



# Annual Activity Report 2023

## Annexes

Directorate-General  
for Agriculture and Rural Development

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## **ANNEX 1: Statement of the Director in charge of Risk Management and Internal Control**

*I declare that in accordance with the Commission's communication on the internal control framework <sup>(1)</sup>, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.*

*I hereby certify that the information provided in the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.*

*23 April 2024*

*(e-signed)*

*Michael Niejahr  
Director in charge of  
Risk Management and Internal Control*

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<sup>(1)</sup> C(2017)2373 of 19.04.2017.

## ANNEX 2: Performance tables

The icon  refers to an item listed in the Commission Work Programme 2023 <sup>(2)</sup>.

General objective 1: A European Green Deal			
<p><b>Impact indicator: Greenhouse gas emissions</b></p> <p><b>Explanation:</b> This indicator measures man-made emissions of the so-called "Kyoto basket" of greenhouse gases, which are integrated into a single indicator expressed in units of CO<sub>2</sub> equivalents using each gas' global warming potential. It shows changes in percent of the emissions compared to 1990 levels</p> <p><b>Source of the data:</b> European Environmental Agency/Eurostat online data code: <a href="#">EEA approximated GHG inventory for the year 2021/sdg_13_10</a></p>			
Baseline (2018)	Interim milestone (2020)	Target (2030)	Latest known value (2022)
-25% of net GHG emissions <sup>(3)</sup>	-20% of net GHG emissions	-55% of net GHG emissions	-32.5% (provisional estimate) <sup>(4)</sup>
<p><b>Impact indicator: Common birds population</b></p> <p><b>Explanation:</b> This indicator shows trends in the abundance of common birds over time across their European distribution. It is a proxy for the state of biodiversity and the integrity of ecosystems, reflecting wide-ranging pressures for instance from agriculture, fisheries, energy and transport sectors. Index: 1990 = 100 (<b>all common species, smoothed estimate</b>)</p> <p><b>Source of the data:</b> European Birds Census Council; Birdlife; Royal Society for the Protection of Birds; Czech Society for Ornithology (Eurostat online data code: <a href="#">sdg_15_60</a>)</p>			
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2022)
88.00	Curtail biodiversity loss	Curtail biodiversity loss	86.24
<p><b>Impact indicator: Pesticide risk <sup>(5)</sup></b></p> <p><b>Explanation:</b> The Farm to Fork 1 pesticide indicator 1 (F2F1) estimates the trends in risk from chemical pesticides use in the EU and its Member States. Unsustainable use of pesticides entails risks and impacts on human health and the environment. The indicator is based on statistics on the quantity of chemical active substances in plant protection products placed on the market under Regulation (EC) No 1107/2009. Those data are multiplied by risk weighting factors for different groups of active substances as categorised for harmonised risk indicators in Commission Directive (EU) 2019/782. The weighting factors reflect pesticide policy, which supports the sustainable use of pesticides and promotes alternative approaches to protecting crops. The indicator is presented as an index relative to the average results for the period 2015-2017 (Index: 2015-2017=100).</p> <p><b>Source of the data:</b> Member States annually report data to Eurostat under <a href="#">Regulation (EC) No 1185/2009</a>. This data is collated and transformed into indices relative to the average results for the period 2015-2017 (<a href="#">EU: Trends - European Commission (europa.eu)</a>)</p>			

<sup>(2)</sup> To note. [Eurostat periodically revises its published data \(including corrections of baselines retrospectively\)](#) to reflect new or improved information, also for previous years.

<sup>(3)</sup> Baseline value has been updated in order to express it in terms of net greenhouse gas emissions, including LULUCF and excluding international aviation.

<sup>(4)</sup> The Governance Regulation ((EU) 2018/1999) requires Member States to annually report approximated greenhouse gas inventories by 31 July. A Union approximated greenhouse gas inventory is annually compiled on the basis of the Member States' approximated greenhouse gas inventories or, if a Member State has not communicated its approximated inventories by that date, on the basis of own estimates. In 2021, the final estimate of net GHG emissions was -30%, including LULUCF and international aviation (Eurostat online data code [sdg\\_13\\_10](#)).

<sup>(5)</sup> This impact indicator was revised by DG SANTE. The explanation and the source of data were adjusted to current developments. F2F1 relates exclusively to chemical pesticides, while thus excluding active substances which are micro-organisms.

Baseline (2015-2017)	Interim milestone (2022)	Target (2024)	Latest known value (2021)
100	73 <sup>(6)</sup>	70	67
<b>Impact indicator: Nitrate in groundwater</b> <b>Explanation:</b> This indicator refers to concentrations of nitrate (NO <sub>3</sub> ) in groundwater measured as milligrams per litre (mg / L). Increased concentrations are caused by anthropogenic sources such as nitrogen based fertilisers used in agriculture, livestock practices or septic tanks. High levels can pose a threat to human health (e.g. when groundwater is used for drinking purposes) and to dependent ecosystems. <b>Source of the data:</b> European Environmental Agency Waterbase database (Eurostat online data code: <a href="#">sdg_06_40</a> ) <sup>(7)</sup>			
Baseline <sup>(8)</sup> (2017)	Interim milestone (2022)	Target (2024)	Latest known value (2021)
21.05 mg / L	Decrease	Decrease	20.51 mg / l
<b>Impact indicator: Area under organic farming</b> <b>Explanation:</b> This indicator is defined as the share of total utilised agricultural area occupied by organic farming (existing organically farmed areas and areas in the process of conversion). Organic farming is a production method that puts the highest emphasis on environmental protection and animal welfare considerations. <b>Source of the data:</b> Eurostat (Eurostat online data code: <a href="#">sdg_02_40</a> )			
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2020)
7.99%	Increase	Increase	9.09

<b>General objective: A European Green Deal</b> <b>Specific objective 1: Modernised and simplified Common Agricultural Policy framework is put in place and implemented</b>			Related to spending programme(s): EAGF, EAFRD
<b>Result indicator 1.1: Proportion of proposed legislative revisions that include burden reduction measures</b> <b>Explanation:</b> This indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden. <b>Source of data:</b> European Commission, DG Agriculture and Rural Development			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	0/0
<b>Result indicator 1.2: Reduction in the number of basic acts</b> <b>Source of data:</b> European Commission, DG Agriculture and Rural Development			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
5	4	3	3

<sup>(6)</sup> Revised, before 80

<sup>(7)</sup> The aggregate for EU\_V includes data for 18 EU Member States (Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Spain, France, Italy, Cyprus, Latvia, Malta, Austria, Portugal, Slovenia, Slovakia and Finland)

<sup>(8)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database

<b>Result indicator 1.3: Reduction in number of notifications</b>			
<b>Source of data:</b> European Commission, DG Agriculture and Rural Development			
<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
Direct Payments: 26 per Member State Rural Development: 118 Market strategies: 65	27	27	28 National CAP Strategic Plans <sup>(9)</sup>
<b>Result indicator 1.4: Reduction in number of plans / programmes</b>			
<b>Source of data:</b> European Commission, DG Agriculture and Rural Development			
<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
Rural Development: 118 Market strategies: 65	27	27	28 National CAP Strategic Plans

<b>General objective: A European Green Deal</b>			
<b>Specific objective 1: Modernised and simplified Common Agricultural Policy framework is put in place and implemented</b>			
<i>Related to spending programme(s): EAGF, EAFRD</i>			
<b>Main outputs in 2023:</b>			
<b>New policy initiatives</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Report to the European Parliament and the Council with a summary of Member States' CAP Strategic Plans.	Adoption of the report	Adoption by 31 December 2023	<a href="#">Report</a> adopted on 23/11/23
<b>Evaluations and fitness checks</b>			
<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Synthesis of Member States ex-ante evaluations of the National CAP Strategic Plans (Evaluation Helpdesk)	Finalisation and publication of the evaluation synthesis	Q3/2023	The <a href="#">synthesis study</a> was published in December 2023

<sup>(9)</sup> One for each EU country, with the exception of Belgium which has two.

Enforcement actions			
Output	Indicator	Target	Latest known result (situation 31/12/23)
Initiation and follow-up of Action Plans where Member States address implementation deficiencies in relation to direct payments, rural development/EAFRD and markets. Assessment of the reported progress by regular exchanges with the Member States concerned.	Adequacy of the content of the Action Plans, implementation in accordance with the agreed milestones.	All year (ongoing)	Reservations were entered in respect to the 2022 financial expenditure requiring follow-up by Member States. In the AAR 2022, DG AGRI issued 47 reservations Reservations refer to 4 PAs for Market measures, 14 PAs for DP, and 29 PAs for RD. The Coordination Body/PAs concerned have received a letter in July 2023 asking either to implement or to reinforce an AP, or to implement corrective actions addressing deficiencies identified by the Member State, DG AGRI and/or the Certification Body.
External communication actions			
Output	Indicator	Target	Latest known result (situation 31/12/23)
Participation with a European Commission stand at major agricultural fairs, such as International Green Week in Berlin, Salon international d'agriculture in Paris and an agricultural fair in each of the Presidency countries (Spain and Sweden) as foreseen in DG AGRI's 2023 external	Number of visitors at the stand	> 6000 visitors	IGW 2023 Berlin (10 days): 2 026 visitors/day visiting our stand SIA 2023 Paris (9 days): 4 200 visitors/day at our stand DEMOAGRO 2023 Rueda (ES) (3 days): 2 000 visitors/day at our stand Sweden fair: cancelled

Output	Indicator	Target	Latest known result (situation 31/12/23)
communication action plan	Number of people engaged in activities at the stand	> 3500 people	IGW 2023 Berlin (10 days): 1 860 visitors/day SIA 2023 Paris (9 days): 4 000 visitors/day DEMOAGRO 2023 Rueda (ES) (3 days): 2 000 visitors/day at our stand Sweden fair: cancelled
Organisation of major conferences and events (including Agricultural Outlook conference and activity with AgPress network where relevant) as planned in DG AGRI's 2023 external communication action plan.	Number of participants	> 200 participants per event	EU Open Day (06/05/23): 9 887 visitors at the event AU-EU Agriculture Ministerial Conference – Rome (30–31/06/23): 400 participants EU Agri-Food Days (05–08/12/23): Over 700 participants
	Satisfaction rate	> 80%	EU Open Day (06/05/23): 94% AU-EU Agricultural Ministerial Rome: 80% EU Agri-Food Days: 80%
Production and dissemination of communication material	Number of orders for publications	> 500	154
	Number of online consultations (sessions)	> 130 000	5 461
	Number of listens for podcasts (per episode)	> 600	<u>Podcast # 26</u> : The CAP debated at the "Green Week" 2023 in Berlin by 'Food for Europe' with over 420 listens <u>Podcast # 32</u> : CAP's economic pillar: supporting livelihoods and sustainable growth by Food for Europe with over 780 listens <u>Podcast # 38</u> : 'Agri-Food Days: united towards sustainable agriculture', with over 1 200 listens
Strengthen DG AGRI web presence on <a href="#">Europa</a>	Number of visitors	> 2 million visitors	1 738 696 visitors



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Reach journalists and professional communicators specialised in food and farming via the Ag-Press platform and events	Number of Ag-Press members Ag-Press press trips / seminars / webinars satisfaction rate	Increase rate of active members by 5%/year > 80% positive evaluation feedback at Ag-Press events + min. 1 article from minimum 70% of journalists participating in Ag-Press events	67 new members, equivalent to 8% increase Field trip to Belgium (March 2023): - 100% positive feedback - 1 article from 57% of participants Press trip to Sweden (June 2023): - 93% positive feedback - 1 article from 80% of participants Press trip to Spain (November 2023): - 100% positive feedback - At least 1 article from 73% of participants (approximate data, articles are still collected)
Social media: <ul style="list-style-type: none"> <li>• Improve overall awareness of the CAP through regular social media posting</li> <li>• Improve awareness of the CAP among target audiences with tailored messages on social media</li> <li>• Encourage online interaction and offer opportunities to engage with EU policy to target audiences</li> </ul>	Number of impressions  Number of followers across all social platforms  Number of engagements	> 18 million  > 275 000  > 80 000 online interactions on social media	88 million  309 634  692 854

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Information measures on the CAP implemented by grant beneficiaries selected following an annual call for proposals	(specific to each co-funded project)	(specific to each co-funded project)	Evaluation of projects submitted following the publication of the call <a href="https://europea.eu">Funding &amp; tenders (europa.eu)</a> (08/11/22 – deadline 05/01/23) closed. Award decision (mode 'ordonnateur') on 31/05/23. Grant Agreement Preparation (GAP) settled in July 2023.

