulation
Recital 10

Text proposed by the Commission

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national level and should keep the Commission informed of any follow-up.

Amendment

(10) Where a Member State accredits more than one paying agency, it should designate a single public coordinating body in order to ensure consistency in the management of Funds, to provide for a liaison between the Commission and the various accredited paying agencies, and to ensure that the information requested by the Commission concerning the operations of several paying agencies is provided promptly. The coordinating body should also take and coordinate actions with a view to resolving any deficiencies of a common nature encountered at national or regional level and should keep the Commission informed of any follow-up. In their relations with farmers, payment agencies should strive to simplify procedures.
Amendment 5
Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. However, the threshold of EUR 2000 should be abolished. An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) [New Financial Regulation] foresees that non-committed appropriations may be carried over to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2020. For this purpose a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s). Furthermore, as regards the financial year 2020, a second derogation is necessary as the total unused amount of the reserve available at the end of year 2020 should be carried over to the year 2021 to the corresponding line of the new agricultural reserve without being returned to the budgetary lines which cover direct payment interventions under the CAP Strategic Plan.

Amendment

(14) With a view to ensuring that the amounts for the financing of the CAP comply with the annual ceilings, the financial discipline mechanism by which the level of direct support is adjusted, should be maintained. However, the threshold of EUR 2000 should be abolished. An agricultural reserve should be maintained to support the agricultural sector in the event of market developments or major crises affecting the agricultural production or distribution. Article 12(2)(d) of Regulation (EU, Euratom) [New Financial Regulation] foresees that non-committed appropriations may be carried over to the following financial year only. In order to significantly simplify the implementation for beneficiaries and national administrations, a roll-over mechanism should be used, using any unused amounts of the reserve for crises in the agricultural sector established in 2020. For this purpose a derogation from Article 12(2)(d) is necessary, allowing for non-committed appropriations of the agricultural reserve to be carried over without time limitation to finance the agricultural reserve in the following financial year(s).
Amendment 6
Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) In order to avoid an excessive administrative burden for national administrations and farmers provision should be made that reimbursement of the amounts carried over from the preceding financial year in relation to financial discipline applied, should not take place either where financial discipline is applied for a second subsequent year (year N+1), or where the overall amount of non-committed appropriations represents less than 0,2% of the EAGF annual ceiling.

Amendment

(15) In order to avoid an excessive administrative burden for national administrations and farmers and to simplify procedures as much as possible, provision should be made that reimbursement of the amounts carried over from the preceding financial year in relation to financial discipline applied, should not take place either where financial discipline is applied for a second subsequent year (year N+1), or where the overall amount of non-committed appropriations represents less than 0,2% of the EAGF annual ceiling.

Amendment 7
Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) In order to provide the Commission with, in particular, the means to manage agricultural markets, to facilitate the monitoring of agricultural expenditure and to monitor agricultural resources in the medium and long term, the use of the agro-meteorological system and the acquisition and improvement of satellite data should be provided for.

Amendment

(21) In order to provide the Commission with, in particular, the means to manage agricultural markets, to facilitate the monitoring of agricultural expenditure, to assess and provide timely aid in response to natural disasters and to monitor agricultural resources in the medium and long term, the use of the agro-meteorological system and the acquisition and improvement of satellite data should be provided for.

Amendment 8
Proposal for a regulation
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. It is necessary to underline that the new CAP delivery model should not remove the need to check legality and regularity of expenditure.

Amendment 9

Proposal for a regulation
Recital 28

(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.

Justification

The timeframe of four months for the completion, certification and the Monitoring Committee procedure of the performance report might be challenging. It will be shorter than the current timeframe for reporting under Pillar II, therefore 15 April N+1 is proposed as the date for
sending the annual accounts and annual performance on the implementation of the CAP strategic plans.

Amendment 10
Proposal for a regulation
Recital 47

Text proposed by the Commission

(47) The existing main elements of the integrated system and, in particular, the provisions concerning a system for identifying agricultural parcels, a geo-spatial and an animal-based application system, a system for identifying and registering payment entitlements, a system for recording the identity of beneficiaries and a control and penalties system should be maintained. Member States should continue to use data or information products provided by the Copernicus programme, in addition to information technologies such as GALILEO and EGNOS in order to ensure that comprehensive and comparable data is available throughout the Union for the purposes of monitoring agri-environment-climate policy and for the purposes of boosting the use of full, free and open data and information captured by Copernicus Sentinels satellites and services. To this end, the integrated system should include also an area monitoring system.

Amendment

(47) The existing main elements of the integrated system and, in particular, the provisions concerning a system for identifying agricultural parcels, a geo-spatial and an animal-based application system, a system for identifying and registering payment entitlements, a system for recording the identity of beneficiaries and a control and penalties system should be maintained, at an appropriate level, while taking due account of the proportionality and the need not to impose undue administrative burdens on farmers and administrative bodies. Member States should continue to use data or information products provided by the Copernicus programme, in addition to information technologies such as GALILEO and EGNOS in order to ensure that comprehensive and comparable data is available throughout the Union for the purposes of monitoring agri-environment-climate policy and for the purposes of boosting the use of full, free and open data and information captured by Copernicus Sentinels satellites and services. To this end, the integrated system should include also an area monitoring system.

Justification

Since the principle of proportionality is one of the leading principles in the financial regulation, it needs to preserve this role in the HZR proposal as well. In this case regarding the administrative burdens on farmers and administrative bodies.
Amendment 11
Proposal for a regulation
Article 2 – paragraph 1 – point b

Text proposed by the Commission

(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];

Amendment

(b) "governance systems" means the governance bodies referred to in Chapter II of Title II of this Regulation, except the competent authority defined in Article 9 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];

Justification

Introduction of the term “governance system”, which has a wider coverage than “the management and control system” at the level of HzR goes beyond basic Union requirements. Governance is wider than management and so includes for example in the governance bodies the Competent Authority.

