



2018/0217(COD)

24.10.2018

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DRAFT 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 (COM(2018)0393 – C8-0247/2018 – 2018/0217(COD))

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.

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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 (COM(2018)0393 – C8-0247/2018 – 2018/0217(COD))

(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 (A8-0000/2018),
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 5

Text proposed by the Commission

(5) The provisions of Regulation (EU, Euratom) .../... of the European Parliament and of the Council [***New Financial Regulation***]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.

¹² Regulation (EU, Euratom) ***No [New Financial Regulation]***.

Amendment

(5) The provisions of Regulation (EU, Euratom) **2018/1046** of the European Parliament and of the Council¹², 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.

¹² Regulation (EU, Euratom) **2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012. (OJ L 193, 30.7.2018, p. 1).**

Or. en

Amendment 2

Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) The provisions of Regulation (EU) .../...[CPR Regulation¹], should apply mutatis mutandis to the interventions and measures set out in this Regulation.

Amendment 3

Proposal for a regulation

Article 2 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 4

Proposal for a regulation

Article 2 – paragraph 1 – point c b (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 5

Proposal for a regulation

Article 2 – paragraph 1 – point c c (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 6

Proposal for a regulation

Article 2 – paragraph 1 – point c d (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 7

Proposal for a regulation

Article 2 – paragraph 1 – point c e (new)

Text proposed by the Commission

Amendment

(ce) "action plan" means action plan in accordance with Article 39 (1) and Article 40 (1).

Or. en

Amendment 8

Proposal for a regulation

Article 6 a (new)

Text proposed by the Commission

Amendment

Article 6a

Information measures

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

2 The measures referred to in paragraph 1 may consist of:

(a) annual work programmes or other specific measures presented by third parties;

(b) activities implemented on the initiative of the Commission. Those measures which are required by law or those measures already receiving financing under another Union action shall be excluded.

In order to implement activities as referred to in point (b) of the first subparagraph, the Commission may be assisted by external experts. The measures referred to in the first subparagraph shall also contribute to the corporate communication of the Union's political priorities in so far as those priorities are related to the general objectives of this Regulation.

3. The Commission shall publish once a year a call for proposals respecting the conditions set out in the Financial Regulation.

4. The Committee referred to in Article 101(1) shall be notified of measures envisaged and taken pursuant to this Article.

5. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council every two years.

Or. en

Justification

Article 44 moved after Article 6 as new Article in this chapter; no changes in the content

Amendment 9

Proposal for a regulation

Article 7 – paragraph 1 – introductory part

Text proposed by the Commission

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:

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

Or. en

Amendment 10

Proposal for a regulation

Article 8

Text proposed by the Commission

[...]

Amendment

deleted

Or. en

Justification

Wording of this article moved half to article 9a (new) and half to article 10a (new)

Amendment 11

Proposal for a regulation Article 8 a (new)

Text proposed by the Commission

Amendment

Article 8a

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 9a(2);

(b) the accreditation of the coordinating body referred to in Article 10a;

(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 12a(1). The competent authority shall inform the Commission of accreditations and withdrawals of accreditations without delay.

Or. en

(See wording (modified) of former article 9)

Amendment 12

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.

Or. en

(Wording of this article moved (and modified) to new article 8a)

Amendment 13

Proposal for a regulation

Article 9 a (new)

Text proposed by the Commission

Amendment

Article 9a

Paying agencies

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

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

2. Member States shall accredit, as paying agencies, departments or bodies which have an administrative organisation and a system of internal control which provide sufficient guarantees that payments are legal, regular and properly accounted for. To this end, paying agencies shall comply with minimum conditions for the accreditation with regard to the internal environment, control activities, information and communication and monitoring laid down by the Commission pursuant to point (a) of Article 12a (1).

Each Member State shall restrict the number of its accredited paying agencies as follows:

(a) to a single agency at national level or, where applicable, one per region; and

(b) to a single agency for the management of both EAGF and EAFRD expenditure.