#### Other important outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Support to Member States in implementing and monitoring their CAP Strategic Plans, and analysis of any Strategic Plan modification proposed by Member States. This work covers all specific objectives under the Green Deal. <i>This output is relevant of all DG AGRI Specific Objectives under "A European Green Deal"</i>	Replies to letters from Member States Organisation of Expert Group and Committee as well as bilateral meetings	All year (Ongoing)	3 meetings of the Expert Group on the implementation of the CAP Strategic Plans Regulation. Formal contributions were provided on amendments requested for 22 CAP Strategic Plans and corrections requested for 10 CAP Strategic Plans. Civil dialogue group meetings

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<i>and "A new push for European democracy"</i>	Assessment of CAP Strategic Plans	2023	As stated above, the structured dialogue with Member States is ongoing, not only as an amendment analysis process but also as a means of following up with the implementation of the Member States' CAP Plans. The assessment of the CAP Plans and their implementation will be done mainly via the annual review meetings and with the help of the Annual performance reports that will be submitted by Member States regularly on 15 February of each year for the previous financial year.
Staff working document on performance, monitoring and evaluation of the CAP 2023-2027	Publication of the SWD	Q1/2023	Intervention logics were prepared for the three general and the cross-cutting objectives of the CAP. The publication of the whole document is postponed to 2024.
Study on mapping and first analysis of CAP Strategic Plans	Finalisation	2023	Final deliverables of the study submitted and accepted. <a href="#">Study</a> published on 23/11/23
Commission Implementing Regulation amending Commission Regulation (EC) No 2870/2000 laying down Community reference methods for the analysis of spirit drinks	Adoption and publication in the OJEU	Q1/2023	<a href="#">Commission Implementing Regulation (EU) 2023/383</a> <sup>(10)</sup> published on 21/02/23

<sup>(10)</sup> Commission Implementing Regulation (EU) 2023/383 of 16 February 2023 amending Regulation (EC) No 2870/2000 laying down Community reference methods for the analysis of spirit drinks, and repealing Regulation (EEC) No 2009/92 determining Community analysis methods for ethyl alcohol of agricultural origin in the preparation of spirit drinks, aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Delegated Regulation amending Commission Delegated Regulation (EU) 2019/33 as concerns provisions on protected denominations of origin and protected geographical indications for wine The Regulation will adapt to amendments of the basic Act (CMO <sup>(11)</sup> amending Regulation (EU) 2021/2117)	Adoption of the Commission Delegated Regulation	Q1/2023	<a href="#">Commission Delegated Regulation (EU) 2023/1606</a> <sup>(12)</sup> adopted on 30/05/23 and published on 08/08/23
Additional measures as regards specific rules on wine <sup>(13)</sup>	Adoption	Q3/2023	Commission Delegated Regulation adopted on 08/12/23 and currently under scrutiny procedure before publication by mid-February 2024 Commission Notice C/2023/1190 <sup>(14)</sup> adopted and published on 24/11/23 Commission Notice C/2024/694 <sup>(15)</sup> adopted and published on 15/01/2024
Commission Delegated Regulation supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the marketing standard in the hop sector	Adoption of the Commission Delegated Regulation	Q2/2023	Commission Delegated Regulation adopted on 14/12/23; ongoing scrutiny procedure running until 15/02/24

<sup>(11)</sup> Common Market Organisation

<sup>(12)</sup> Commission Delegated Regulation (EU) 2023/1606 of 30 May 2023 amending Delegated Regulation (EU) 2019/33 as regards certain provisions on protected denominations of origin and protected geographical indications for wine and on the presentation of compulsory particulars for grapevine products and specific rules for the indication and designation of ingredients for grapevine products, and Delegated Regulation (EU) 2018/273 as regards the certification of imported wine products. OJ L 198, 8.8.2023, p. 6–13

<sup>(13)</sup> The entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(14)</sup> Commission Notice (C/2023/1190) - Questions and answers on the implementation of new EU wine labelling provisions following the amendment of Regulation (EU) No 1308/2013 of the European Parliament and of the Council and Commission Delegated Regulation (EU) 2019/33 ; OJ C, C/2023/1190; 24.11.23

<sup>(15)</sup> Commission Notice (C/2024/694) – Questions and answers on the implementation of EU rules on the de-alcoholisation of wines OJ C, C/2024/694, 15.01.2024

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission Implementing Regulation laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the certification of hops and hop products and related controls	Adoption of the Commission Implementing regulation	Q2/2023	Commission Implementing Regulation adopted on 14/12/23; will be published together with the related Delegated Regulation by mid-February 2024
Provide support to Member States in the implementation of the IACS elements	Support to policy and geographical Units Replies to letters from Member States / stakeholders Bilateral meetings Organisation of Expert groups and Committees Facilitate Member States exchange of experiences and of good practices	All year (ongoing)	Regularly, official contributions were provided to other policy units to complete their replies in addition to providing daily support to geographical units including participation in bilateral meetings with Member States. 75 complex requests with multiple questions from Member States were replied or are in the process to be replied. A Q&A document reiterating the replies already provided but in a more structured and user-friendly way was prepared and shared with Member States via CIRCABC. 11 GREX meetings and a special technical GREX meeting (workshop) with agenda points related to IACS elements were organised 2023. The meetings covered different objectives to inform Member States on the technical developments, clarify questions raised by Member States, as well as to provide a platform for exchange of good practices.

**General objective: A European Green Deal**  
**Specific objective 2: Support viable farm income and resilience across the Union to enhance food security through the CAP**

Related to spending programme(s):  
 EAGF, EAFRD

**Result indicator 2.1: Reducing income disparities: Evolution of agricultural income compared to general economy**

**Explanation:** The agricultural entrepreneurial income measures the remuneration of owned factors of production (land, capital, labour). Expressed as share of average wages in the whole economy <sup>(16)</sup>, it provides an indication of the attractiveness of the farming activity.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: [aact\\_eaa01](#), [aact\\_ali01](#), [nama\\_10\\_a10](#) and [nama\\_10\\_a10\\_e](#))

Baseline <sup>(17)</sup> (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
47.0%	Reduce the gap	Reduce the gap <sup>(18)</sup>	65%

**Result indicator 2.2: Reducing farm income variability: Evolution of agricultural income**

**Explanation:** The agricultural factor income measures the remuneration of all factors of production (land, capital, labour) regardless of whether they are owned or borrowed/rented. The indicator informs on the variation of the index of agricultural factor income per annual working unit compared to the 3-year baseline.

**Unit of measurement:** Index (2010=100)

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: [aact\\_eaa06](#))

Baseline <sup>(19)</sup> (Avg 2017-2019)	Interim milestone (2022)	Target <sup>(20)</sup> (2024)	Latest known results (2023 )
129.4	Increase	Increase	159.33.

**Result indicator 2.3: Contributing to territorial balance: Evolution of agricultural income in areas with natural constraints (compared to the average)**

**Explanation:** This indicator measures the ratio between the income in areas facing natural and other specific constraints and the average farm income.

**Unit of measurement:** EUR/AWU

**Source of data:** European Commission, DG Agriculture and Rural Development, based on [FADN data](#).

Baseline <sup>(21)</sup> (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
0.83	Reduce the gap	Reduce the gap <sup>(22)</sup>	0.85

<sup>(16)</sup> In the post-2020 PMEF, this indicator will be defined as follows:

Labour costs (wages and salaries plus non-wage costs such as employers' social contributions)<sup>16</sup> in industry, construction and services are compared to the agricultural entrepreneurial income plus compensation of employees per annual work unit.

<sup>(17)</sup> Compared to DG AGRI's Strategic Plan, the baseline year needed to be changed to 2018 in order to ensure adequate progress monitoring over the period 2020-2024.

<sup>(18)</sup> The ratio should move towards 100%.

<sup>(19)</sup> Compared to DG AGRI's Strategic Plan, for the sake of clarity and better communication, this indicator is now expressed as an index rather than as a variation compared to a three-year average.

<sup>(20)</sup> Due to the modified baseline, the milestone and target had to be adapted as well.

<sup>(21)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

<sup>(22)</sup> The ratio should move towards 1.

**Result indicator 2.4: Linking income support to standards and good practices: Share of UAA covered by income support and subject to conditionality**

**Explanation:** This indicator reflects the share of the area covered by income support, while respecting and enhancing the environment, the climate, human, plant and animal health as well as animal welfare.

It measures the total number of physical hectares that are in principle used for an agricultural activity by beneficiaries of income support and that are subject to conditionality.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline <sup>(23)</sup> (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
84.6%	Remain stable	Remain stable	87.6%

**Result indicator 2.5: Risk Management: Share of farms with CAP risk management tools**

**Explanation:** This indicator quantifies the coverage, in terms of farms, of risk management tools supported with the CAP.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(24)</sup> (2025)	Latest known results (2022)
1.41%	Increase	5.44%	1.99%

**General objective: A European Green Deal****Specific objective 2: Support viable farm income and resilience across the Union to enhance food security through the CAP**

*Related to spending programme(s): EAGF, EAFRD*

**Main outputs in 2023:****New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Review of the policy identified in the 2018 report on the development of plant proteins in the EU <sup>(25)</sup> : EU protein plan	Workshop/technical brief	Q3/2023	Joint GREX/CDG meetings held on 05/06/23 and on 16/11/23. Draft factsheets shared with participants.

<sup>(23)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in methodology.

<sup>(24)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

<sup>(25)</sup> COM(2018) 757 final

### Evaluations and fitness checks

Output	Indicator	Target	Latest known result (situation 31/12/23)
Evaluation of the Common Agriculture Policy measures in the outermost regions (POSEI) and the smaller Aegean islands (supported by the external study under FWC-4 and Evaluation Helpdesk) <sup>(26)</sup>	Finalisation and publication of the study	Q4/2023	Finalisation and publication of the study rescheduled to Q1/2024

### External communication actions

Output	Indicator	Target	Latest known result (situation 31/12/23)
Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.	N/A	N/A	<a href="#">Podcast # 27:</a> 'EU2023SE: Sweden: a portrait of agricultural diversity by Food for Europe' with over 360 listens Ag-Press seminar and field trip on 27-29/03/23 on "Fertilisers, food affordability and market measures" Farm income, resilience and food safety were also topics discussed at the EU Agri Food Days 2023

### Other important outputs

Output	Indicator	Target	Latest known result (situation 31/12/23)
Preparation of annual reports on economic interventions	Annual implementation report	Q3/2023	<a href="#">Report</a> published
	Overview of Member States' decisions	Q1/2023 [NB unless covered by a more horizontal exercise including all CAP interventions]	<a href="#">Report</a> published 17/05/23

<sup>(26)</sup> The title of this evaluation was updated to 'The EU support schemes for agriculture in the outermost regions and smaller Aegean islands'.



Output	Indicator	Target	Latest known result (situation 31/12/23)
Organise regular and ad-hoc meetings of the expert group on the EFSCM (European Food Security Crisis preparedness and response Mechanism)	Number of regular meetings	1	2 meetings on 28/04/23 and on 29/11/23]
	Number of ad-hoc meetings	As needed	No ad-hoc meeting needed.
Annual reporting on the state of preparedness and activities of the European Food Security Crisis preparedness and response Mechanism to other EU institutions and to the general public	1 report	Q2/2023 <sup>(27)</sup>	<a href="#">Report</a> published on 05/03/24
Develop recommendations <ul style="list-style-type: none"> <li>- on ways to reinforce the diversity of sources of supply</li> <li>- on guidelines for crisis communication on food supply and food security</li> </ul>	Approval by the expert group on the EFSCM	Q2/2023	<a href="#">Recommendation</a> <sup>(28)</sup> adopted on 07/07/23
	Approval by the expert group on the EFSCM	Q2/2023	<a href="#">Recommendation</a> <sup>(29)</sup> adopted on 07/07/23
Mapping risks and vulnerabilities, including structural issues, of the EU food supply chain and its critical infrastructures among others through a dedicated study <sup>(30)</sup>	Publication of a report	Q4/2023	<a href="#">Report</a> published on 21/11/2023
Report on the implementation of CMO exceptional measures	Submission to the EP and the Council	Q4/2023	<a href="#">Report</a> published on 22/01/2024
Report from the Commission to the European Parliament and the Council <ul style="list-style-type: none"> <li>- on the application of the allocation criteria referred to in Article 23a(2) for the EU School Scheme</li> </ul>	Submission to the EP and the Council	31 July 2023	Both topics are included in a single <a href="#">report</a> published on 25/07/2023.

<sup>(27)</sup> A wrong target date was indicated in the Management Plan 2023, it should have read Q4/2023.

<sup>(28)</sup> EFSCM Recommendations on ways to improve the diversity of sources of supply, among others between shorter and longer food supply chains.

<sup>(29)</sup> EFSCM Recommendations: Guidelines for crisis communication on food supply and food security.

<sup>(30)</sup> The entry was not included in the original Management Plan 2023 for DG AGRI.