Amendment 12
Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) a severe natural disaster gravely affecting the holding;

Amendment

(a) a natural disaster gravely affecting the holding;

Amendment 13
Proposal for a regulation
Article 3 – paragraph 1 – point d a (new)

Text proposed by the Commission

(d a) the death of the beneficiary;

Amendment

(d a) the death of the beneficiary;
Justification

The current wording of Article 3 does not include as force majeure the death of the beneficiary or its long-term professional incapacity, which are currently recognized as force majeure in Regulation 1306/2013. Member States should have the possibility to extend the list of situations which will be recognised as force majeure in their CAP strategic plans approved by the Commission.

Amendment 14

Proposal for a regulation
Article 3 – paragraph 1 – point d b (new)

Text proposed by the Commission

Amendment

(d b) long-term professional incapacity of beneficiary.

Justification

The current wording of Article 3 does not include as force majeure the death of the beneficiary or its long-term professional incapacity, which are currently recognized as force majeure in Regulation 1306/2013. Member States should have the possibility to extend the list of situations which will be recognised as force majeure in their CAP strategic plans approved by the Commission.

Amendment 15

Proposal for a regulation
Article 3 – paragraph 1 – point d c (new)

Text proposed by the Commission

Amendment

(d c) other justified cases defined by Member States in their CAP strategic plans.

Justification

The current wording of Article 3 does not include as force majeure the death of the beneficiary or its long-term professional incapacity, which are currently recognized as force majeure in Regulation 1306/2013. Member States should have the possibility to extend the list of situations which will be recognised as force majeure in their CAP strategic plans approved by the Commission.
Amendment 16
Proposal for a regulation
Article 6 – paragraph 1

Text proposed by the Commission

The EAFRD shall be implemented in shared management between the Member States and the Union. It shall finance the Union's financial contribution to the CAP Strategic Plan rural development interventions referred to in Chapter 4 of Title III of Regulation (EU) …/…[CAP Strategic Plan Regulation].

Amendment

The EAFRD shall be implemented in shared management between the Member States and the Union. It shall finance the Union's financial contribution to the CAP Strategic Plan rural development interventions referred to in Chapter 4 of Title III and actions under Article 112 of Regulation (EU) …/…[CAP Strategic Plan Regulation].

Justification

EAFRD shall also finance actions related with technical assistance at the initiative of the Member States.

Amendment 17
Proposal for a regulation
Article 7 – paragraph 1 – point h a (new)

Text proposed by the Commission

(h a) indirect costs and direct personnel costs incurred by the local rural communities and other similar local actors implementing LEADER operations, referred to as community-led local development in Article 25 of Regulation (EU) [CPR];

Amendment

Amendment 18
Proposal for a regulation
Article 7 – paragraph 1 – point j a (new)

Text proposed by the Commission

(j a) The Commission shall present a report on the implementation of this
Article to the European Parliament and to the Council every two years.

Justification

For the moment the reporting is foreseen only for paragraph (e) of this article (as detailed in Article 44).

Amendment 19

Proposal for a regulation
Article 8 – paragraph 1 – subparagraph 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Paying agencies shall be departments or bodies of the Member States or regions responsible for the management and control of expenditure referred in Article 5(2) and Article 6.</td>
</tr>
</tbody>
</table>

Justification

Paying agencies can also be at regional level, so this should be taken into account as well.

Amendment 20

Proposal for a regulation
Article 8 – paragraph 2 – subparagraph 1

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>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).</td>
<td>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). Before the end of 2023, the Commission shall present a report to the European Parliament and to</td>
</tr>
</tbody>
</table>
the Council on the operation of the system of paying agencies in the Union accompanied, where appropriate, by legislative proposals.

Amendment 21
Proposal for a regulation
Article 8 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission
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:

Amendment
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 April of the year following the financial year concerned, draw up and provide the Commission with the following:

Justification
The timeframe of four months for the completion, certification and the Monitoring Committee procedure of the performance report might be challenging. Therefore 15 April N+1 is proposed as the date of sending the annual accounts and annual performance, as well as management declaration.

Amendment 22
Proposal for a regulation
Article 8 – paragraph 3 – subparagraph 2

Text proposed by the Commission
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.

Amendment
The deadline of 15 April referred to in the first subparagraph may be exceptionally extended by the Commission to 1 June, upon request by the Member State concerned, as provided for in the second subparagraph Article 63(7) of the Financial Regulation.
Amendment 23

Proposal for a regulation
Article 9 – paragraph 1 – point d

Text proposed by the Commission
(d) carrying out the tasks assigned to the competent authority under this Chapter.

Amendment
(d) carrying out the tasks assigned to the competent authority under this Article, taking into account the principle of proportionality.

Justification
Since the principle of proportionality is one of the leading principles in the financial regulation, it needs to preserve this role in the HZR proposal as well.

Amendment 24

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission
2. The competent authority shall, by way of a formal act, decide on the issuing or, following a review, the withdrawal of the accreditation of the paying agency and the coordinating body on the basis of an examination of the accreditation criteria to be adopted by the Commission in accordance with point (a) of Article 10(1). The competent authority shall inform the Commission of accreditations and withdrawals of accreditations without delay.

Amendment
2. The competent authority shall, by way of a formal act, decide on the issuing or, following a review, the withdrawal of the accreditation of the paying agency and the coordinating body on the basis of an examination of the accreditation criteria to be adopted by the Commission in accordance with point (a) of Article 10(1), taking into account the principle of proportionality. The competent authority shall inform the Commission of accreditations and withdrawals of accreditations without delay.

Justification
Since the principle of proportionality is one of the leading principles in the financial regulation, it needs to preserve this role in the HZR proposal as well.