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

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

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

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

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

(b) the annual financial clearance report referred to in Article 51(1) showing that the expenditure was made in accordance with Article 35;

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

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.

4. Where an accredited paying agency does not meet or no longer meets one or more of the accreditation criteria referred to in paragraph 2, the Member State, acting on its own initiative or at the request of the Commission, shall withdraw that accreditation unless the paying agency makes the necessary

changes within a period to be determined by the competent authority depending on the severity of the problem.

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

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

Or. en

(See (modified) wording of ex article 8)

Amendment 14

Proposal for a regulation Article 10

Text proposed by the Commission

Amendment

Article 10

deleted

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 8(2) and of the coordinating bodies referred to in Article 8(4);

(b) the obligations of the paying agencies as regards public intervention and the rules concerning the content of their management and control

responsibilities.

2.

The Commission shall adopt implementing acts laying down rules on:

(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;

(b) the work and checks underlying the management declaration of the paying agencies, referred to in point (c) of Article 8(3);

(c) the functioning of the coordinating body and the notification of information to the Commission as referred to in Article 8(4).

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

Or. en

(Wording of this article moved (and modified) to article 12a (new))

Amendment 15

Proposal for a regulation Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10a

Coordinating bodies

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 clearance 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; by means of an action plan as referred in Article 39(1) and, or Article 40(1).

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

2. For the purposes of Article 63(5) and (6) of Regulation (EU, Euratom) 2018/... [the new Financial Regulation] ('the Financial Regulation'), by 15 February of the year following the financial year concerned, draw up and provide the Commission with the management declaration following :

(a) 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,

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

For Member States who do not have a coordinating body the tasks outlined in this article shall be assigned to the competent authority.

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 clearance 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.

Or. en

(see wording of ex article 8 (modified))

Amendment 16

Proposal for a regulation

Article 11 – paragraph 1 – subparagraph 3

Text proposed by the Commission

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).

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 9a(3).

Or. en

Amendment 17

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 1

Text proposed by the Commission

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.*

Amendment

Once Member States' competent authorities have appointed the certification body referred to in Article 11 and informed the Commission thereof, the Commission shall present a comprehensive list of all such bodies to the European Parliament, not later than one year after ... [the date of application of this Regulation] and a second time not later than four years thereafter;

Or. en

Amendment 18

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

The implementing acts shall also set out:

deleted

(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 international standards on auditing, to deliver their opinions.

Or. en

Amendment 19

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 3

Text proposed by the Commission

Amendment

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

deleted

Or. en

Amendment 20

Proposal for a regulation

Title II – Chapter II a (new)

Text proposed by the Commission

Amendment

CHAPTER IIa

Farm advisory service

Article 11a

Farm Advisory Service

1. Member States shall include in the CAP Strategic Plan a system providing services for advising farmers and other beneficiaries of CAP support on land management and farm management ('farm advisory services').

2. The farm advisory services shall cover economic, environmental and social dimensions and deliver up to date technological and scientific information developed by research and innovation. They shall be integrated within the interrelated services of farm advisors, researchers, farmer organisations and other relevant stakeholders that form the Agricultural Knowledge and Innovation Systems (AKIS).

3. Member States shall ensure that the farm advice given is impartial and that advisors have no conflict of interest.

4. The farm advisory services shall cover at least the following:

(a) all requirements, conditions and management commitments applying to farmers and other beneficiaries set in the CAP Strategic Plan, including requirements and standards under conditionality and conditions for support schemes as well as information on financial instruments and business plans established under the CAP Strategic Plan;

(b) the requirements as defined by Member States for implementing Directive 2000/60/EC, Directive 92/43/EEC, Directive 2009/147/EC, Directive 2008/50/EC, Directive (EU) 2016/2284, Regulation (EU) 2016/2031, Regulation (EU) 2016/429, Article 55 of Regulation (EC) No 1107/2009 of the European Parliament and of the Council^{1a} and Directive 2009/128/EC;

(c) farm practices preventing the development of antimicrobial resistance as set out in the Communication "A European One Health Action Plan

against Antimicrobial Resistance"^{1b};

(d) risk management as referred to in Article 70 of Regulation (EU) .../... [CAP Strategic Plan Regulation];

(e) innovation support in particular for preparing and for implementing Operational Group projects of the European Innovation Partnership for agricultural productivity and sustainability as referred to in Article 114;

(f) development and facilitation of access to digital technologies in agriculture and rural areas as referred to in Article 102.