Output	Indicator	Target	Latest known result (situation 31/12/23)
- on the impact of the transfers referred to in Article 23a(4) on the effectiveness of the school scheme in relation to the distribution of school fruit and vegetables and school milk	Submission to the EP and the Council	31 July 2023	
Final report of the EU pigmeat reflection group	Publication of the report	Q1/2023	<a href="#">Report</a> published on 18/01/23
Commission Implementing Decision fixing the indicative allocations of Union aid to Member States under the EU school fruit, vegetables and milk scheme for the period 1 August 2023 to 31 July 2029	Adoption	Q1/2023	<a href="#">Commission Implementing Decision (EU) 2023/655</a> <sup>(31)</sup> adopted on 10/03/23
Follow-up to the Member States' implementation of the EU school fruit, vegetables and milk scheme	All Member States' multiannual evaluation reports on the implementation of the EU school scheme (2017/2018 to 2021/2022 school year), submitted by 1 March 2023, published on the Europa webpage	Q3/2023	Evaluations received by the deadline and analysed by external contractor (final <a href="#">report</a> published). <a href="#">Evaluation reports</a> published on the Europa website.
	All Member States' strategies for the implementation of the EU school scheme in the period 2023/2024 to 2028/2029 school year, submitted by 30 April 2023, published on the Europa webpage	Q3-4/2023	<a href="#">Strategies</a> received by the deadline and published on the Europa website
Participation in ad-hoc discussions related to the Russian aggression in Ukraine and its consequences on the grain markets, including the solidarity lanes initiative	Number of meetings	As needed	Participation in numerous meetings, related in particular to the implementation of the Solidarity lanes and the EU-UA platform.

<sup>(31)</sup> Commission Implementing Decision (EU) 2023/655 of 10 March 2023 fixing the definitive allocation of Union aid to Member States for school fruit and vegetables and for school milk for the period from 1 August 2023 to 31 July 2024 and amending Implementing Decision (EU) 2022/493

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission Delegated Regulation on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149 <sup>(32)</sup>	Adoption by the Commission	Q2/2023	<a href="#">Commission Delegated Regulation (EU) 2023/1225 <sup>(33)</sup></a> adopted on <u>22/06/23</u>
Commission Decision authorising national payments for crisis distillation of wine in Spain <sup>(34)</sup>	Adoption by the Commission	Q2/2023	Commission Decision adopted on 26/07/23 under Article 216 of CMO Regulation (EU) 1308/2013 (Addressed to Spain, no publication in the OJ required)
Commission Decision authorising national payments for crisis distillation of wine in France in 2023 and 2024 <sup>(35)</sup>	Adoption by the Commission	Q4/2023	Commission Decision adopted on 15/11/23 under Article 216 of CMO Regulation (EU) 1308/2013 (Addressed to France, no publication in the OJ required)
Commission Implementing Regulation providing for an emergency support measure for the cereal and oilseed sectors in Bulgaria, Poland and Romania <sup>(36)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/739</a> adopted on <u>04/04/23</u>

<sup>(32)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(33)</sup> Commission Delegated Regulation (EU) 2023/1225 of 22 June 2023 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the wine sector in certain Member States and derogating from Commission Delegated Regulation (EU) 2016/1149

<sup>(34)</sup> This action responds to a recent market crisis in the wine sector. The entry was not included in the original Management Plan 2023 for DG AGRI. It will complement in Spain the market measures adopted at EU level.

<sup>(35)</sup> This action responds to a recent market crisis in the wine sector. The entry was not included in the original Management Plan 2023 for DG AGRI. It will complement in France the market measures adopted at EU level.

<sup>(36)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission Implementing Regulation providing for an emergency support measure for the cereal and oilseed sectors in Bulgaria, Hungary, Poland, Romania and Slovakia <sup>(37)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/1343</a> adopted on <u>30/06/23</u>
Commission Implementing Regulation providing for emergency financial support for the agricultural sectors affected by specific problems impacting on the economic viability of agricultural producers <sup>(38)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/1465</a> adopted on 14/07/23
Commission Implementing Regulation on exceptional market support measures for the eggs and poultrymeat sectors in Italy <sup>(39)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/834</a> adopted on 18/04/23
Commission Implementing Regulation (EU) 2023/2820 of 15 December 2023 providing for emergency financial support for the agricultural sectors affected by natural disasters in Greece and Slovenia <sup>(40)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/2820</a> adopted on 15/12/23

<sup>(37)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<sup>(38)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<sup>(39)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<sup>(40)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI.

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission Implementing Regulation (EU) 2023/1619 of 8 August 2023 on temporary emergency measures derogating in respect of the year 2023 from certain provisions of Regulations (EU) No 1308/2013 and (EU) No 2021/2117 of the European Parliament and of the Council, to resolve specific problems in the fruit and vegetables and wine sectors caused by adverse meteorological events <sup>(41)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/1619</a> adopted on <u>08/08/23</u>
Commission Implementing Regulation (EU) 2023/1620 of 8 August 2023 on temporary emergency measures derogating in respect of the year 2023 from certain provisions of Regulation (EU) 2021/2115 of the European Parliament and of the Council, to resolve specific problems in the fruit and vegetables sector caused by adverse meteorological events and measures linked to them <sup>(42)</sup>	Adoption by the Commission	2023	<a href="#">Commission Implementing Regulation (EU) 2023/1620</a> adopted on <u>08/08/23</u>

<sup>(41)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<sup>(42)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission Delegated Regulation (EU) 2023/1975 of 10 August 2023 on temporary emergency measures derogating in respect of the year 2023 from certain provisions of Commission Delegated Regulation (EU) 2022/126 supplementing Regulation (EU) 2021/2115 of the European Parliament and of the Council, to resolve specific problems in the fruit and vegetables sector caused by adverse meteorological events and measures linked to them <sup>(43)</sup>	Adoption by the Commission	2023	<a href="#">Commission Delegated Regulation (EU) 2023/1975</a> adopted on 10/08/23
Commission Delegated Regulation (EU) 2023/1976 of 10 August 2023 derogating from Commission Delegated Regulation (EU) 2017/891 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council for the year 2023 as regards the value of marketed production, the national strategy and the recovery of Union financial assistance for multiannual commitments in the fruit and vegetables sector due to adverse meteorological events <sup>(44)</sup>	Adoption by the Commission	2023	<a href="#">Commission Delegated Regulation (EU) 2023/1976</a> adopted on 10/08/23

<sup>(43)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

<sup>(44)</sup> This action responds to recent crises. The entry was not included in the original Management Plan 2023 for DG AGRI

**General objective: A European Green Deal**  
**Specific objective 3: Enhance market orientation and increase competitiveness, including greater focus on research, innovation, technology and digitalization**

Related to spending programme(s):  
 EAGF, EAFRD, Horizon 2020 / Europe

**Result indicator 3.1: Increasing farm productivity: Total factor productivity <sup>(45)</sup>**

**Explanation:** The total factor productivity (TFP) compares total outputs relative to the total inputs used in production of the output.

**Unit of measurement:** Index (3-year moving average)

**Source of data:** **Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (Economic Accounts for Agriculture)

Baseline <sup>(46)</sup> (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
105	Increase	Increase	108.7 (provisional data)

**Result indicator 3.2: EU commodity prices compared to world prices <sup>(47)</sup>**

**Explanation:** This indicator reflects the price gap between EU and world prices, based on a weighted average price, covering beef, pig meat, poultry, soft wheat, maize, barley, sugar, butter, cheddar, WMP <sup>(48)</sup> and SMP <sup>(49)</sup>. EU prices are based on Member States notifications and World price references are mainly based on US prices for meat and crops and Oceania for dairy products, except for beef (Brazil), Barley (Black Sea) and Sugar (London white sugar 05)

**Unit of measurement:** Ratio

**Source of data:** European Commission, DG Agriculture and Rural Development, based on European Commission, USDA, World Bank, IGC, London International Financial Futures and Options Exchange, National sources.

Baseline <sup>(50)</sup> (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
1.13 In 2017, the EU prices were on average 13% above world prices	EU prices brought closer to the world prices	EU prices brought closer to the world prices <sup>(51)</sup>	1.19 In 2023, the EU prices were on average 19% above world prices

**Result indicator 3.3: Number of EIP innovation projects (operational groups)**

**Explanation:** This indicator reflects the number of EIP groups supported through Rural Development funding

**Unit of measurement:** Number of EIP groups supported

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
541	1700	2000	3440

<sup>(45)</sup> This indicator is also used in the Programme Statements.

<sup>(46)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

<sup>(47)</sup> This indicator is also used in the Programme Statements.

<sup>(48)</sup> Whole milk powder

<sup>(49)</sup> Skimmed milk powder

<sup>(50)</sup> Original DG AGRI Strategic Plan baseline was calculated for EU-28.

<sup>(51)</sup> The ratio should move towards 1.

**Result indicator 3.4: Number of research projects programmed and monitored by DG AGRI**

**Explanation:** This indicator reflects the number of H2020 and Horizon Europe (closed and ongoing) projects in the area of agriculture and rural development (co-) programmed and monitored by DG AGRI

**Source of data:** European Commission, DG Agriculture and Rural Development

<b>Baseline</b> (2017)	<b>Interim milestone</b> (2020)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
86	203	280	415

**Result indicator 3.5: Area under Satellite Monitoring [for BISS]**

**Explanation:** This indicator aims at measuring the uptake of new technology and digitalisation by CAP administrations in Member States: share of area receiving direct support (through the basic income support scheme (BISS) that is covered by the Area Monitoring System (AMS).

**Unit of measurement:** ratio between the BISS hectares covered with AMS and the latest available data on the total area under BISS in the EU

**Source of data:** Legal Basis; European Commission, DG Agriculture and Rural Development

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
3%	10%	50%	100% <sup>(52)</sup>

<sup>(52)</sup> Since 1 January 2023, BISS is subject to the Area Monitoring System. This system is mandatory and has to cover all the interventions, therefore 100% of the area under BISS is monitored.



**General objective: A European Green Deal****Specific objective 3: Enhance market orientation and increase competitiveness, including greater focus on research, innovation, technology and digitalization***Related to spending programme(s): EAGF, EAFRD, Horizon 2020 / Europe***Main outputs in 2023:****New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Support Member States in putting in place the area monitoring system and the related quality assessments by providing technical guidance	Developing technical methodologies for the quality assessments, with the support of the Joint Research Centre. Targeted support in expert groups, bilateral meetings and conferences.	All year long (ongoing)	Version 1.1 1.2, 1.3 and 1.4. of the Union-wide methodology for IACS Quality Assessments were shared with Member States respectively in April, August, October and May 2023. In addition, 11 Groups of Experts covered items linked to the implementation and quality assessment of IACS elements in 2023, and a separate special technical GREX was organised in December 2023  In 2023, several bilateral meetings were held with Member States. Furthermore, in 2023, presentations and workshops to the Pantha Rei, the Conference of Directors of Paying Agencies and a dedicated IACS QA workshop were provided.

**External communication actions**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<p><i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i></p>	<p>N/A</p>	<p>N/A</p>	<p>A series of videos on the EU AgriResearch Conference has been developed and published on the <a href="#">DG AGRI YouTube account</a>.  <a href="#">Podcast # 28</a>: 'EU AgriResearch Conference: how research and innovation is shaping the farms of the future by Food for Europe' <u>with over 420 listens</u>  <a href="#">Podcast # 34</a>: Sustainability: the promising perspective of vertical farming by Food for Europe, with 330 listens  <a href="#">Podcast # 35</a>: Water crisis: the promise of precision agriculture, with over 320 listens  <a href="#">Podcast # 37</a>: <u>Agri-voltaics: a promising alliance between solar power and farming, with over 560 listens</u>  <a href="#">Podcast # 38</a>: <u>Agri-Food Days: united towards sustainable agriculture, with over 1 200 listens</u>            Creation of DG AGRI website on digitalisation in agriculture and rural areas in the EU</p>

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Organisation of a conference on Digital transformation in agriculture	Number of participants	> 200 participants	Conference held successfully during the first edition of EU Agri-Food Days 210 participants on site and 360 online
	Satisfaction rate	> 80%	88%
Promotion of R&I calls and of the available R&I solutions to ensure the deployment of solutions by farmers, foresters and rural actors:			
<ul style="list-style-type: none"> <li>• Infoday</li> </ul>	Number of Infodays	1 for the calls 2024 1 for Mission call 2023	2 Infodays (1 for the calls 2024 on 27 – 28/09/23, 1 for Mission call 2023 18/01/23)
<ul style="list-style-type: none"> <li>• Newsletters</li> </ul>	Number of newsletters	4 Newsletters	2 newsletters published
<ul style="list-style-type: none"> <li>• Publications</li> </ul>	Number of publications	12 Factsheets 2 Results packs	17 publications (15 Factsheets, 2 Results packs)
<ul style="list-style-type: none"> <li>• Co-organisation of EIP Agri activities and events</li> </ul>	Number of events	6 Focus Groups 3 Workshops/brokerage events	6 Focus Groups 4 workshops 2 brokerage events
Raise awareness, engage with citizens and stakeholders on the Horizon Europe Mission "A soil Deal for Europe"	Communication material (social media, videos, etc.) Mission Implementation Platform establishment Events including 1 Mission fair	2023	More than 80 events with external stakeholders 1 Mission projects cluster event (22-23/04/23) 1 social media campaign 1 Mission fair (European Mission Soil Week) 21-23/11/23 (Around 300 participants on site and 400 remotely each day. 1,6 million reached by social media) Mission Implementation Platform launched, <a href="#">Mission Manifesto</a> published (more than 2500 signatories)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Organisation of AGRI research conference	1 Conference	1 <sup>st</sup> half 2023 (450 participants)	Successfully organised: 31/05-01/06/23 with 500 persons in presential and many more online
Ensure the co-chairing and coordination of the programming of Cluster 6 research actions (Strategic plan and Work programme, including the preparation of HE partnerships and the Soil mission) <sup>(53)</sup>	Timely organisation	2023	Two meetings of the SCAR Steering Committee and two meetings of the SCAR Plenary timely and successfully co-organised with RTD. 4 Programme Committee meetings were organised. 3 HE Co-funded partnerships SRIA <sup>(54)</sup> preparation concluded and support to consortia on implementation aspects provided (Agroecology, Animal health and welfare, and Agriculture of Data) 2024 Mission Soil Work Programme preparation on-going. Contributions delivered in time for the Mission Soil 2023 assessment and for the Communication and SWD.
Promoting the uptake of new technologies in the context of IACS by raising awareness of the existing innovative solutions and explaining benefits in the CAP context.	Regular participation to conferences promoting the use of new technologies	All year (ongoing)	In 2023, presentations and workshops to the Pantha Rei and the Conference of Directors of Paying Agencies were provided.