Amendment 25

Proposal for a regulation
Article 10 – paragraph 2 – subparagraph 1 – point a

Justification
Text proposed by the Commission

(a) the procedures for issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies, as well as the procedures for the supervision of the accreditation of paying agencies;

Amendment

(a) the procedures for issuing, withdrawing and reviewing accreditation of paying agencies and coordinating bodies, as well as the procedures for the supervision of the accreditation of paying agencies, taking into account the principle of proportionality;

Justification

Since the principle of proportionality is one of the leading principles in financial regulation, it needs to preserve this role in the HZR proposal as well.

Amendment 26

Proposal for a regulation

Article 11 – paragraph 1 – subparagraph 4 a (new)

Text proposed by the Commission

However, Member States which authorise more than one certifying body may also appoint a public body at national level, which will be entrusted with coordination tasks.

Amendment

Proposal for a regulation

Article 12 – paragraph 1

Text proposed by the Commission

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom)[COM(2018) 322 final].

Amendment

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom)[COM(2018) 322 final] that sets the limits for the Member States.

Justification

It is very important that the Member States have the limits concerning payments so that there is no possibility for those MS who uses first to have the most.
Amendment 28
Proposal for a regulation
Article 14 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Moreover, by derogation from point (d) of Article 12(2) of the Financial Regulation, the total unused amount of the crisis reserve available at the end of year 2020 shall be carried over to the year 2021 without being returned to the budgetary lines which cover the actions referred to in point (c) of Article 5(2) and made available for the financing of the agricultural reserve.

Amendment 29
Proposal for a regulation
Article 15 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

The adjustment rate shall only apply to direct payments in excess of EUR 2000 to be granted to farmers in the corresponding calendar year.

Amendment 30
Proposal for a regulation
Article 15 – paragraph 2

Text proposed by the Commission

2. Until 1 December of the calendar year in respect of which the adjustment rate applies, the Commission may, on the basis of new information, adopt implementing acts adapting the adjustment rate set in accordance with paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure

2. Until 1 November of the calendar year in respect of which the adjustment rate applies, the Commission may, on the basis of new information, adopt implementing acts adapting the adjustment rate set in accordance with paragraph 1. Those implementing acts shall be adopted in accordance with the advisory procedure
referred to in Article 101(2). referred to in Article 101(2).

**Justification**

*The adjustment of the financial discipline has to be made so early that the payments can be made in due time.*

**Amendment 31**

Proposal for a regulation
Article 29 – paragraph 1 – subparagraph 1 – point a

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) in 2021: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;</td>
<td>(a) in 2021: 2 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;</td>
</tr>
</tbody>
</table>

**Amendment 32**

Proposal for a regulation
Article 29 – paragraph 1 – subparagraph 1 – point b

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) in 2022: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;</td>
<td>(b) in 2022: 2 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan;</td>
</tr>
</tbody>
</table>

**Amendment 33**

Proposal for a regulation
Article 29 – paragraph 1 – subparagraph 1 – point c

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c) in 2023: 1 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan.</td>
<td>(c) in 2023: 2 % of the amount of support from the EAFRD for the entire duration of the CAP Strategic Plan.</td>
</tr>
</tbody>
</table>

**Amendment 34**

Proposal for a regulation
Article 29 – paragraph 4
Amendment 35

Proposal for a regulation
Article 30 – paragraph 1

1. Interim payments shall be made for each CAP Strategic Plan. They shall be calculated by applying the contribution rate for each type of intervention to the public expenditure effected pertaining to it as referred to in Article 85 of Regulation (EU) …/[CAP Strategic Plan Regulation].

Amendment

1. Interim payments shall be made for each CAP Strategic Plan or for each Regional Intervention Programme, as applicable. They shall be calculated by applying the contribution rate for each type of intervention to the public expenditure effected pertaining to it as referred to in Article 85 of Regulation (EU) …/[CAP Strategic Plan Regulation].

Amendment 36

Proposal for a regulation
Article 30 – paragraph 3

3. Where financial instruments are implemented in accordance with Article 52 of Regulation (EU)…/[CPR], the declaration of expenditure shall include the total amounts disbursed or, in the case of guarantees, the amounts set aside as agreed in guarantee contracts, by the managing authority, to final recipients as referred to in points (a), (b) and (c) of [Article 74(5) of Regulation (EU) …/[CAP Strategic Plan – eligibility rules or financial

Amendment

3. Where financial instruments are implemented in accordance with Article 53(1) of Regulation (EU)…/[CPR], the declaration of expenditure shall include the total amounts disbursed or, in the case of guarantees, the amounts set aside as agreed in the corresponding guarantee contracts, by the managing authority, to final recipients as referred to in points (a), (b) and (c) of [Article 74(5) of Regulation (EU) …/[CAP Strategic Plan – eligibility
Amendment 37

Proposal for a regulation
Article 30 – paragraph 4 – introductory part

Text proposed by the Commission

4. Where financial instruments are implemented in accordance with Article 52 of Regulation (EU)…/… [CPR],
declarations of expenditures that include expenditure for financial instruments shall be submitted in accordance with the following conditions:

Amendment

4. Where financial instruments are implemented in accordance with Article 53(2) of Regulation (EU)…/… [CPR],
declarations of expenditures that include expenditure for financial instruments shall be submitted in accordance with the following conditions:

Justification

Reference should be to Article 53(2) of the CPR on financial instruments managed under the responsibility of the managing authority.

Amendment 38

Proposal for a regulation
Article 31 – paragraph 1

Text proposed by the Commission

1. After receiving the last annual performance report on the implementation of a CAP Strategic Plan, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force at the level of the types of EAFRD interventions, the annual accounts for the last execution year for the relevant CAP Strategic Plan and of the corresponding clearance decisions. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure provided for in Article 80(3) of Regulation (EU) No…/…[CAP Strategic Plan Regulation] and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.