3. Specific requirements relating to the farm advisory system:

(a) Member States shall ensure by means of appropriate public procedure that advisors working within the farm advisory system are suitably qualified and regularly trained.

(b) Member States shall ensure the separation between advice and checks. In that respect, and without prejudice to national law concerning public access to documents, Member States shall ensure that the selected and designated bodies as referred to in Article 12(1) do not disclose any personal or individual information or data they obtain in the course of their advisory activity to persons other than the beneficiary who is managing the holding concerned, with the exception of any irregularity or infringement found in the course of their activity which is covered by an obligation laid down in Union or national law to inform a public authority, in particular in the case of criminal offences. The national authority concerned shall provide, primarily by electronic means, the potential beneficiary with the appropriate list of selected and designated bodies as referred in Article 12(1).

1^a 30 Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1).

1^b "A European One Health Action Plan against Antimicrobial Resistance (AMR)" (COM(2017) 339 final)

Or. en

(See wording (modified) of Article 13 of COM(2018)0392 of 1 June 2018)

Justification

Article 13 Strategic Plan (f) addition of "and facilitation of access to" ; 3. Specific requirements relating to the farm advisory system see current Horizontal regulation Article 13 (1;2;3); addition in 3. Specific requirements relating to the farm advisory system a. Member States shall ensure "by means of appropriate public procedure" that advisors working within the farm advisory system are suitably qualified and regularly trained.

Amendment 21

Proposal for a regulation

Article 12

Text proposed by the Commission

Amendment

Article 12

deleted

Budget ceiling

- 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].*
- 2. In the event that Union law provides for sums to be deducted from or added to the amounts referred to in paragraph 1, the Commission shall adopt implementing acts without applying the procedure referred to in Article 101, setting the net balance available for EAGF expenditure on the basis of the*

data referred to in Union law.

Or. en

Amendment 22

Proposal for a regulation Article 12 a (new)

Text proposed by the Commission

Amendment

Article 12a

Commission powers

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 9a(2) and of the coordinating bodies referred to in Article 10a(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, as well as the procedures for the supervision of the accreditation of paying agencies;***
- (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 as referred to in Article 10a(4).***

3. The Commission shall adopt delegated acts 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;

(b) the audit methods to be used, by the certification bodies, having regard to international standards on auditing, to deliver their opinions.

Or. en

(See wording of ex article 10 (modified))

Amendment 23

Proposal for a regulation Article 13

Text proposed by the Commission

Amendment

Article 13

deleted

Compliance with the ceiling

1. Where Union law provides for a financial ceiling in euro for agricultural expenditure in respect of a Member State, such expenditure shall be reimbursed subject to that limit set in euro, and, where Articles 37 to 40 apply, with any necessary adjustments.

2. Member States' allocations for direct payments interventions referred to in Article 81 of Regulation (EU).../...[CAP Strategic Plan Regulation], corrected by the adjustments laid down in Article 15 of this Regulation, shall be deemed to be financial ceilings in

Amendment 24

**Proposal for a regulation
Article 13 a (new)**

Text proposed by the Commission

Amendment

Article 13a

Managing Authority

1. Member States shall designate a Managing Authority for their CAP Strategic Plans. Member States shall ensure that the relevant management and control system has been set up in such a way that it ensures a clear allocation and separation of functions between the Managing Authority and other bodies. Member States shall be responsible for ensuring that the system functions effectively throughout the CAP Strategic Plan period.