<sup>(53)</sup> This entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(54)</sup> Strategic Research and Innovation Agenda

## Other important outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Ensuring secretariat of the 'A Soil Deal for Europe' mission, including the organisation of Mission Board meetings, outreach actions and coordination with concerned DGs and stakeholders	Timely and effective organisation	Mission Board meetings approx. 6 meetings 2023 Mission Owner Group (MOG) meetings approx. 6 meetings in 2023 1 Mission fair	6 Mission Board meetings 6 Mission Owner Group (MOG) meetings
Coordinating DG AGRI actions related to Digital Europe Programme (DEP), including proposal selection, accompanying the implementation of actions, and the elaboration of the WP 2023/24	Timely and effective delivery of the tasks	5 actions in 2023	Input to the development of the adopted DEP WP 2023/2024 provided, as well as to the preparation of the interim evaluation and the amendment of DEP WP 2023/2024 provided
Coordination in the area of research and innovation in the field of digitalisation and data technologies in agriculture, rural areas, and policy-making, achieving synergies between policy instruments, including the implementation of actions in support of the Common European Agriculture Data Space	Number of main initiatives coordinated or contributed to	3 initiatives in 2023	DEP actions and their synergies with Horizon Europe have been promoted at several occasions, including at the R&I Conference Meetings with projects funded under DEP and Horizon Europe in the field of agricultural data have been organised 3 webinars with MSs on the Common European Agricultural Data Space organised (October/November)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Study / survey linked to the use, set-up and/or implementation of financial instruments and loans / guarantees	Study / survey to be launched	2023	2 surveys on access to finance for EU agriculture and for EU agro-food SMEs launched and completed; 2 study analyses and 1 factsheet based on the surveys were completed and published <sup>(55)</sup> 1 feasibility study analysing the financial market situation in an EU Member State was launched. 1 study on CAP Financial Instruments for the establishment and development of sustainable agri-food supply chains in the EU prepared with Terms of References and ready to be launched in 2024. Preparatory work for 4 new surveys of agriculture sub-sectors (cereals & oilseeds, vegetables, dairy and poultry) launched in 2023.
Capacity building for national authorities for financial instruments	New targeted coachings for EAFRD Managing Authorities		1
Events, publications and communications, dedicated websites and social media profiles of the EAFRD stream of fi-compass	Awareness-raising events, including an EU annual conference (250-300 participants)	4	1 (annual fi-compass conference on EAFRD Financial instruments)
	Case studies brochures and videos 3 fi-compass newsletters 2 Podcasts	10	8
		4 newsletters	3
		4 podcasts	0
	EAFRD webpage views: 5 000	4 000	8 541 unique viewers
10 000		35 433 unique viewers	

<sup>(55)</sup> [fi-compass.eu/sites/default/files/publications/AGRICULTURE\\_Survey\\_Report\\_2023\\_RTW\\_2.pdf](https://fi-compass.eu/sites/default/files/publications/AGRICULTURE_Survey_Report_2023_RTW_2.pdf)  
[fi-compass.eu/sites/default/files/publications/AGRI\\_FOOD\\_Survey\\_Report\\_2023\\_RTW\\_0.pdf](https://fi-compass.eu/sites/default/files/publications/AGRI_FOOD_Survey_Report_2023_RTW_0.pdf)  
[FinancingGapAgricultureAgrifood\\_RTW\\_0.pdf](https://fi-compass.eu/sites/default/files/publications/FinancingGapAgricultureAgrifood_RTW_0.pdf) (fi-compass.eu)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
	EAFRD website views (number of visits across the whole EAFRD content): 15 000 EAFRD Hub profiles (total, including new): 2 300 LinkedIn: 1 700 followers Twitter: 1 200 followers YouTube (number of EAFRD video views): 2 000	2 500	N/A (IT Hub change; indicator no more available]
		1 800 followers	2 650 followers
		1 300 followers	1 231 followers
		2 500	1 557
Chair the Outlook groups for grains, sugar, olive oil, biofuels, meat, dairy, fruit and vegetables wine, fertilisers	Outlook groups meetings with minutes	30	12 grains outlook meetings <sup>(56)</sup> 3 sugar outlook meetings <sup>(57)</sup> 2 olive oil outlook meetings <sup>(58)</sup> 3 biofuel outlook meetings <sup>(59)</sup> 3 meat outlook meetings <sup>(60)</sup> 3 dairy outlook meetings <sup>(61)</sup> 3 fruit and vegetables outlook meetings <sup>(62)</sup> 3 wine outlook meetings <sup>(63)</sup> 3 fertilisers outlook meetings <sup>(64)</sup>
Agri-food Data Portal: Expand data coverage to include food security,	- Food security dashboard	Q1/2023	Food security dashboard released in December 2022.

<sup>(56)</sup> 23/01/23, 20/02/23, 17/03/23, 24/04/23, 22/05/23, 19/06/23, 24/07/23, 21/08/23, 18/09/23, 23/10/23, 27/11/23 and 18/12/23

<sup>(57)</sup> 14/03/23, 20/06/23, 24/10/23

<sup>(58)</sup> 14/03/23 and 13/09/23

<sup>(59)</sup> 14/03/23, 14/06/23, 14/09/23

<sup>(60)</sup> 15/03/23, 16/06/23, 15/09/23

<sup>(61)</sup> 15/03/23, 16/06/23, 19/09/23

<sup>(62)</sup> 16/03/23, 15/06/23, 15/09/23

<sup>(63)</sup> 16/03/23, 13/06/23, 19/09/23

<sup>(64)</sup> 14/03/23, 14/06/23, 15/09/23

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
grain stocks, fertilisers and other agri-inputs.	- Grain stocks visualisations	Q1/2023 (grain stocks), end 2023 (certified seeds stocks)	Missing notifications from a number of Member States did not allow the COM to publish information on grain stocks and certified seeds stocks on the public portal. Active dialogue with Member States to complement data.
	- Dashboard on fertilisers and agri-inputs	End 2023	<a href="#">Dashboard/visualisations on fertilisers</a> published on the public portal on 08/11/23
Market observatory for fruit and vegetables	Number of specific meetings/reports (stone fruit, pip fruit, tomatoes, citrus)	6 Meetings and reports	6 Meetings <sup>(65)</sup>
Market observatory for wine	Number of meetings/reports	2 Meetings and reports	2 meetings <sup>(66)</sup>
Market observatory for crops	Number of meetings/reports	3 Meetings and reports at least	3 meetings <sup>(67)</sup>
Market observatory for sugar	Number of meetings/reports	3 Meetings and reports at least	2 meetings <sup>(68)</sup>
Market observatory for milk <sup>(69)</sup>	Number of meetings/reports	4 Meetings and reports	4 meetings <sup>(70)</sup>
Market observatory for meats <sup>(71)</sup>	Number of meetings/reports	4 Meetings and reports <sup>(72)</sup>	3 meetings <sup>(73)</sup>
EU observatory for fertilisers	Launch creation	Q2/2023	2 meetings <sup>(74)</sup>
Market observatory for olive oil & table olives <sup>(75)</sup>	Number of meetings/reports	2 Meetings per year	First meeting requested for November 2024

<sup>(65)</sup> 10/03/23 and 06/11/23 (Pip fruits), 02/06/23 (Stone fruits), 19/06/23 and 26/10/23 (Tomatoes) and 24/11/23 (Citrus).

<sup>(66)</sup> 06/06/23 and 21/11/23

<sup>(67)</sup> 16/03/23, 07/07/23 and 04/12/23

<sup>(68)</sup> 20/06/23 and 15/11/23

<sup>(69)</sup> By mistake, this entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(70)</sup> 28/03/23, 27/06/23, 25/09/23 and 5/12/23

<sup>(71)</sup> By mistake, this entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(72)</sup> The target erroneously indicates four meetings while three meetings are standard practice.

<sup>(73)</sup> 02/03/23, 06/06/23, 16/10/23

<sup>(74)</sup> 27/06/23 and 24/11/23.

<sup>(75)</sup> New market observatory



Output	Indicator	Target	Latest known result (situation 31/12/23)
Report from the Commission to the European Parliament and the Council on the Union market observatories set up in accordance with Article 222a of Regulation 1308/2013	Submission to the EP and the Council	Q4/2023	<a href="#">Report</a> published on 31/10/23
Survey-based study on the state of play of digitalisation in EU agriculture <sup>(76)</sup>	Study to be launched	2023	In preparation Contract to be signed beginning of 2024. Kick-off meeting expected in Q1/2024.
Foresight study "Long-term implications of digital transition for farmers and rural communities" <sup>(77)</sup>	Finalisation and publication of the study	Q4/2023	<a href="#">Foresight report</a> and accompanying toolkit published in December 2023 and presented during the Agri-Digital conference.
Setup of a Spatial Agricultural Information System <sup>(78)</sup>	Study to be launched	Q1/2023	AA with JRC finalised, project kick-off organised, first set of deliverables accepted

**General objective: A European Green Deal**

**Specific objective 4: Improve the farmers' position in the value chain notably through the CAP**

Related to spending programme(s): EAGF, EAFRD

**Result indicator 4.1: Proportion of proposed legislative revisions that include burden reduction measures**

**Explanation:** This indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	0/0

<sup>(76)</sup> The entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(77)</sup> The entry was not included in the original Management Plan 2023 for DG AGRI.

<sup>(78)</sup> The entry was not included in the original Management Plan 2023 for DG AGRI.

**Result indicator 4.2: Improving farmers' position in the food chain: Value added for primary producers in the food chain** <sup>(79)</sup>

**Explanation:** The total Gross Value Added (GVA) (at basic prices) is defined as the value of output less the value of intermediate consumption. This indicator measures the share of the primary production (agriculture) on the total value added generated by different participants of the food chain (primary production, food manufacturing, food distribution and food service activities).

**Unit of measurement:** % of total GVA

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat data codes: [aact\\_eaa01](#), [sbs\\_ovw\\_act](#))

Baseline <sup>(80)</sup> (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
26.8%	Increase	Increase	24.9%

**Result indicator 4.2: Improving farmers' position in the food chain: Value added for primary producers in the food chain** <sup>(81)</sup>

**Explanation:** The total Gross Value Added (GVA) (at basic prices) is defined as the value of output less the value of intermediate consumption. This indicator measures the share of the primary production (agriculture) on the total value added generated by different participants of the food chain (primary production, food manufacturing, food distribution and food service activities).

**Unit of measurement:** % of total GVA

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat data codes: [aact\\_eaa01](#), [sbs\\_ovw\\_act](#))

Baseline <sup>(82)</sup> (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
26.8%	Increase	Increase	24.9% <sup>(83)</sup>

**Result indicator 4.3: Concentration of supply: Share of value of marketed production by Producer Organisations with operational programmes**

**Explanation:** This indicator quantifies the coverage, in terms of value of marketing production of producer organisations (POs), associations of producer organisations, transnational producer organisations or transnational associations of producer organisations with operational programmes supported by the CAP.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
49% Fruit and vegetables	Increase	Increase	47% Fruit and vegetables <sup>(84)</sup>

<sup>(79)</sup> This indicator is also used in the Programme Statements (in values).

<sup>(80)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database. Eurostat series changed starting with reference year 2021 due to a change in the legal bases of the structural basis statistics (SBS)

<sup>(81)</sup> This indicator is also used in the Programme Statements (in values).

<sup>(82)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database. Eurostat series changed starting with reference year 2021 due to a change in the legal bases of the structural basis statistics (SBS)

<sup>(83)</sup> In 2021, the evolution of the indicator reflected a faster growth of value added in food manufacturing and food distribution than in agriculture (for the latter, mainly due to COVID-19 recovery of food service).

<sup>(84)</sup> The evolution of this indicator depends on the global economic situations of producer organisations due to external factors (i.e. inflation Ukraine war, etc.). Also, the market is saturated and a significant increase in the number of producer organisations is unlikely. Nevertheless, there is an increase every year in terms of the value of marketing production of the producer organisations.