Amendment

1. After receiving the last annual performance report on the implementation of a CAP Strategic Plan, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force at the level of the types of EAFRD interventions, the annual accounts for the last execution year for the relevant CAP Strategic Plan or, if applicable, the Regional Intervention Programme and of the corresponding clearance decisions. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure provided for in Article 80(3) of Regulation (EU) No…/…[CAP Strategic Plan Regulation] and shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.
amendment 39

proposal for a regulation
article 32 – paragraph 1

_text proposed by the commission_

1. the commission shall automatically decommit any portion of a budget commitment for rural development interventions in a cap strategic plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in article 30(3) has been presented to it in relation to expenditure effected by 31 december of the second year following that of the budget commitment.

amendment

1. the commission shall automatically decommit any portion of a budget commitment for rural development interventions in a cap strategic plan that has not been used for the purposes of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in article 30(3) has been presented to it in relation to expenditure effected by 31 december of the third year following that of the budget commitment.

amendment 40

proposal for a regulation
article 35 – paragraph 1 – introductory part

_text proposed by the commission_

the expenditure referred to in article 5(2) and article 6 may be financed by the union only if:

_amendment_

the expenditure referred to in article 5(2) and article 6 may be financed by the union only if it has been effected by accredited paying agencies and:

amendment 41

proposal for a regulation
article 35 – paragraph 1 – point a

_text proposed by the commission_

(a) it has been effected by accredited paying agencies,

_amendment_

deleted
Amendment 42

Proposal for a regulation
Article 38 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Where, in the framework of the annual performance clearance referred to in Article 52, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 50% and the Member State cannot provide duly justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Amendment

Where, in the framework of the annual performance clearance referred to in Article 52, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 50% for interventions not covered by Article 68 of [CAP strategic plan regulation] and the Member State cannot provide justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Justification

There must be real flexibility that the Commission can take MS justifications into account. For example, severe weather conditions are reasons that should be always taken into account.

Amendment 43

Proposal for a regulation
Article 38 – paragraph 2 – subparagraph 3

Text proposed by the Commission

The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate of suspension of payments.

Amendment

deleted

Justification

The rules concerning the rate of suspension of payments should be set in this Regulation. Therefore this subparagraph should be deleted.
Amendment 44
Proposal for a regulation
Article 39 – paragraph 1 – subparagraph 2

Text proposed by the Commission
The Commission may adopt implementing acts laying down further rules on the elements of action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

Amendment
The rules on the elements of action plans and the procedure for setting up the action plans are as follows [to be detailed by the Commission].

Justification
Rules on action plans should be in the basic act, not implementing acts.

Amendment 45
Proposal for a regulation
Article 39 – paragraph 2 – subparagraph 1

Text proposed by the Commission
Where the Member States fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is manifestly insufficient to remedy the situation, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Amendment
Where the Member States fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is manifestly insufficient to remedy the situation, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30. The criteria for the sufficiency of action plans include: [to be detailed by the Commission].

Justification
Criteria for sufficiency of action plans should be included in the basic act.

Amendment 46
Proposal for a regulation
Article 39 – paragraph 2 – subparagraph 3

EN
Text proposed by the Commission

The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate and duration of suspension of payments and the condition for reimbursing or reducing those amounts with regard to the multi-annual performance monitoring.

Amendment

deleted

Justification

Criteria for the rate and the duration of suspension of payments should be included in the basic act. Therefore, this subparagraph should be deleted.

Amendment 47

Proposal for a regulation
Article 40 – paragraph 2 – subparagraph 2

Text proposed by the Commission

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure effected by the Member State where the deficiencies exist, for a period to be determined in the implementing acts referred to in the first subparagraph, which shall not exceed 12 months. If the conditions for the suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding 12 months in total. The amounts suspended shall be taken into account when adopting the implementing acts referred to in Article 53.

Amendment

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure effected by the Member State where the serious deficiencies exist, and not to the entire funding package, for a period which shall not exceed 12 months. If the conditions for the suspension continue to be met, the Commission may adopt implementing acts prolonging that period for further periods not exceeding 12 months in total. The amounts suspended shall be taken into account when adopting the implementing acts referred to in Article 53.

Amendment 48

Proposal for a regulation
Article 42 – paragraph 2 – subparagraph 2 – point a
(a) prior to 1 December but not before 16 October, pay advances of up to 50% for direct payments interventions;

(a) prior to 1 December but not before 16 October, pay advances of up to 75% for direct payments interventions;

Justification

Given that both Pillar interventions are under the same CAP plan, harmonized timetables and percentages for advances between direct payments interventions and rural development would serve the goal of simplification.

Amendment 49

Proposal for a regulation
Article 42 – paragraph 5 – subparagraph 1

Text proposed by the Commission

In the event of an emergency, the Commission may adopt implementing acts to resolve specific problems in relation to the application of this Article. Those implementing acts may derogate from paragraph 2, but only to the extent that, and for such a period, as is strictly necessary.

Amendment

In the event of an emergency, the Commission may adopt as soon as possible implementing acts to resolve specific problems in relation to the application of this Article. Those implementing acts may derogate from paragraph 2, but only to the extent that, and for such a period, as is strictly necessary.

Justification

The possibility to use implementing act as soon as possible in crises situations is very important. The process concerning implementing act is barely fast enough for beneficiaries who are struggling with finance. There should be no delay or uncertainty for the MS and beneficiaries in order to help farmers and ease farmers situation.

Amendment 50

Proposal for a regulation
Article 44 – paragraph 5

Text proposed by the Commission

5. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council every two years.

Amendment

5. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council every two years in accordance with Article 7.
Amendment 51
Proposal for a regulation
Article 45 – paragraph 1 – subparagraph 1

Text proposed by the Commission
The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Regulation concerning the conditions under which certain types of expenditure and revenue under the Funds are to be compensated.

Amendment
The Commission is empowered to adopt delegated acts in accordance with Article 100 in order to supplement this Regulation concerning the conditions of details of expenditure declarations under which certain types of expenditure and revenue under the Funds are to be compensated.