2. The Managing Authority shall be responsible for managing and implementing the CAP Strategic Plan in an efficient, effective and correct way. In particular, it shall ensure that:

(a) there is an appropriate secure electronic system to record, maintain, manage and report statistical information on the plan and its implementation required for the purposes of monitoring and evaluation and, in particular, information required to monitor progress towards the defined objectives and targets;

(b) beneficiaries and other bodies involved in the implementation of interventions:

(i) are informed of their obligations resulting from the aid granted, and maintain either a separate accounting

system or an adequate accounting code for all transactions relating to an operation;

(ii) are aware of the requirements concerning the provision of data to the Managing Authority and the recording of outputs and results;

(c) the beneficiaries concerned are provided, where appropriate by the use of electronic means, with the list of the statutory management requirements and the minimum standards of good agricultural and environmental condition established pursuant to Section 2 of Chapter I of Title III of Regulation EU [CAP Strategic Plan Regulation] to be applied at farm level, as well as clear and precise information thereon;

(d) the ex-ante evaluation referred to in Article 125 of Regulation EU [CAP Strategic Plan Regulation] conforms to the evaluation and monitoring system and that it is accepted and submitted to the Commission;

(e) the evaluation plan referred to in Article 126 of Regulation EU [CAP Strategic Plan Regulation] is in place, that the ex post evaluation referred to in that Article is conducted within the time limits laid down in this Regulation, ensuring that such evaluations conform to the monitoring and evaluation system and that they are submitted to the Monitoring Committee referred to in Article 111 and the Commission;

(f) the Monitoring Committee is provided with the information and documents needed to monitor the implementation of the CAP Strategic Plan in the light of its specific objectives and priorities;

(g) the annual performance report is drawn up, including aggregate monitoring tables, and, after consultation of the Monitoring Committee, is submitted to the Commission;

(h) relevant follow-up actions on Commission's observations on the annual performance reports are taken;

(i) the paying agency receives all necessary information, in particular on the procedures operated and any controls carried out in relation to interventions selected for funding, before payments are authorised;

(j) beneficiaries under interventions financed by the EAFRD, other than area- and animal-related interventions, acknowledge the financial support received, including the appropriate use of the Union emblem in accordance with the rules laid down by the Commission in accordance with paragraph 5;

(k) publicity is made for the CAP Strategic Plan, including through the national CAP network, by informing potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women, and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the CAP Strategic Plan and the rules for gaining access to the CAP Strategic Plan funding as well as by informing beneficiaries and the general public of the Union support for agriculture and rural development through the CAP Strategic Plan.

3. The Member State or the Managing Authority may designate one or more intermediate bodies including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of CAP Strategic Plan interventions.

4. When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the efficiency and correctness of the management and implementation of those

tasks. The Managing Authority shall ensure that appropriate provisions are in place to allow the other body to obtain all necessary data and information for the execution of those tasks.

5. The Commission shall be empowered to adopt delegated acts in accordance with Article 138 of Regulation (EU) [CAP Strategic Plan Regulation], supplementing this Regulation with detailed rules on the application of the information, publicity and visibility requirements referred to in points (j) and (k) of paragraph 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 139(2) of Regulation (EU) .../... [CAP Strategic Plan Regulation].

Or. en

(See wording (modified) of article 110 "Managing Authority" of COM(2018) 392 final - 2018/0216 (COD) of 1 June 2018)

Amendment 25

Proposal for a regulation

Article 14

Text proposed by the Commission

Amendment

Article 14

deleted

Agricultural reserve

1. 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.

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

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.

2. 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.

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.

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.

Or. en

Amendment 26

Proposal for a regulation Article 14 – title

Text proposed by the Commission

Amendment

Agricultural reserve

The crisis reserve

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Or. en

Amendment 27

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

A reserve intended to provide additional support for the agricultural sector in the case of crises affecting the agricultural production or distribution ("the ***crisis*** reserve") shall be established at the beginning of each year.

Or. en

Amendment 28

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

deleted

Or. en

Amendment 29

Proposal for a regulation

Article 14 – paragraph 1 – subparagraph 3

Text proposed by the Commission

Amendment

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

Or. en

Amendment 30

Proposal for a regulation

Article 14 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

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***.