**Result indicator 4.4: Number of registered Geographical Indications**

**Explanation:** This indicator shows the number of geographical indications (GI) – protected names of agricultural products and foodstuffs, foods, wines, spirit drinks and aromatised wines, included in the EU register, to promote their unique characteristics, linked to their geographical origin as well as traditional know-how.

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
3136	Increase	Increase	3 586

**Result indicator 4.5: Number of Member States having transposed the UTP Directive <sup>(85)</sup> into national law and established enforcement authorities**

**Explanation:** This indicator will be applicable only as of 2021 because Member States have until 1 May 2021 to transpose the Directive.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2021)	Target (2024)	Latest known results (2023)
0	Commission interim report on the state of the transposition and implementation of the Directive in 2021	27	27 <sup>(86)</sup>

**General objective: A European Green Deal****Specific objective 4: Improve the farmers' position in the value chain notably through the CAP**

*Related to spending programme(s): EAGF, EAFRD*

**Main outputs in 2023:****New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Sustainability agreements in agriculture – Guidelines on the antitrust exclusion pursuant to Article 210a CMO Regulation	Public consultation	Q1/2023	Public consultation took place between January and April 2023.
	Adoption	Q4/2023	<a href="#">Guidelines</a> <sup>(87)</sup> adopted on 07/12/23

**Evaluations and fitness checks**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Evaluation report on the Unfair Trading Practices Directive	Start of the contract for a supporting study	Q4/2023	Signature and start of the contract rescheduled to Q1/2024

<sup>(85)</sup> [Directive \(EU\) 2019/633](#) of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain.

<sup>(86)</sup> <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX%3A32019L0633>

<sup>(87)</sup> Communication from the Commission – Commission guidelines on the exclusion from Article 101 of the Treaty on the Functioning of the European Union for sustainability agreements of agricultural producers pursuant to Article 210a of Regulation (EU) No 1308/2013

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Synthesis of the evaluations of the national strategies for sustainable operational programmes of POs, APOs, PGs	Publication	Q1/2023	The <a href="#">Synthesis</a> was published on 15/12/22
Establishing an Operational Programme: Structuring the Agri-food sectors to safeguard the handing-on of family farms and the sustainability of local agriculture	Handbook published Conference Final deliverable	Q3/2023	Final conference took place on 26/05/23 Final deliverables were received on 20/06/23. <a href="#">Report</a> <sup>(88)</sup> published

### Enforcement actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Implementation of Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain	Continuation of conformity check and pursuit of EU-pilot and infringement actions	Q4/2023	Conformity check and pursuit of EU-pilot ongoing, CZ infringement procedure closed on 15/02/2023 <sup>(89)</sup> .
UTP enforcement network: Organisation of plenary and focus meetings with national enforcement authorities to discuss the application of the UTP Directive	Number of meetings	2 plenary and 2 focus meetings	2 plenary meetings <sup>(90)</sup> and 4 focus meetings <sup>(91)</sup> held

### External communication actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	<a href="#">Podcast # 38</a> : 'Agri-Food Days: united towards sustainable agriculture', with over 1 200 listens

<sup>(88)</sup> Establishing an operational programme: supporting the producer organisations to contribute to strengthening farmer's position in the agri-food supply chain and improving

<sup>(89)</sup> INFR(2021)0182

<sup>(90)</sup> 04/05/23 and 07/11/23

<sup>(91)</sup> 23/03/23, 20/04/23, 15/09/23 and 05/10/23

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Production of a web-based toolkit on geographical indications consisting of a series of videos and easy-to-read information about registering GIs aiming to encourage producers to apply and to improve the quality of applications	Number of video views	> 1.000	Project development ongoing, publication foreseen by Q3/2024
	Number of visits on the webpage	> 1.000	Project development ongoing, publication foreseen by Q3/2024
	Number of users of the eligibility check tool	> 500	Project development ongoing, publication foreseen by Q3/2024

#### Other important outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Protection of geographical indications	Number of registered geographical indications	Increase	3 586
Revision of the EU geographical indications (GIs) systems for agricultural products and foodstuffs, wines and spirit drinks; Legislative initiative / Regulation of the European Parliament and of the Council (COM (2022) 134 final)	Political agreement	By end 2023	Political agreement reached on 24/10/23
Farm to Fork: Forum on best practices in the food supply chain	Number of meetings	1 plenary and 1 thematic group	Plenary meeting held on 16/11/2023 <sup>(92)</sup> , thematic group meeting on 9/10/2023 <sup>(93)</sup> .
Study on national and regional or private regulatory or voluntary schemes aiming at ensuring a fair remuneration for farmers	Start of the contract	Q4/2023	Start of the contract postponed to Q1/2024
Study on the use of new information and communication technologies to ensure better market transparency	Start of the contract	Q1/2023	Contract started. Two meetings held with the contractor. 2 <sup>nd</sup> interim report available at the end of December 2023

<sup>(92)</sup> [https://eu-cap-network.ec.europa.eu/events/eu-cap-network-event-3rd-meeting-farm-fork-forum\\_en](https://eu-cap-network.ec.europa.eu/events/eu-cap-network-event-3rd-meeting-farm-fork-forum_en)

<sup>(93)</sup> [report-1st-meeting-tq-on-skills\\_0.pdf \(europa.eu\)](#)

**General objective: A European Green Deal**  
**Specific objective 5: In line with the Farm to Fork Strategy, improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare through the CAP**

Related to spending programme(s):  
 EAGF, EAFRD

**Result indicator 5.1: Proportion of proposed legislative revisions that include burden reduction measures**

**Explanation:** This indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	2/3 Marketing standards for agricultural products

**Result indicator 5.2: Limiting antimicrobials use in agriculture: sales/use in food producing animals**

**Explanation:** This indicator illustrates farmers actions to improve the response of EU agriculture to societal demands on food and public health such as fighting antimicrobial resistance (AMR), focusing on the development of total sales of veterinary medicinal products containing antimicrobial substances.

**Unit of measurement:** mg/PCU

**Source of data:** European Surveillance of Veterinary Antimicrobial Consumption (ESVAC) project <sup>(94)</sup>

Baseline <sup>(95)</sup> (2018)	Interim milestone (2022)	Target (2030)	Latest known results (2022)
118,3 mg/PCU	Decrease	Decrease	84,8 mg/PCU The latest <a href="#">ESVAC report</a> shows that sales of antimicrobials for use in food producing animals in Europe fell by 53% between 2011 and 2022

<sup>(94)</sup> <https://bi.ema.europa.eu/analyticsSOAP/saw.dll?PortalPages>

<sup>(95)</sup> Compared to DG AGRI's Strategic Plan, the value was updated based on [COM\(2020\) 846 Annexes](#).

**Result indicator 5.3: Sustainable use of pesticides: Reduce risks and impacts of pesticides <sup>(96)</sup>**

**Explanation:** The indicator shows changes in the potential risks from pesticide use for human health and the environment. The indicator is calculated by multiplying the quantities of active substances placed on the market in plant protection products by their hazard weighting. Index: 2015-2017 = 100

**Source of the data:** Member States annually report data to Eurostat under [Regulation \(EC\) No 1185/2009](#)

**Methodology for calculating the indicator:** [Directive \(EU\) 2019/782](#) Annex I

Baseline <sup>(97)</sup> (2015-2017)	Interim milestone (2022)	Target (2030)	Latest known results (2021)
100	Decrease	Decrease 50% reduction in categories E and F Annex IV Commission Directive (EU) 2019/782	67

**Result indicator 5.4: Improving animal welfare: Share of livestock units covered by rural development support to improve animal welfare**

**Explanation:** This indicator quantifies the coverage, in terms of livestock units, of actions aimed at improving animal welfare with CAP support.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
5.4%	Increase	Increase	9.78%

**Result indicator 5.5: Share of organic area receiving specific CAP support**

**Explanation:** This indicator quantifies the area converted to or maintained in organic farming thanks to CAP support.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
65.5%	Increase	Increase	84.2%

<sup>(96)</sup> All references to pesticides refer to plant protection products only. Biocides are included in the term pesticides, but data on biocides are not included in this indicator.

<sup>(97)</sup> Compared to DG AGRI's Strategic Plan, the value was updated based on [COM\(2020\) 846 Annexes](#).

**General objective: A European Green Deal**

**Specific objective 5: In line with the Farm to Fork Strategy, improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare through the CAP**

Related to spending programme(s): EAGF, EAFRD

**Main outputs in 2023:****New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Commission proposal for amending Regulation EU No 1144/2014 (EU agri-food promotion policy)	Adoption of Commission proposal	2023	Political agreement awaited.

**Initiatives linked to regulatory simplification and burden reduction**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Revision of EU marketing standards for agricultural products: - EU marketing standards in CMO delegated and implementing acts, as well as in "Breakfast Directives" - Modernisation of outdated standards, legislative simplification, alignment with the Lisbon treaty, sustainability dimension under Farm to Fork.	Publication of the impact assessment and launch of the necessary legislative proposals as well as feedback mechanism launched for non-legislative acts	Q1/2023	Publication of the <a href="#">impact assessment</a> <sup>(98)</sup> and the Commission's <a href="#">legislative proposals</a> on 21/04/23 <sup>(99)</sup> Feedback mechanism for non-legislative acts closed by 19/05/23.
Within this revision of EU marketing standards for agricultural products, several sectoral initiatives are to be launched in 2023:			

<sup>(98)</sup> Commission Staff Working Document - Impact Assessment Report - Revision of EU marketing standards for agricultural products to ensure the uptake and supply of sustainable products Accompanying the document Proposal for a Directive of the European Parliament and of the Council amending Council Directives 2001/110/EC relating to honey, 2001/112/EC relating to fruit juices and certain similar products intended for human consumption, 2001/113/EC relating to fruit jams, jellies and marmalades and sweetened chestnut purée intended for human consumption, and 2001/114/EC relating to certain partly or wholly dehydrated preserved milk for human consumption

<sup>(99)</sup> Proposal for a Directive of the European Parliament and of the Council amending Council Directives 2001/110/EC relating to honey, 2001/112/EC relating to fruit juices and certain similar products intended for human consumption, 2001/113/EC relating to fruit jams, jellies and marmalades and sweetened chestnut purée intended for human consumption, and 2001/114/EC relating to certain partly or wholly dehydrated preserved milk for human consumption <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023PC0201&qid=1688122786319>



Output	Indicator	Target	Latest known result (situation 31/12/23)
- Proposal of the Commission for a Directive of the European Parliament and of the Council amending Council Directives 2001/110/EC, 2001/112/EC, 2001/113/EC and 2001/114/EC relating to fruit juice, jam, honey and preserved milk	Adoption of legislative draft amending Directive	Q1/2023	Proposal for a European Parliament and Council <a href="#">Directive</a> (COM(2023) 201 f) <sup>(100)</sup> adopted on 21/04/2023. Currently under codecision procedure 2023/0105 (COD) expected to be concluded in spring 2024.
- Report from the Commission to the European Parliament and the Council: Need for EU marketing standards for cider & perry, dried leguminous vegetables and soya beans	Adoption of the report	Q1/2023	Commission <a href="#">Report</a> <sup>(101)</sup> adopted on 21/04/2023
- Commission Delegated Regulation laying down marketing standards as regards fresh fruit and vegetables, bananas, nuts, and dried fruit	Adoption by the Commission	Q3/2023	Commission Delegated regulation (EU) 2023/2429 <sup>(102)</sup> adopted on 17/08/23 and published on 03/11/23
- Commission Implementing Regulation laying down marketing standards as regards fresh fruit and vegetables, bananas, nuts, and dried fruit	Adoption by the Commission	Q3/2023	Commission Implementing Regulation (EU) 2023/2430 <sup>(103)</sup> adopted on 17/08/23 and published on 03/11/23

<sup>(100)</sup> Proposal for a Directive of the European Parliament and of the Council amending Council Directives 2001/110/EC relating to honey, 2001/112/EC relating to fruit juices and certain similar products intended for human consumption, 2001/113/EC relating to fruit jams, jellies and marmalades and sweetened chestnut purée intended for human consumption, and 2001/114/EC relating to certain partly or wholly dehydrated preserved milk for human consumption

<sup>(101)</sup> Report from the Commission to the European Parliament and the Council in accordance with Article 75(6) of Regulation (EU) No 1308/2013 on new marketing standards for cider and perry and for dried leguminous vegetables and soya bean

<sup>(102)</sup> Commission Delegated Regulation (EU) 2023/2429 of 17 August 2023 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards marketing standards for the fruit and vegetables sector, certain processed fruit and vegetable products and the bananas sector, and repealing Commission Regulation (EC) No 1666/1999 and Commission Implementing Regulations (EU) No 543/2011 and (EU) No 1333/2011; OJ L (2023)2429, 03.11.2023.