Justification
The proposed empowerment is too broad. It should be limited, for example, to the conditions of the declaration of expenditure, otherwise the empowerment would enable preventing all expenditure of aid measures in an approved CAP Strategic Plan.

Amendment 52
Proposal for a regulation
Article 47 – paragraph 1 – subparagraph 1 – introductory part

Text proposed by the Commission
Without prejudice to the checks carried out by Member States under national law, regulations and administrative provisions or Article 287 of the Treaty or to any check organised under Article 322 of the Treaty or based on Council Regulation (Euratom, EC) No 2185/96, the Commission may organise checks in Member States with a view to verifying in particular:

Amendment
Without prejudice to the checks carried out by Member States under national law, regulations and administrative provisions or Article 287 of the Treaty or to any check organised under Article 322 of the Treaty or based on Council Regulation (Euratom, EC) No 2185/96, the Commission may organise checks in Member States with the exception of conditionality with a view to verifying in particular:

Justification
The procedures and rules of controls are in place with relation to conditionality including extending of controls still to the final beneficiary, which is against the spirit of simplification. It should be clearly noted in this Article it does not concern conditionality.

Amendment 53
Proposal for a regulation
Article 50 – paragraph 1

Text proposed by the Commission

1. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with specific obligations to be complied with by the Member States under this Chapter and with rules in particular on the criteria for determining the cases of irregularity within the meaning of Regulation (EU, Euratom) No 2988/95 and other cases of non-compliance with the conditions established by Member States in the CAP Strategic Plan, to be reported and the data to be provided.

Amendment

1. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation concerning the data to be provided for OLAF purposes.

Justification

In this Article should be more detailed delegation of powers instead of the words used now i.e. "specific obligations". Instead of "delegated acts with specific obligations" the delegation of powers should be more clearly stated. If it is a question of information needs of OLAF, this is possible. The definition of irregularities should also be up to the Member States in order to guarantee subsidiarity.

Amendment 54

Proposal for a regulation
Article 52 – paragraph 5 a (new)

Text proposed by the Commission

5 a. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council.

Amendment

5 a. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council.

Justification

As the new CAP delivery model is based on performance which might trigger financial corrections the EP and the Council should be regularly informed on the implementation of certain provisions.
Amendment 55
Proposal for a regulation
Article 53 – paragraph 7 a (new)

Text proposed by the Commission
7 a. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council.

Amendment
7 a. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council.

Justification
As the new CAP delivery model is based on performance which might trigger financial corrections the EP and the Council should be regularly informed on the implementation of certain provisions.

Amendment 56
Proposal for a regulation
Article 54 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission
Member States shall deduct any sums paid unduly as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments from the paying agency to the beneficiary.

Amendment
Member States shall deduct any sums paid unduly as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments from the paying agency to the beneficiary.

Amendment 57
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 1

Text proposed by the Commission
Where irregularities and other cases of non-compliance by beneficiaries with the conditions of the rural development interventions referred to in the CAP Strategic Plan are detected, Member States shall make financial adjustments by totally or partially cancelling the Union financing concerned. Member States shall take into consideration the nature and gravity of the

Amendment
Where irregularities and other cases of non-compliance by beneficiaries with the conditions of the rural development interventions referred to in the CAP Strategic Plan or the Regional Intervention Programmes are detected, Member States shall make financial adjustments by totally or partially cancelling the Union financing concerned.
non-compliance detected and the level of the financial loss to the EAFRD.

Member States shall take into consideration the nature and gravity of the non-compliance detected and the level of the financial loss to the EAFRD.

Amendment 58
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendments to the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development interventions in the CAP Strategic Plan. However, the cancelled or recovered Union Funds may be reused by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

Amendment

Amounts of the Union financing under the EAFRD which are cancelled and amounts recovered, and the interest thereon, shall be reallocated to other rural development interventions in the CAP Strategic Plan or the corresponding Regional Intervention Programme. However, the cancelled or recovered Union Funds may be reused by Member States only for a rural development operation under the national CAP Strategic Plan and provided the funds are not reallocated to rural development operations which have been the subject of a financial adjustment.

Amendment 59
Proposal for a regulation
Article 55 – paragraph 1 – subparagraph 2 a (new)

Text proposed by the Commission

Member States shall deduct any sums paid unduly as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments to the beneficiary from the paying agency.

Amendment

Member States shall deduct any sums paid unduly as a result of an outstanding irregularity by a beneficiary, under the terms set out in this Article, from any future payments to the beneficiary from the paying agency.

Amendment 60
Proposal for a regulation
Article 58 – paragraph 1 – subparagraph 2

**Text proposed by the Commission**

Member States shall ensure a level of checks needed for an effective management of the risks.

**Amendment**

Member States shall ensure a level of checks, which is financially and administratively proportionate to an effective management of the risks, in form they find most suitable.

Amendment 61

Proposal for a regulation

Article 60 – paragraph 1

**Text proposed by the Commission**

Without prejudice to specific provisions, Member States shall take effective and proportionate measures to avoid provisions of Union law to be circumvented and ensure, in particular, that no advantage provided for under sectoral agricultural legislation shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of that legislation.

**Amendment**

Without prejudice to specific provisions, Member States shall take effective and proportionate measures to avoid provisions of Union law to be circumvented and ensure, in particular, that no advantage provided for under sectoral agricultural legislation shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of that legislation. **Member States may give further and more detailed national legislation about artificial conditions.**

**Justification**

The article has proven to be inefficient in practice to fulfill the burden of proof needed to show circumvention and take appropriate action. If the article is not improved, Member States should have the possibility to give further, more detailed national legislation.

Amendment 62

Proposal for a regulation

Article 63 – paragraph 4 – point c

**Text proposed by the Commission**

(c) "system for the identification and registration of animals" means the system for the identification and registration of...

**Amendment**

(c) "system for the identification and registration of animals" means the system for the identification and registration of...