The amount of the ***crisis*** 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 ***crisis*** reserve during the year when appropriate in view of ***crisis*** developments taking into account available ***assigned revenues or repayments of irregularities from agriculture in Heading 2 as a first and main source***.

Or. en

Amendment 31

Proposal for a regulation

Article 14 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

In the event that available appropriations referred to under the first subparagraph are not sufficient, financial discipline may be used to fill up the yearly crisis reserve as a last resort;

Amendment 32**Proposal for a regulation
Article 14 a (new)***Text proposed by the Commission**Amendment**Article 14a**Monitoring Committee*

- 1. The Member State shall set up a committee to monitor implementation of the CAP Strategic Plan ('Monitoring Committee') before the submission of the CAP Strategic Plan. Each Monitoring Committee shall adopt its rules of procedure. The Monitoring Committee shall meet at least once a year and shall review all issues that affect the CAP Strategic Plan progress towards achieving its targets. The Member State shall publish the rules of procedures of the Monitoring Committee and all the data and information shared with the Monitoring Committee online.**
- 2. The Member State shall decide the composition of the Monitoring Committee and shall ensure a balanced representation of the relevant public authorities and intermediate bodies and of representatives of the partners referred to in Article 94(3) of Regulation EU [CAP Strategic Plan Regulation]. Each member of the Monitoring Committee shall have a vote. The Member State shall publish the list of the members of the Monitoring Committee online. Representatives of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity.**
- 3. The Monitoring Committee shall examine in particular:**
 - (a) progress in CAP Strategic Plan implementation and in achieving the**

milestones and targets;

(b) any issues that affect the performance of the CAP Strategic Plan and the actions taken to address those issues;

(c) the elements of the ex-ante assessment listed in Article 52(3) of Regulation (EU) [CPR] and the strategy document referred to in Article 53(1) of Regulation (EU) [CPR];

(d) progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;

(e) the implementation of communication and visibility actions;

(f) administrative capacity building for public authorities and beneficiaries, where relevant.

4. The Monitoring Committee shall give its opinion on:

(g) draft CAP Strategic Plan;

(h) the methodology and criteria used for the selection of operations;

(i) the annual performance reports;

(j) the evaluation plan and any amendment thereof;

(k) any proposal by the managing authority for the amendment of the CAP Strategic Plan.

Or. en

(See wording of article 111 "Monitoring Committee" of COM(2018) 392 final)

Amendment 33

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

Text proposed by the Commission

Amendment

-1. 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 farmers in the corresponding calendar year.

Or. en

Amendment 34

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

Text proposed by the Commission

Amendment

-1. The Commission shall present to the European Parliament and to the Council, at the same time as the draft budget for financial year N, its forecasts for financial years N - 1, N and N + 1.

Or. en

Amendment 35

Proposal for a regulation Article 22 – paragraph 2

Text proposed by the Commission

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 system or to suppliers of services authorised by those bodies to represent them.

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.

Or. en

Amendment 36

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).

Or. en

Amendment 37

**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. 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].

Or. en

Amendment 38

**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 **contribution** 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 39

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, **and**

Or. en

Amendment 40

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% and the Member State cannot provide duly justified reasons, the Commission **shall** adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Or. en

Amendment 41

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

Text proposed by the Commission

The Commission **may** adopt **implementing**

Amendment

For that purpose, the Commission **shall**

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).***

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.

Or. en

Amendment 42

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.

Or. en

Amendment 43

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***.

Or. en

Amendment 44

Proposal for a regulation Article 42 – paragraph 4

Text proposed by the Commission

Amendment

4. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the interventions or measures for which the Member States may pay advances.

deleted

Or. en

Amendment 45

Proposal for a regulation Article 42 – paragraph 5 – subparagraph 1

Text proposed by the Commission

Amendment

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.**

In the event of an emergency, the Commission may adopt **delegated acts by the means of the urgency procedure referred to in Article 100a** to resolve specific problems in relation to the application of this Article.