<sup>(103)</sup> Commission Implementing Regulation (EU) 2023/2430 of 17 August 2023 laying down rules concerning checks on conformity to marketing standards for the fruit and vegetables sector, certain processed fruit and vegetable products and the bananas sector; OJ L, 2023/2430; 03.11.2023,

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
- Commission Delegated Regulation laying down marketing standards as regards dried leguminous vegetables and soya beans	Adoption by the Commission	Q4/2023	Postponed to Q4/2024 to allow for the finalisation of the ongoing work related to the EU protein policy review
- Commission Implementing Regulation laying down marketing standards as regards dried leguminous vegetables and soya beans	Adoption by the Commission	Q4/2023	Postponed to Q4/2024 to allow for the finalisation of the ongoing work related to the EU protein policy review
- Revision of the marketing standards for poultry meat	Adoption of delegated and implementing regulations	Q3/2003	Texts proof-read by Member States. Adoption suspended until political clearance
- Revision of the marketing standards for eggs	Adoption of delegated and implementing regulations	Q3/2003	Regulations published on 8/11/23 <sup>(104)</sup>
- Revision of the marketing standards for olive oil	Adoption of delegated act amending the current delegated act for olive oil marketing standards	Q3/ 2023	Draft delegated act at the stage of public feedback and WTO notification phase. New adoption is scheduled for beginning of March 2024 with a transmission to Council and EP and publication scheduled two months later.

### Evaluations and fitness checks

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Evaluation of the EU school fruit, vegetables, and milk scheme (back-to-back evaluation & impact assessment)	Publication of the evaluation report (SWD)	Q4/2023	The complementary evaluation support study was published in July 2023 ( <a href="#">link</a> ). Publication of the evaluation report (SWD) postponed to Q1-Q2/2024, alongside the legislative proposal and accompanying impact assessment.

<sup>(104)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R2465>  
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R2466>  
 Delegated regulation - EU - 2023/2464 - EN - EUR-Lex (europa.eu)

## External communication actions

Output	Indicator	Target	Latest known result (situation 31/12/23)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	<a href="#">Podcast # 33</a> : Celebrating the best of organic farming and food, with 647 listens <a href="#">Podcast # 38</a> : 'Agri-Food Days: united towards sustainable agriculture', with over 1 200 listens
Organisation of the EU Organic Award Ceremony	Number of participants	100 people	150 people
Raise awareness of EU organic production through communication activities around EU Organic Awards and EU Organic Day	Number of impressions of #EUOrganic hashtag throughout 2023	50 million	The campaign achieved 24 million (24 223 394) impressions with a high of 9.7m people reached during September and 3.8m people on average during the whole reporting period. The #EUOrganic hashtag had a total of 2 951 posts by 871 users that achieved 28 000 engagements.
Communicate on the revision of EU marketing standards for agricultural products and related sectoral initiatives <sup>(105)</sup>	N/A	N/A	Extensive communication on the EU marketing standards was achieved via <a href="#">social media</a> and press.

## Other important outputs

Output	Indicator	Target	Latest known result (situation 31/12/23)
Review of the EU School Scheme	Publication of the Impact Assessment and adoption of Commission proposals to amend Regulation 1308/2013 and Council Regulation 1370/2013	Q4/2023	Impact Assessment finalised, Regulatory Scrutiny Board positive opinion on 19/12/23

<sup>(105)</sup> This entry was not included in the original Management Plan 2023 for DG AGRI

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Study on 'strategies to diversify the protein sources in feed used in different livestock production systems in the EU'	Publication of the study	Q4/2023	The report was delivered on the due date (13/12/23) and is still assessed for acceptance by DG AGRI. Publication planned for Q1/2024 in parallel with the report on the EU protein plan.
Adopting outstanding secondary legislation (on e.g. pet food, authorised products and substances, etc..) associated with the basic legislation on organic production and labelling of organic products (Regulation (EU) 2018/848)	Relevant secondary legislation adopted	2023	Legislation on pet food, authorised products and substances, etc. adopted <sup>(106)</sup>
Assisting Member States and stakeholders in the implementation of Regulation (EU) 2018/848 via surveillance activities to assess the correct enforcement of the organic legislation by Member States, via Commission notices (e.g. on beekeeping, water-flavoured drinks, etc.)	Relevant surveillance activities carried out, relevant Commission notices issued, etc.	2023	<a href="#">Publication</a> and updates of FAQs on the website of the Commission in Q4/2023
Continuing the implementation of the Action Plan for the Development of Organic Production	Implementation of Action Plan on track	2023	On track

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<sup>(106)</sup> Regulation (EU) 2023/2419 of the European Parliament and of the Council of 18 October 2023 on the labelling of organic pet food  
Commission Implementing Regulation (EU) 2023/2229 of 25 October 2023 amending and correcting Implementing Regulation (EU) 2021/1165 authorising certain products and substances for use in organic production and establishing their lists

**General objective: A European Green Deal**  
**Specific objective 6: Contribute to addressing climate change, protecting natural resources and preserving biodiversity through the CAP**

Related to spending programme(s):  
 EAGF, EAFRD

**Result indicator 6.1: Share of agricultural land under commitments targeting reduction of GHG and/or ammonia emissions <sup>(107)</sup>**

**Explanation:** This indicator quantifies the share of agricultural land under management contracts targeting climate action, i.e. GHG and ammonia emissions reduction, and carbon sequestration or conservation, supported with the CAP.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(108)</sup> (2025)	Latest known results (2022)
2.0%	Increase	2.55%	2.87%

**Result indicator 6.2: Share of agricultural land under management commitments:**

**a) Improving soils: Share of agricultural land under management commitments beneficial for soil management <sup>(109)</sup>**

**b) Protecting water: Share of agricultural land under management commitments for water management <sup>(110)</sup>**

**Explanation:** These indicators quantify the coverage, in terms of agricultural land, of management commitments beneficial for soil management (a) and for water quality (b), financed with CAP support

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(111)</sup> (2025)	Latest known results (2022)
a) 11.9%	Increase	a) 15.75%	a) 15.77%
b) 12.1%		b) 16.82%	b) 16.17%

**Result indicator 6.3: Enhanced provision of ecosystem services: share of UAA covered with landscape features**

**Explanation:** Landscape features support biodiversity and ecosystem services. This indicator aims to estimate the area covered by landscape features in the agricultural land. Landscape features may include linear elements (e.g. hedgerows) and patches (e.g. trees, woodland, etc.), water & wet spots (ponds, water bodies, streams, etc.); moderately managed areas (e.g. field margins), etc.

**Unit of measurement:** %

**Source of data:** European Commission, JRC

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
N/A	Increase	Increase	N/A <sup>(112)</sup>

<sup>(107)</sup> This indicator is also used in the Programme Statements.

<sup>(108)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

<sup>(109)</sup> This indicator is also used in the Programme Statements.

<sup>(110)</sup> This indicator is also used in the Programme Statements.

<sup>(111)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

<sup>(112)</sup> The indicator is not yet available at EU level. Preparatory methodological work is still ongoing.

**Result indicator 6.4: Preserving species, habitats and landscape features: Share of agricultural land under management commitments supporting biodiversity conservation or restoration and/or landscape features, including hedgerows <sup>(113)</sup>**

**Explanation:** This indicator quantifies the coverage, in terms of agricultural land, of management commitments for supporting biodiversity conservation or restoration on agricultural land, financed with CAP support.

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(114)</sup> (2025)	Latest known results (2022)
14.9%	Increase	19.2%	19.32%

**General objective: A European Green Deal**

**Specific objective 6: Contribute to addressing climate change, protecting natural resources and preserving biodiversity through the CAP**

*Related to spending programme(s): EAGF, EAFRD*

**Main outputs in 2023:**

**New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
CAP impact indicator on habitats and species with the EEA	Finalisation of the indicator	2023	CAP impact indicator on habitats and species indicator is finalised and will be shared with Member States shortly

<sup>(113)</sup> This indicator is also used in the Programme Statements.

<sup>(114)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

### External communication actions

Output	Indicator	Target	Latest known result (situation 31/12/23)
<p><i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i></p>	N/A	N/A	<p><a href="#">Podcast # 29</a>: 'Farming and the environment: an evolving path by Food for Europe', with over 230 listens</p> <p><a href="#">Podcast # 33</a>: Celebrating the best of organic farming and food, with 647 listens</p> <p><a href="#">Podcast # 34</a>: Sustainability: the promising perspective of vertical farming, with 330 listens</p> <p><a href="#">Podcast # 35</a>: Water crisis: the promise of precision agriculture, with 320 listens</p> <p><a href="#">Podcast # 37</a>: Agrivoltaics: a promising alliance between solar power and farming, with 560 listens</p>

### Other important outputs

Output	Indicator	Target	Latest known result (situation 31/12/23)
Timely assessment of Annual Implementation Reports (AIR) in close cooperation with ESIF and other relevant DGs	115 Reports	2023	100%
Timely assessment of proposals for programme amendments	131 proposals (estimate)	2023	100%

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Organisation of EU CAP network and governance events, preparation of publications and communications of EU CAP Network	Number of events	1 Assembly meeting 2 Steering Group meetings 5 subgroup meetings 30 events (workshops, webinars, seminars, thematic groups and focus groups)	2 Assembly meetings 1 Steering Group meeting 6 subgroup meetings (3 SolKE <sup>(115)</sup> , 1 LEADER and 2 CSP) 34 events (2 Seminars, 6 Workshops, 9 Focus groups, 8 Thematic groups, 1 Award, 2 national networks meetings, 2 brokerage events, 1 ad-hoc expert meeting, 2 cross-visits and 1 field visit for research conference)
	Number of publications	2 magazines 4 Project Brochures 24 newsletters 6 factsheets 24 short press articles 6 short videos 3 Video clips	2 magazines 5 Project Brochures 24 newsletters 6 factsheets 24 press articles 7 short videos 4 video clips published 3 podcasts
Annual Work Programme for each strand of the EU CAP Network	Adoption of Annual Work Programme for 2023/2024	3 AWP	3 AWP adopted
Annual Work Programme for BCO Support Facility	Adoption of Annual Work Programme for 2023/2024	1 AWP	AWP for contract year 2023/24 adopted AWP Summary 1 Communication plan
Organisation of events and preparation of publications of the BCO support facility	Number of events	26 virtual events 1 BCO Annual Conference 1 Awards	27 virtual events 1 physical event (Berlin 12-13/06/23) 1 BCO Annual Conference (21/11/23) 1 European Broadband Awards (21/11/23)

<sup>(115)</sup> Subgroup on Innovation and Knowledge Exchange



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
	Number of publications	36 good practice and training/policy videos 2 analytical articles 3 brochures 12 electronic newsletters 2 factsheets 1 report	36 videos, good practice and training/policy videos 2 analytical articles 3 brochures 12 electronic monthly newsletters 1 factsheets 1 report Update content of Broadband Investment Handbook
Deliverables under "Action Plan for Rural Broadband"	Number of actions/activities carried out	1 updated dashboard of all Member States where broadband investments are supported by ESIF 1 updated report with quantitative and qualitative analysis of BCOs.	4 updated dashboard of all Member States where broadband investments are supported by ESIF 1 updated report with quantitative and qualitative analysis of BCOs.
Continuous support to Member States in ensuring their Land Parcel Identification Systems are updated and contain reliable and adequate information, mapping all features relevant for policy implementation.	Analysis of Member States' Quality Assessment Reports received. On demand, providing explanation and technical guidance in the Management Committees, Expert Groups in Bilateral Meetings and conferences.	All year (ongoing).	LPIS QAs analysed and 4 support missions to Member States organised.
Farm Sustainability Data Network	Adoption of the legislative proposal by the Council and the European Parliament	2023	<a href="#">Regulation (EU) 2023/2674</a> <sup>(116)</sup> adopted on 22/11/23, entry into force of the FSDN on 19/12/23

<sup>(116)</sup> Regulation (EU) 2023/2674 of the European Parliament and of the Council of 22 November 2023 amending Council Regulation (EC) No 1217/2009 as regards conversion of the Farm Accountancy Data Network into a Farm Sustainability Data Network

**General objective: A European Green Deal**  
**Specific objective 7: Preparation and implementation of the EU Forest Strategy**

Related to spending programme(s):  
 EAGF, EAFRD

**Result indicator 7.1: Number of committed actions within the Strategy implemented**

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	<p>3 Guidelines and 1 Guidance document were published during 2023.</p> <p>In March 2023 (DG ENV in the lead):</p> <ol style="list-style-type: none"> <li>1) <a href="#">Guidelines</a> on biodiversity friendly afforestation, reforestation and tree planting</li> <li>2) <a href="#">Guidelines</a> on defining, mapping, monitoring and strictly protecting EU primary and old-growth forests</li> </ol> <p>In July 2023:</p> <ol style="list-style-type: none"> <li>1) <a href="#">Guidance</a> (DG AGRI in the lead) on the development of public and private payment schemes for forest ecosystem services</li> <li>2) <a href="#">Guidelines</a> (DG ENV in the lead) on "closer to nature forest management".</li> </ol>

**Result indicator 7.2: Afforested land: Area supported for afforestation and creation of woodland, including agroforestry**

**Explanation:** This indicator quantifies afforestation and the creation of woodland, including agroforestry with CAP support.