Justification

"System for the identification and registration of animals" excludes porcine animals. Also, other databases for animals established by Member States should also be used even if they are not based on individual animals to avoid communication of the same information twice.

Amendment 63

Proposal for a regulation

Article 63 – paragraph 4 – point f

Text proposed by the Commission

(f) "claimless system" means an application system for area- or animal-based interventions in which necessary data required by the administration on at least individual areas or animals claimed for aid is available in official computerised

Amendment

(f) "claimless system" means a prefilled or some other kind of application system for area- or animal-based interventions in which necessary data required by the administration on at least individual areas or animals claimed for aid is available in official computerised
Claimless system enables the administration to make the payments to the farmers concerning all interventions and measures the farmer is eligible for based on the details in the official computerised databases, supplemented with additional information from the farmer, where necessary.

Justification

Subsidiarity should be underlined so that the Member States can use their IT-systems and all information in the way they find most suitable and to ease the farmers in the most practical way.

Amendment 64

Proposal for a regulation
Article 65 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The data and documentation referred to in the first subparagraph relating to the current calendar year or marketing year and to the previous ten calendar years or marketing years shall be accessible for consultation through the digital databases of the competent authority of the Member State.

Amendment

The data and documentation referred to in the first subparagraph relating to the current calendar year or marketing year and to the previous ten calendar years or marketing years shall be accessible for consultation through the digital databases of the competent authority of the Member State. Relevant information from the database can also be provided in form of summaries.

Justification

There is concern relating to the costs of all data keeping required. The accessibility provided for time frame of ten years, may occur very expensive to implement. Similar and relevant information can be provided in a form of summaries much cheaper way.

Amendment 65

Proposal for a regulation
Article 66 – paragraph 2 – point d

Text proposed by the Commission

(d) contains any information relevant for the reporting on the indicators

Amendment

(d) deleted for the reporting on the indicators
referred to in Article 7 of Regulation (EU) …/…[CAP Strategic Plan Regulation];

**Justification**

Point d) states that the identification system for agricultural parcels (LPIS) shall contain any information relevant for the reporting on the indicators referred to in Article 7 of Regulation (EU) …/…[CAP Strategic Plan Regulation. This means that in the LPIS there must be layers for every year which must be kept for 10 years and which thus is very costly. LPIS should only contain background information related to area ready to be transferred to other databases.

**Amendment 66**

**Proposal for a regulation**

**Article 68 – paragraph 1**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Member States shall set up and operate an area monitoring system.</td>
<td>1. Member States shall set up and operate an area monitoring system. <strong>On duly justified grounds, the Commission may grant a transitional period regarding area monitoring system for Member States that have not used a remote sensing system during the recent years.</strong></td>
</tr>
</tbody>
</table>

**Justification**

There should be a transitional period regarding the new compulsory area monitoring system for Member States that have not used a remote sensing system before, in order to give them the opportunity to finalise the system and make it work in practice.

**Amendment 67**

**Proposal for a regulation**

**Article 84 – paragraph 3 – point d**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tbody>
<tr>
<td>(d) establish the control sample for the checks referred to in point (a) to be carried out each year on the basis of a risk analysis and shall include a random component and shall provide the control sample to cover at least 1% of beneficiaries receiving the aid provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation].</td>
<td>(d) establish the control sample for the checks referred to in point (a) to be carried out each year on the basis of a risk analysis and shall include a random component and shall provide the control sample to cover at least 1% of beneficiaries receiving the aid provided for in Section 2 of Chapter 1 of Title III of Regulation (EU) …/… [CAP Strategic Plan Regulation]. <strong>By way of</strong></td>
</tr>
</tbody>
</table>

**By way of**
derogation from the previous point, Member States may decide to reduce the minimum control rate of 0.5% at the level of each act or standard or group of acts or standards, if the rate of non-compliances found in the random sample checked on the spot shall not exceed 2% in the preceding two claim years.

Justification

It should be possible in the system of conditionality to reduce minimum control rate of 1% if small amount of non-compliances has been found in the previous years.

Amendment 68

Proposal for a regulation
Article 85 – paragraph 2 – point c

Text proposed by the Commission

(c) shall provide that no administrative penalty be imposed where the non-compliance is due to force majeure.

Amendment

(c) shall provide that no administrative penalty be imposed in the following cases:

i) where the non-compliance is due to force majeure.

ii) where the non-compliance is due to an error of the competent authority or another authority, and where the error could not reasonably have been detected by the person concerned by the administrative penalty.

iii) where the person concerned can demonstrate to the satisfaction of the competent authority that he or she is not at fault for the non-compliance with the obligations referred to in paragraph 1 or if the competent authority is otherwise satisfied that the person concerned is not at fault.

Justification

Article 85(2)(c) states that no administrative penalty is imposed where the non-compliance is due to force majeure. Article 57(3) lists also other cases where penalties are not imposed, e.g. where the non-compliance is due to an error of an authority. All these other points in Article 57(3) should also be applicable to the system of conditionality
Amendment 69

Proposal for a regulation
Article 86 – paragraph 1 – subparagraph 1 a (new)

Amendment

In those Member States where animal-related voluntary coupled support and animal-related rural development support are applied, an administrative penalty based on non-compliance of animal-related statutory management requirements should apply only to animal-related voluntary coupled support and animal-related rural development support of the beneficiary. Likewise, an administrative penalty based on non-compliance of area-related statutory management requirements and/or good agricultural and environmental standards should apply only to area-related direct payments and area-related rural development support of the beneficiary.

Justification

At the moment the penalties relating to cross compliance are not equitable and proportionate, especially for farmers in different production sectors (animal husbandry/crop production). For example, farms only with a few animals but hundreds of hectares have a non-compliance in animal relates cross compliance requirements and when the penalty is applied to all area-based direct payments and rural development payments, the penalty seems to be too big in relation to the animal number. This applies also vice versa, with farms of only a few hectares but lot of animals. This unfair situation should be changed in the system of conditionality. Therefore, the new subparagraph should be inserted after the first subparagraph of Article 86(1) for those Member States where animal-related voluntary coupled support and animal-related rural development support are applied.