Or. en

Amendment 46

Proposal for a regulation Article 42 – paragraph 5 – subparagraph 2

Text proposed by the Commission

Amendment

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

deleted

Amendment 47**Proposal for a regulation****Article 44***Text proposed by the Commission**Amendment**Article 44**deleted**Information measures*

1. 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.

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

2. The measures referred to in paragraph 1 may consist of:

(a) annual work programmes or other specific measures presented by third parties;

(b) activities implemented on the initiative of the Commission.

Those measures which are required by law or those measures already receiving financing under another Union action shall be excluded.

In order to implement activities as referred to in point (b) of the first subparagraph, the Commission may be assisted by external experts.

The measures referred to in the first subparagraph shall also contribute to the

corporate communication of the Union's political priorities in so far as those priorities are related to the general objectives of this Regulation.

3. The Commission shall publish once a year a call for proposals respecting the conditions set out in the Financial Regulation.

4. The Committee referred to in Article 101(1) shall be notified of measures envisaged and taken pursuant to this Article.

5. The Commission shall present a report on the implementation of this Article to the European Parliament and to the Council every two years.

Or. en

Justification

Moved up to article 6a new - no changes in content

Amendment 48

Proposal for a regulation

Article 47 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

(c) whether the work of the certification body is carried out in accordance with Article 11 and **for the purposes of** Section 2 of this Chapter;

Amendment

(c) whether the work of the certification body is carried out in accordance with Article 11 and Section 2 of this Chapter;

Or. en

Amendment 49

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 **delegated acts in accordance with Article 100, supplementing this Regulation by** 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.

Or. en

Amendment 50

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

Or. en

Amendment 51

Proposal for a regulation

Article 52 – title

Text proposed by the Commission

Annual performance clearance

Amendment

Bi-annual performance clearance

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Or. en

Amendment 52

Proposal for a regulation

Article 52 – paragraph 1 – subparagraph 2

Text proposed by the Commission

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

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 the 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.***

Or. en

Amendment 53

Proposal for a regulation

Article 52 – paragraph 4

Text proposed by the Commission

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.

Amendment

deleted

Or. en

Amendment 54

Proposal for a regulation

Article 52 – paragraph 5 – 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 procedure and the deadlines **to be respected**.

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 procedure and the deadlines.

Or. en

Amendment 55

**Proposal for a regulation
Article 52 – paragraph 5 – 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

Or. en

Amendment 56

**Proposal for a regulation
Article 53 – paragraph 2**

Text proposed by the Commission

2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the **deficiencies found**.

Amendment

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 caused to the Union. It shall base the exclusion on the identification of amounts unduly spent.**

Amendment 57**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.

Or. en

Amendment 58**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***

Or. en

Amendment 59**Proposal for a regulation****Article 58 – paragraph 1 – subparagraph 2**

Text proposed by the Commission

Amendment

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

Member States shall ensure a level of checks needed for an effective management of the risks. ***The authority responsible shall draw its check sample from the entire population of applicants comprising, where appropriate, a random part in order to obtain a representative error rate and a risk-based part, which shall target the areas where the risk of errors is the highest.***

Or. en

Justification

Text from current Horizontal regulation Art. 59 (2)

Amendment 60

Proposal for a regulation Article 61

Text proposed by the Commission

Amendment

Article 61

deleted

Compatibility of interventions for the purposes of checks in the wine sector

For the purposes of applying the interventions in the wine sector as referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation], Member States shall ensure that the administration and control procedures applied to those interventions are compatible with the integrated system referred to in Chapter II of this Title as regards the following elements:

- (a) the identification systems for agricultural parcels;***
- (b) the checks.***

Or. en

Amendment 61

Proposal for a regulation Article 67 – paragraph 1

Text proposed by the Commission

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

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 ***form***, provided by the competent authority ***in their geo-spatial*** application.