**Unit of measurement:** Hectares

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline <sup>(117)</sup> (2018)	Interim milestone (2022)	Target <sup>(118)</sup> (2025)	Latest known results (2022 provisional)
486 409	Maintain	200 935	188 000 <sup>(119)</sup>

<sup>(117)</sup> The revised baseline (compared to DG AGRI's Strategic Plan) is due to technical modifications in the annual implementation reports.

<sup>(118)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified.

<sup>(119)</sup> Annual amendments of Rural Development Programmes reflect low implementation rates for afforestation and agroforestry measures, also due to the worsened economic situation during the programming period (COVID, war).

**Result indicator 7.3: Supporting forest biodiversity: Share of forest land under management commitments to support biodiversity <sup>(120)</sup>**

**Explanation:** This indicator quantifies the share of forest area benefitting from CAP-supported commitments for sustainable forest management, in line with the key principles and objectives of the EU Forest Strategy. This covers actions to foster sustainable management of forest.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(121)</sup> (2025)	Latest known results (2022)
0.35%	Increase	1.80%	1.12%

**General objective: A European Green Deal**

**Specific objective 7: Preparation and implementation of the EU Forest Strategy and fostering sustainable forestry through the CAP**

Related to spending programme(s): EAGF, EAFRD

**Main outputs in 2023:**

**New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
New forest governance bodies	Adoption	2023	<ul style="list-style-type: none"> <li>a) The Forest and Forestry Stakeholder platform was created in 2023. Two meetings took place in 2023 (September and December 2023).</li> <li>b) A Commission proposal for a Decision of the European Parliament and of the Council amending Council Decision 89/367/EEC/ setting up a Standing Forestry Committee was adopted in November 2023.</li> </ul>
Guidance on the development of public and private schemes for Payments for Forest Ecosystem Services	Publication	2023	<a href="#">Guidance</a> published in July 2023.

<sup>(120)</sup> This indicator is also used in the Programme Statements.

<sup>(121)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

**External communication actions**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	-

## General objective 4: A stronger Europe in the world

### Impact indicator: Share of EU in world trade in goods and services as well as investment

**Explanation:** This indicator shows to what extent the EU manages to maintain its prominent position in world trade despite the rise of the new trade powers.

**Source of the data:** Eurostat for the EU, IMF for world data on goods, WTO for world data on services, UNCTAD for world data on investments

**Methodology for calculating the indicator:** The indicator gives EU imports/exports/total with Extra-EU based on Eurostat data as percentage of world imports/exports/total based on IMF/WTO/UNCTAD data for world corrected for Intra-EU trade.

Baseline			Interim milestone	Target	Latest known value		
Goods average 2017-2019 Services average 2016-2018 Investments average 2016-2018			(2022)	(2024)	Goods (2020-2022) Services (2020-2022) Investments average (2020-2022)		
<i>Goods</i>			<i>Goods</i>	<i>Goods</i>	<i>Goods</i>		
Imp.	Exp.	Total	Maintain	Maintain	Imp.	Exp.	Total
13.9%	15.7%	14.8%			14.2%	14.4%	14.3%
<i>Services</i>			<i>Services</i>	<i>Services</i>	<i>Services</i>		
Imp.	Exp.	Total	Maintain	Maintain	Imp.	Exp.	Total
21.4%	23.4%	22.4%			24.1%	24.5%	24.3%
<i>FDI stock</i>			<i>FDI stock</i>	<i>FDI stock</i>	<i>FDI stock</i>		
Inward	Outward	Total	Maintain	Maintain	Inward	Outward	Total
26.1%	31.2%	28.6%			20.7%	24.8%	22.6%

### Impact indicator: Readiness of enlargement countries on economic criteria

**Explanation:** This indicator aims at showing where the enlargement countries stand in terms of their preparations for meeting key areas of the two economic accession criteria, namely the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the EU. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5.

**Source of the data:** European Commission

**Methodology for calculating the indicator:** In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:

1. Early stage
2. Some level of preparation
3. Moderately prepared
4. Good level of preparation
5. Well advanced

Baseline <sup>(122)</sup>	Interim milestone	Target	Latest known value
(2019)	(2022)	(2030)	(2023)
2.64	Increase	Increase	2.82

<sup>(122)</sup> The baseline includes Western Balkans and Turkey. For the Western Balkans only the baseline would be 2.33 and the 2023 value 2.54. The value for this indicator increased slightly thanks to improvement in the functioning market economy criteria of Albania, Kosovo and Serbia and the improvement in the second criteria (the ability to withstand the competitive pressure) in Bosnia and Herzegovina. All other indicators remained the same. This indicator does not include Ukraine, Moldova and Georgia, which became enlargement countries in 2022. The value of this indicator for these three partners cannot be established at this stage.

**General objective: A stronger Europe in the world**  
**Specific objective 8: Contribute to the successful conclusion of (ongoing) negotiations on international agreements, ensure the effective implementation of existing agreements (incl. maintenance of trade flows and market openness) and build a strategic relationship with Africa in the agri-food sector**

Related to spending programme(s): N/A

**Result indicator 8.1: Proportion of proposed legislative revisions that include burden reduction measures**

**Explanation:** This indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	31/31 <sup>(123)</sup>

**Result indicator 8.2: Expansion of two-way EU27 agri-food trade**

**Explanation:** This indicator illustrates the openness of the EU market to imports, as well as the EU access to external markets, based on the aggregate total value (in billion EUR) of EU agri-food trade with extra-EU partners (imports plus exports).

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (COMEXT)

Baseline <sup>(124)</sup> (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
303 billion EUR	Maintain or increase <sup>(125)</sup>	Increase	387.2 billion EUR

**Result indicator 8.3: Increase in two-way agri-food trade between EU and Sub-Saharan Africa**

**Explanation:** This indicator illustrates the openness of the EU market to imports from Sub-Saharan Africa, based on the total value (in billion EUR) of EU agri-food trade with countries in Sub-Saharan Africa.

**Source of data:** European Commission, DG Agriculture and Rural Development, based on Eurostat data (COMEXT)

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
21 billion EUR	Maintain or increase <sup>(126)</sup>	Increase	27.8 billion EUR

<sup>(123)</sup> 31 Regulations have been repealed; they have been replaced by one Delegated and one Implementing Act.

<sup>(124)</sup> DG AGRI's Strategic Plan original baseline was calculated for EU-28.

<sup>(125)</sup> The limited ambition of the interim milestone takes into account the uncertainties of the global post COVID-19 recovery.

<sup>(126)</sup> As above.

**Result indicator 8.4: Number of actions accomplished under the AU-EU Action Agenda for Rural Transformation, launched in 2019**

**Explanation:** This indicator measures how many areas out of the 9 covered by the Action Agenda have been implemented since 2019 or for which specific events have been organised. The Agenda might be complemented by new additional actions.

**Unit of measurement:** Number of Action Areas

**Source of data:** European Commission, DG Agriculture and Rural Development, based on the [AU-EU Action Agenda for Rural Transformation](#)

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
0 of 9	5 of 9	9 of 9	7 of 9 action areas covered.

**General objective: A stronger Europe in the world**

**Specific objective 8: Contribute to the successful conclusion of (ongoing) negotiations on international agreements, ensure the effective implementation of existing agreements (incl. maintenance of trade flows and market openness) and build a strategic relationship with Africa in the agri-food sector**

Related to spending programme(s): N/A

**Main outputs in 2023:**

**New policy initiatives**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Progress on all new and ongoing negotiations on trade, cooperation and partnership agreements in line with mandates given to the Commission	Number of trade and GI agreements negotiated, concluded or implemented	2023	Ongoing negotiations with Australia, India, Thailand and Indonesia, Kazakhstan, Azerbaijan, with 5 countries of the Eastern and Southern Africa region ("ESA 5", deepening of the EPA), with Cariforum (GI agreement, stemming from the EPA), and with Kazakhstan and Tajikistan for GIs. Completion of all procedural steps towards the signature and conclusion of an FTA agreement with New Zealand. Signature of the Advanced Framework Agreement and of the Interim Trade Agreement with Chile. Ensured effective implementation of existing Free Trade Agreements and Economic Partnership Agreements with bilateral contacts and through the mechanisms foreseen (e.g. technical committees, annual meetings).
Represent EU interests at key meetings of International Organisations in the policy area of agriculture	Participate with effect in all key meetings of WTO, FAO, OECD, G20, G7, GFFA, etc., in line with the EU's negotiation directives and guidelines (if applicable)	2023	All multilateral meetings in 2023 covered in line with EU mandate, incl. at Ministerial level at the FAO, GFFA, G7 and G20.



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Implementation of outcomes of the 12 <sup>th</sup> WTO Ministerial Conference and preparation of the 13 <sup>th</sup> WTO Ministerial Conference	Negotiations and outcomes in line with EU's interests. Meetings attendance.	2023	Active participation through interventions in the Committee on Agriculture in Special Session meetings as well as through bilateral contacts with other WTO Members. Close follow-up of the 12 <sup>th</sup> WTO Ministerial Conference outcomes, in particular the ongoing work under the Committee on Agriculture (Regular session) Working Group on Food Security.
Preparation of notifications to the WTO and representation of the EU in the review process in WTO Committee on Agriculture.	Positions taken and conclusions reached in line with EU's interests. Meetings attendance.	2023	Timely submission of all EU WTO notifications due in 2023. Active participation through preparation of questions to other WTO Members as well as EU replies to questions received and other interventions in the two meetings of the Committee on Agriculture in Regular session organised in 2023.
Representation of the EU in GATT Article XXVIII and XXIV.6 negotiations.	Negotiations and agreements reached in line with EU's interests Meetings attendance.	2023	All active negotiations were concluded in 2023 in accordance with EU's interests. There are no ongoing negotiations anymore, while the remaining task is to ensure ratification and implementation of the concluded agreements and any related follow-up.
Progress on implementation of the AU-EU Action Agenda for Rural Transformation	Number of actions accomplished under the AU-EU Action Agenda for Rural Transformation	7 out of 9 action areas	7 out of 9 action areas (Note for context: the Fifth AU-EU Agriculture Ministerial Conference took place in Rome on 30/06/23.)

**Initiatives linked to regulatory simplification and burden reduction**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<p>Regulations amending Implementing Regulations (EU) 2020/761 and (EU) 2020/1988 as regards the management system and the quantities of some tariff quotas</p> <p>These exercises are mainly the result of WTO negotiations on TRQ apportionment progress with concerned third countries, although sometimes they may introduce some technical adjustments to the rules on TRQ management.</p>	Adoption	Q1/2023	<p>Adopted Commission Implementing Regulations :  <a href="#">(EU) 2023/254</a> <sup>(127)</sup> ;  <a href="#">(EU) 2023/608</a> <sup>(128)</sup> ;  <a href="#">(EU) 2023/953</a> <sup>(129)</sup> ;  <a href="#">(EU) 2023/1142</a> <sup>(130)</sup> ;  <a href="#">(EU) 2023/1629</a> <sup>(131)</sup> ;  <a href="#">(EU) 2023/2791</a> <sup>(132)</sup> .</p> <p>The Agreement EU/China is at a standstill, it is therefore impossible to predict an adoption date for the related Implementing Regulation.</p>
<p>Regulation amending Regulation (EU) 2020/760 with regard to the Licence Operator Registration and Identification (LORI) electronic system</p> <p>The initiative will reduce administrative burden for Member States and stakeholders.</p>	Adoption	Q1/2023	<p><a href="#">Delegated Regulation 2023/735</a> <sup>(133)</sup> adopted on 30/01/23</p>

<sup>(127)</sup> Commission Implementing Regulation (EU) 2023/254 of 6 February 2023 amending Implementing Regulation (EU) 2020/761 as regards certain technical rules on the management of tariff rate quotas (OJ L 35, 7.2.2023, p. 4–10)

<sup>(128)</sup> Commission Implementing Regulation (EU) 2023/608 of 17 March 2023 amending Implementing Regulations (EU) 2020/761 and (EU) No 2020/1988 as regards the management system of some tariff quotas following the agreement between the European Union and New Zealand as a consequence of the United Kingdom’s withdrawal from the European Union (OJ L 80, 20.3.2023, p. 31–40)

<sup>(129)</sup> Commission Implementing Regulation (EU) 2023/953 of 12 May 2023 amending Implementing Regulation (EU) 2020/761 as regards the rules governing the tariff rate quota for export of milk powder to the Dominican Republic (OJ L 128, 15.5.2023, p. 81–83)

<sup>(130)</sup> Commission Implementing Regulation (EU) 2023/1142 of 9 June 2023 amending Implementing Regulations (EU) 2020/761 and (EU) 2020/1988 as regards the quantities that may be imported under certain tariff quotas following the agreement between the European Union and the United States of America (OJ L 151, 12.6.2023, p. 5–10)

<sup>(131)</sup> Commission Implementing Regulation (EU) 2023/1629 of 9 August 2023 amending Implementing Regulation (EU) 2020/761 as regards the quantities that may be imported under certain tariff quotas in the sectors of sugar and of poultry following the agreement between the European Union and the Federative Republic of Brazil (OJ L 202, 14.8.2023, p. 1–7)

<sup>(132)</sup> Commission Implementing Regulation (EU) 2023/ 2791 of 13 December 2023 amending Implementing Regulation (EU) 2020/1988 as regards the quantities that may be imported under certain tariff quotas for sheepmeat and goatmeat following the Agreement between the European Union and the Republic of Chile (OJ L, 2023/2791, 14.12.2023, ELI: [http://data.europa.eu/eli/reg\\_impl/2023/2791/oj](http://data.europa.eu/eli/reg_impl/2023/2791/oj)).