Amendment 70

Proposal for a regulation
Article 86 – paragraph 1 – subparagraph 2

For the calculation of those reductions and exclusions, account shall be taken of the

For the calculation of those reductions and exclusions, account shall be taken of the
severity, extent, permanence, reoccurrence or intentionality of the non-compliance determined. The penalties imposed shall be dissuasive and proportionate, and compliant with the criteria set out in paragraphs 2 and 3 of this Article.

Justification

Assessing intent has proven extremely difficult and might lead to ambiguous interpretations where farmers are not treated equally. It should also be taken into account that the definition of “intentionality” does not apply to the aid schemes (see Article 57(3), first subparagraph where intentionality is not mentioned.

Amendment 71

Proposal for a regulation
Article 86 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

In the case of non-compliance due to negligence, the percentage of reduction shall be as a general rule 3% of the total amount of the payments referred to in paragraph 1 of this Article.

Justification

The paragraph sets out quite strict general rule (3 %) for penalties. Either the paragraph should be deleted or penalties should be stated as 1 %, 3 % and 5 %.

Amendment 72

Proposal for a regulation
Article 86 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Amendment

Member States may set up an early warning system that applies to individual cases of non-compliance occurring for the first time and which, given their minor severity, extent and permanence, shall not lead to a reduction or exclusion. Where a subsequent check within three consecutive calendar years establishes that the non-compliance has not been remedied, the
reduction pursuant to the first subparagraph shall be applied retroactively.

reduction pursuant to the first subparagraph shall be applied for the year when the non-compliance was found not to have been remedied.

Justification

As regards, early warning system administrative penalties should not be applied retroactively, because the retroactive penalties are complicated both for the farmers and for the administration. Thus, it should be enough to apply a penalty only for the year when the non-compliance was found not to have been remedied.

Amendment 73

Proposal for a regulation
Article 86 – paragraph 5

Text proposed by the Commission

5. In order to ensure a level-playing field between Member States and the effectiveness and dissuasive effect of the penalty system, the Commission shall be empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with further rules on the application and calculation of penalties.

Justification

All rules on the administrative penalties should be known to Member States as from the moment the Horizontal regulation is adopted. Further regulation through delegated acts doesn't support subsidiarity and complicates the process of drafting the CAP Plan.

Amendment 74

Proposal for a regulation
Article 88 – paragraph 2

Text proposed by the Commission

2. Member States shall inform the Commission regularly of the application of the integrated system referred to in Chapter II of Title IV. The Commission shall organise exchanges of views on this

Amendment

2. The Commission shall organise exchanges of views on the integrated system referred to in Chapter II of Title IV with the Member States.
subject with the Member States.

Justification

In the article, it is unclear what kind of information the Commission is waiting on the application of IACS and when. This should be more precise.

Amendment 75
Proposal for a regulation
Article 90 – paragraph 1 – point a – point vii

Text proposed by the Commission          Amendment

(vii) information on the measures taken deleted pursuant to Article 57;

Justification

It is unclear what kind of information the Commission is waiting about the application of protection of the financial interests of the Union, and this should be more precise.

Amendment 76
Proposal for a regulation
Article 90 – paragraph 1 – point c

Text proposed by the Commission          Amendment

(c) the notifications to the deleted Commission by Member States of information, documents, statistics and reports, and the deadlines and methods for their notification.

Justification

For planning the data systems it is very important to know beforehand what kind of information, documents etc. have to be communicated and what are the deadlines and methods for these notifications.

Amendment 77
Proposal for a regulation
Article 96
Article 96

Published information relating to beneficiaries

1. Member States shall ensure annual ex-post publication of the beneficiaries of the Funds in accordance with [Article 44(3)-(5) of Regulation (EU) .../...CPR Regulation] and paragraphs 2, 3 and 4 of this Article.

2. [Article 44(3)-(5) of Regulation (EU) .../...CPR Regulation] shall apply in respect of beneficiaries of EAFRD and EAGF, where relevant; however, the amounts corresponding to the national contribution and the co-financing rate, as provided for in points (h) and (i) of Article 44(3) of that Regulation shall not apply to EAGF.

3. For the purposes of this Article:
   – "operation" means measure or intervention;
   – "location" means the municipality where the beneficiary is resident or is registered and, where available, the postal code or the part thereof identifying the municipality.

4. The information referred to in Article 44(3)-(5) of that Regulation shall be made available on a single website per Member State. It shall remain available for two years from the date of the initial publication.

Member States shall not publish the information referred to in points (a) and (b) of Article 44(3) of the Regulation (EU) .../...[CPR Regulation] if the amount of aid received in one year by a beneficiary is equal to or less then EUR 1 250.
Amendment 78
Proposal for a regulation
Article 96 a (new)

Text proposed by the Commission

Amendment

Article 96 a
Publication of beneficiaries

1. Member States shall ensure annual ex-post publication of the beneficiaries of the Funds. The publication shall contain:

(a) the name of the beneficiary, as follows:

(i) the first name and the surname where the beneficiary is a natural person;

(ii) the full legal name as registered where the beneficiary is a legal person with the autonomous legal personality pursuant to the legislation of the Member State concerned;

(iii) the full name of the association as registered or otherwise officially recognised where the beneficiary is an association without an own legal personality;

(b) the municipality where the beneficiary is resident or is registered and, where available, the postal code or the part thereof identifying the municipality;

(c) the amounts of payment corresponding to each measure financed by the Funds received by each beneficiary in the financial year concerned;

(d) the nature and the description of the measures financed by either of the Funds and under which the payment referred to in point (c) is awarded.