Or. en

Amendment 62

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 as 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.***

Or. en

Amendment 63

Proposal for a regulation Article 70 – paragraph 2

Text proposed by the Commission

Amendment

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

Or. en

Amendment 64

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:

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

Or. en

Amendment 65

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.***

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

Or. en

Amendment 66

Proposal for a regulation

Article 73 – paragraph 1 – point b – point i (new)

Text proposed by the Commission

Amendment

(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 system;*

Or. en

Amendment 67

Proposal for a regulation

Article 73 – paragraph 1 – point b – point ii (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 68

Proposal for a regulation

Article 73 – paragraph 1 – point b – point iii (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 69

Proposal for a regulation

Article 73 – paragraph 2

Text proposed by the Commission

Amendment

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

deleted

Or. en

Amendment 70

Proposal for a regulation

Article 79 – paragraph 6 – subparagraph 2

Text proposed by the Commission

Amendment

The Commission is empowered to adopt delegated acts in accordance with Article **101** amending the threshold set out in the first subparagraph.

The Commission is empowered to adopt delegated acts in accordance with Article **100** amending the threshold set out in the first subparagraph.

Or. en

Amendment 71

Proposal for a regulation

Article 84 – paragraph 3 – point b

Text proposed by the Commission

Amendment

(b) may decide, depending on the requirements, standards, acts or areas of conditionality in question, to use the checks carried out under the control systems applicable to the respective requirement, standard, act or area of conditionality, provided the effectiveness of these checks is, at least, equal to the on-the-spot checks referred to in point (a);

(b) may decide, depending on the requirements, standards, acts or areas of conditionality in question, to use the checks carried out under the control systems applicable to the respective requirement, standard, act or area of conditionality, provided the effectiveness of these checks is, at least, equal to the on-the-spot checks referred to in point (a); ***and***

Or. en

Amendment 72

Proposal for a regulation

Article 84 – paragraph 3 – point d

Text proposed by the Commission

Amendment

(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]. **deleted**

Or. en

Justification

Article 84 3.d shall become Article 84 4. (new) with addition of "Member States shall"

Amendment 73

Proposal for a regulation

Article 84 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. Member States shall establish the control sample for the checks referred to in point (a) of paragraph 3 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].

Or. en

Justification

Article 84 3.d shall become Article 84 3a. (new) with addition of "Member States shall"

Amendment 74

Proposal for a regulation

Article 85 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Member States may exempt beneficiaries from administrative penalties where the amount of aid received in one year is equal to or less than EUR 1 250 and where the eligible area is less than 10 ha.

Or. en

Justification

3 a. shall be 4 new

Amendment 75

Proposal for a regulation

Article 86 – paragraph 3

Text proposed by the Commission

Amendment

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.**

3. In case of reoccurrence, the percentage reduction shall be **10% of the total amount of the payments referred to in paragraph 1 of this Article.**

Or. en

Amendment 76

Proposal for a regulation

Article 86 – paragraph 4

Text proposed by the Commission

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

4. In case of intentional non-compliance, the percentage shall be at least **15% of the total amount of the payments referred to in paragraph 1 of this Article** and may go as far as total exclusion from payments and may apply for one or more calendar years.

Or. en

Amendment 77

Proposal for a regulation

Article 90 – paragraph 1 – point a – point ii

Text proposed by the Commission

(ii) management declaration and annual accounts of the paying agencies,

Amendment

(ii) management declaration and annual accounts of the paying agencies **as defined in Article 10a, as well as the results of all available audits and controls carried out;**

Or. en

(In the COM proposal, reference to Article 8 - Coordination bodies; in the new governance bodies structure, reference to new Article 10a)

Amendment 78

Proposal for a regulation

Article 96 – paragraph 4 – subparagraph 2

Text proposed by the Commission

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 than EUR 1 250.

Amendment

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 than EUR 1 250 **and where the eligible area is less than 10 ha.**

Amendment 79

**Proposal for a regulation
Article 100 a (new)**

Text proposed by the Commission

Amendment

Article 100a

Urgency procedure

- 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.***
- 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.***
- 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.***

Or. en

Amendment 80

**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.*

Or. en

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 can not 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 EAFRD. 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 harmonization, 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.