The information referred to in the first subparagraph shall be made available on a single website per Member State. It shall remain available for two years from the date of the initial publication.
2. As regards the payments corresponding to the measures financed by the EAFRD as referred to in point (c) of the first subparagraph of paragraph 1, the amounts to be published shall correspond to the total public funding, including both the Union and the national contribution.

3. Member States shall not publish the name of a beneficiary as provided for in point (a) of the first subparagraph if the amount of aid received in one year by a beneficiary is equal to or less than EUR 1250.

Justification

Due to an significant administrative burden that would occur from the proposed system, it would be better to keep the present system for the publication of EAGF and EAFRD beneficiaries (annual publication, PA’s obligation to publish data, present list of data, single website for EAFRD and EAGF), based on HzR only.

Amendment 79

Proposal for a regulation
Article 103 – paragraph 1

Text proposed by the Commission
The Commission is empowered to adopt delegated acts in accordance with Article 101 supplementing this Regulation with derogations from, and additions to, the rules provided for in this Regulation, where necessary.

Amendment
The Commission is empowered to adopt delegated acts in accordance with Article 101 supplementing this Regulation with derogations from, and additions to, the rules provided for in this Regulation, where necessary. These acts shall be drafted immediately after the need has appeared.

Justification

There may be need for many kinds of derogations etc. to help the beneficiaries because it is not possible to anticipate everything beforehand. And these acts should be done as soon as possible when the need is noticed.

Amendment 80

Proposal for a regulation
Article 104 – paragraph 1 – subparagraph 2
Text proposed by the Commission

It shall apply from 1 January 2021.

Amendment

It shall apply from 1 January 2023.

Justification

The application deadline of 2021 will be difficult to achieve, taking into account that implementing rules must be adopted in time, necessary funds are available and enough time is provided for the development of new IT systems (monitoring, recording of progress in achieving objectives using indicators etc.).
<table>
<thead>
<tr>
<th><strong>Title</strong></th>
<th>Financing, management and monitoring of the common agricultural policy</th>
</tr>
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<tbody>
<tr>
<td><strong>Committee responsible</strong></td>
<td>AGRI</td>
</tr>
<tr>
<td>Date announced in plenary</td>
<td>11.6.2018</td>
</tr>
<tr>
<td><strong>Opinion by</strong></td>
<td>REGI</td>
</tr>
<tr>
<td>Date announced in plenary</td>
<td>11.6.2018</td>
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<tr>
<td><strong>Rapporteur</strong></td>
<td>Franc Bogovič</td>
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<tr>
<td>Date appointed</td>
<td>20.6.2018</td>
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<tr>
<td><strong>Discussed in committee</strong></td>
<td>22.11.2018</td>
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<tr>
<td><strong>Date adopted</strong></td>
<td>17.1.2019</td>
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<td><strong>Members present for the final vote</strong></td>
<td>Pascal Arimont, Franc Bogovič, Rosa D’Amato, Tamás Deutsch, Aleksander Gabelic, Iratxe García Pérez, Michela Giuffrida, Krzysztof Hetman, Marc Joulaud, Slawomir Kłosowski, Constanze Krehl, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Andrey Novakov, Younous Omarjee, Konstantinos Papadakis, Miroslaw Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Ruža Tomašić, Ramón Luis Valcárcel Siso, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Kerstin Westphal, Joachim Zeller</td>
</tr>
<tr>
<td><strong>Substitutes present for the final vote</strong></td>
<td>Ivana Maletić, Bronis Ropė, Maria Gabriela Zoană, Damiano Zoffoli</td>
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### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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<td>VERTS/ALE</td>
<td>Bronis Ropė, Monika Vana</td>
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<td>NI</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention
# PROCEDURE – COMMITTEE RESPONSIBLE

<table>
<thead>
<tr>
<th>Title</th>
<th>Financing, management and monitoring of the common agricultural policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date submitted to Parliament</td>
<td>1.6.2018</td>
</tr>
<tr>
<td>Committee responsible</td>
<td>AGRI</td>
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<tr>
<td>Date announced in plenary</td>
<td>11.6.2018</td>
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<tr>
<td>Committees asked for opinions</td>
<td>DEVE BUDG CONT ENVI</td>
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<td>Date announced in plenary</td>
<td>5.7.2018 11.6.2018 11.6.2018 11.6.2018</td>
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<td>Not delivering opinions</td>
<td>ENVI</td>
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<td>Date of decision</td>
<td>21.6.2018</td>
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<tr>
<td>Rapporteurs</td>
<td>Ulrike Müller</td>
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<tr>
<td>Date appointed</td>
<td>4.7.2018</td>
</tr>
<tr>
<td>Date adopted</td>
<td>8.4.2019</td>
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<td>Result of final vote</td>
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<td>John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Daniel Buda, Nicola Caputo, Matt Carthy, Michel Dantin, Albert Deß, Herbert Dorfmann, Luke Ming Flanagan, Karine Gloanec Maurin, Martin Häusling, Anja Hazekamp, Esther Herranz García, Jan Huitema, Jarosław Kalinowski, Norbert Lins, Philippe Loiseau, Ulrike Müller, James Nicholson, Maria Noichl, Maria Lidia Senra Rodríguez, Ricardo Serrão Santos, Czesław Adam Sickierski, Tibor Szanyi, Marc Tarabella, Maria Gabriela Zoană, Marco Zullo</td>
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<tr>
<td>Substitutes present for the final vote</td>
<td>Maria Heubuch, Elsi Katainen, Gabriel Mato, Sofia Ribeiro, Annie Schreijer-Pierik, Molly Scott Cato, Vladimir Urutchev, Tom Vandenkendelaere, Hilde Vautmans</td>
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<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>Christelle Lechevalier</td>
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<td>Date tabled</td>
<td>15.5.2019</td>
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## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

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<td>S&amp;D</td>
<td>Clara Eugenia Aguilera García, Eric Andrieu, Nicola Caputo, Karine Gloanec Maurin, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Marc Tarabella</td>
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