<sup>(133)</sup> Commission Delegated Regulation (EU) 2023/735 of 30 January 2023 amending Delegated Regulation (EU) 2020/760 with regard to the requirement to submit invoices to establish the reference quantity and clarifying some issues concerning the Licence Operator Registration and Identification (LORI) electronic system

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Alignment of remaining trade mechanism provisions spread currently in different Commission Regulations. This will allow also to repeal certain Commission Regulations on export refunds.	Adoption of delegated and implementing regulations	Q3/2023	Commission <a href="#">Delegated</a> <sup>(134)</sup> and <a href="#">Implementing Regulation</a> <sup>(135)</sup> adopted on 10/10/23

#### External communication actions

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	-
Organisation of the Fifth EU-AU Ministerial conference: 30- June (Rome, FAO) and related communication activities	Number of participants	> 450	400 participants (55 countries' delegations)
	Satisfaction rate	> 80%	80%

<sup>(134)</sup> Commission Delegated Regulation (EU) 2023/2835 of 10 October 2023 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards rules on import in the sectors of rice, cereals, sugar and hops, and repealing Commission Regulations (EC) No 3330/94, (EC) No 2810/95, (EC) No 951/2006, (EC) No 972/2006, (EC) No 504/2007, (EC) No 1375/2007, (EC) No 402/2008, (EC) No 1295/2008, (EC) No 1312/2008 and (EU) No 642/2010, (EEC) No 1361/76, (EEC) No 1842/81, (EEC) No 3556/87, (EEC) No 3846/87, (EEC) No 815/89, (EC) No 765/2002, (EC) No 1993/2005, (EC) No 1670/2006, (EC) No 1731/2006, (EC) No 1741/2006, (EC) No 433/2007, (EC) No 1359/2007, (EC) No 1454/2007, (EC) No 508/2008, (EC) No 903/2008, (EC) No 147/2009, (EC) No 612/2009, (EU) No 817/2010, (EU) No 1178/2010, (EU) No 90/2011 and Commission Implementing Regulation (EU) No 1373/2013 (OJ L, 2023/2835, 21.12.2023)

<sup>(135)</sup> Commission Implementing Regulation (EU) 2023/2834 of 10 October 2023 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards imports in the sectors of rice, cereals, sugar and hops (OJ L, 2023/2834, 21.12.2023)

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Representation of the EU in meetings of the World Intellectual Property Organisation (WG on the Development of the Lisbon System/General Assemblies)	Number of meetings attended; positions taken in line with EU interests.	2023	The 5 <sup>th</sup> session of the Working Group on the Development of the Lisbon System was held in Geneva on 24-26/01/23 with an outcome in line with EU objectives. Lisbon Assembly in the context of General Assemblies on 10/07/23 adopted the outcome.

#### Other important outputs

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Elaboration of Electronic system for DG AGRI Non-custom formalities (ELAN) and its interconnection with the European Union Single Window environment for customs	Functional and technical specifications for ELAN1-L, Feasibility study and business case for ELAN2-C	Q4/2023	First deliverable for feasibility study and business case delivered by contractor on 14/12/23; new target for remaining elements: Q4/2024. Functional and technical specifications partly accomplished (data model for AGRIM licences), new target for remaining elements: Q4/2025 <sup>(136)</sup> ;
Follow-up of the work performed in the ISO <sup>(137)</sup> , IGC <sup>(138)</sup> and IOC <sup>(139)</sup> . Preparation of the formal EU positions. Participation to the relevant meetings of the ISO, IGC and IOC.	Conclusion of negotiations of IOC trade standards and partial reform of the International Sugar Agreement.	Q4/2023	No revision of the IOC trade standard proposed by the IOC executive secretary in 2023 (the IOC work on standardisation focused instead on the revision of guidance documents related to the IOC trade standards). New target for partial reform of International Sugar Agreement: Q4/2024 <sup>(140)</sup>

<sup>(136)</sup> The preparation of the tender revealed the need for a more comprehensive analysis of the subject in study, generating a delay in launching the tender.

<sup>(137)</sup> International Sugar Organisation

<sup>(138)</sup> International Grain Council

<sup>(139)</sup> International Olive Council

<sup>(140)</sup> The entry into force of the partial reform was delayed by one year due to the fact that members need more time to submit their instrument of acceptance.

Selection of the EU candidate(s) for the Executive Director and Deputy-Executive Directors in the IOC	Transmission of EU candidates to the IOC Executive secretariat	Q4/2023	The names of the selected candidate for the ED position as well as the name of an EU candidate for the DED position were transmitted by the Commission to the IOC executive secretariat within the deadlines established by the IOC.
Continuing the negotiations of international agreements on trade in organic products based on the relevant Council authorisation (2021/1345)	Negotiations on track	31/12/26 <sup>(141)</sup>	<a href="#">Technical discussions on-going</a>
Supervising existing equivalences with third countries and control bodies recognised for the purpose of equivalence	Supervision properly implemented	Q4/2023	Assessments of Annual Reports on-going
Ensuring the proper recognition of control bodies for the purpose of equivalence and / or compliance.	Recognition properly ensured	Q4/2024	Assessments of applications from control bodies for recognition under the system of compliance on-going
Update of the Study on the cumulative impact of trade agreements on the agri-food sector	Study to be published.	Summer 2023	<a href="#">Publication</a> February 2024

<b>General objective: A stronger Europe in the world</b>		Related to spending programme(s): EAGF, EAFRD	
<b>Specific objective 9: Promote Europe's high quality agri-food standards worldwide (incl. strengthening the system of geographical indications)</b>			
<b>Result indicator 9.1: Number of third country markets targeted with agri-food promotion and information actions supported by the Commission</b>			
<b>Explanation:</b> This indicator measures the increase in the number of countries, depending in particular on the number of new FTA to be concluded and implemented by 2024			
<b>Source of data:</b> European Commission, DG Agriculture and Rural Development			
<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)	<b>Latest known results</b> (2023)
52 <sup>(142)</sup>	Increase	Increase	56

<sup>(141)</sup> Target updated to reflect the end of the existing equivalences.

<sup>(142)</sup> Adjusted baseline to reflect the number of third country markets targeted with agri-food promotion and information actions supported by the Commission in 2020.

**Result indicator 9.2: Number of EU GI protected by third countries**

**Explanation:** This indicator shows the number of EU GI that are protected in trade agreements (or other analogous agreements) concluded with third countries

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
N/A	Increase	Increase	43 917 occurrences of protection of EU GIs in 3 <sup>rd</sup> countries <sup>(143)</sup>

**General objective: A stronger Europe in the world**

**Specific objective 9: Promote Europe's high quality agri-food standards worldwide (incl. strengthening the system of geographical indications)**

*Related to spending programme(s): EAGF, EAFRD*

**Main outputs in 2023:****New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Commission proposal for amending Regulation EU No 1144/2014 (EU agri-food promotion policy)	Adoption of Commission proposal	2023	Political agreement awaited.

**External communication actions**

Output	Indicator	Target	Latest known result (situation 31/12/23)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	GI activities at the stands in Paris and Berlin

**Other important outputs**

Output	Indicator	Target	Latest known result (situation 31/12/23)
EU geographical indications protected in Third Countries	Number of EU geographical indications protected in Third Countries	Increase	43 917

<sup>(143)</sup> 2022: 43 376

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Commission "own initiatives" (promotion campaigns, participation at fairs, seminars in third countries, promotion seminars in third countries, high level missions of the Commissioner, market entry handbooks) as foreseen in the 2023 Annual Work Programme under the promotion policy (Regulation EU No 1144/2014) [These outputs are also relevant for S08]	Commission "own initiative" activities implemented in the following categories: <ul style="list-style-type: none"> <li>- Promotion campaigns</li> <li>- EU pavilions at international fairs</li> <li>- Promotion seminars/webinars in third countries</li> <li>- Development or updating of market entry handbooks</li> <li>- High level missions</li> </ul>	100% implementation of all "own initiatives" planned in the annual work programme	2 High-level missions to Japan and India EU pavilions at international fairs (Japan, China, Saudi Arabia, India) Communication campaigns: China, South-Korea, Japan, India and launch of a campaign in the US
Adoption of the EU agri-food promotion policy annual work programme (AWP) 2024 including topics to support the promotion of EU quality schemes. Launch of 2023 Calls for proposals on the basis of the AWP 2023.	1 AWP and 2 calls	Adoption of the AWP in Q4 2023. Publication of the two calls in Q1 2023.	Call for simple programmes <a href="#">Search Funding &amp; Tenders</a> Call for multi programmes <a href="#">Search Funding &amp; Tenders</a>
Negotiations on olive oil marketing standards in CODEX ALIMENTARIUS	Participation to the negotiations and possible adoption of a revised CODEX standard	2023	Participation to the electronic Working group throughout 2023 (possible adoption of a revised CODEX standard would be for 2024)

Output	Indicator	Target	Latest known result (situation 31/12/23)
Contribute to Green Diplomacy in line with the Green Deal and include the concept of sustainability in all promotion events, plus reach the maximum number of trade partners	Organization of events, seminars, presentations and introduction of the sustainability concept as a systemic element at promotion events	2023	Organised events on sustainable agriculture with the US under the EU-US Collaboration Platform on Agriculture. Completed a series of workshops with Latin America and the Caribbean (LAC) on Sustainable Food Systems. Completed a series of workshops with Canada under the EU-Canada dialogue on sustainability, environmental stewardship and climate action in agriculture.

**General objective: A stronger Europe in the world**  
**Specific objective 10: Prepare countries for future EU membership: competitive agri-food sector, safer food, rural growth, more sustainable natural resources and modern administrations**

Related to spending programme(s):  
Instrument for Pre-accession Assistance (IPA) rural development (IPARD) programmes

**Result indicator 10.1: Number of IPARD (IPA rural development programmes) measures entrusted and implemented in pre-accession countries**

**Explanation:** To start implementing individual measures under IPARD programmes, countries need to build up specific management and control systems. These systems respect good governance and sound financial management principles, in line with Union rules and practices applied in similar bodies in the EU Member States. Therefore, each entrustment of budget implementation tasks signifies a step towards modern public administration in EU pre-accession countries. Continuing implementation and maintaining entrustment, means continuing respecting sound financial management principles.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
21	23 (roll-over from IPARD II)	28 (5 additional entrustments)	21 under IPARD II and 10 rolled-over for IPARD III



**Result indicator 10.2: Number of farms and agri-food processing enterprises supported by IPARD in modernisation**

**Explanation:** All IPARD funding under measures supporting farms and food processing contributes to modernisation and alignment to the respective EU standards, which subsequently increases competitiveness of the agri-food sector. Therefore, this indicator will report on the number of projects financed under the two IPARD measures.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
2 977 (situation of IPARD II at 30/04/20)	6 432 <sup>(144)</sup> (IPARD II final target + 0 of IPARD III)	7 900 (IPARD II final target + 20% target IPARD III)	6 617

**General objective: A stronger Europe in the world**

**Specific objective 10: Prepare countries for future EU membership: competitive agri-food sector, safer food, rural growth, more sustainable natural resources and modern administration**

Related to spending programme(s): IPARD <sup>(145)</sup>

**Main outputs in 2023:**

**New policy initiatives**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Roll-over of entrustment of budget implementation tasks from IPARD II to IPARD III	Number of IPARD (IPA rural development programmes) measures entrusted and implemented in pre-accession countries	32 by the end of the IPARD III programming period – 22 will be "rolled-over" from IPARD II and 10 new measures will be entrusted	21 under IPARD II and 10 rolled-over for IPARD III
Continuing implementation of IPARD II, starting IPARD III	Number of farms and agri-food processing enterprises supported by IPARD in modernisation	6432 <sup>(146)</sup> by the end of the IPARD II programming period	6 617

<sup>(144)</sup> The interim milestone has been revised following modifications of IPARD II programmes.

<sup>(145)</sup> Instrument for Pre-Accession Assistance rural development programmes

<sup>(146)</sup> Target established for the entire programming period (with N+3 rule, implementation will continue until 2023). The target has been revised following modifications of IPARD II programmes.

## External communication actions

Output	Indicator	Target	Latest known result (situation 31/12/23)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	-

## General objective 6: A new push for European democracy

### Impact indicator: People at risk of poverty or social exclusion in rural areas (EU-27)

**Explanation:** This indicator measures the number of people in rural areas at risk of one of three types of poverty or social exclusion: income poverty, severe material deprivation and very low work intensity in the household

**Source of data:** Eurostat (Eurostat online data code: [ilc\\_peps13](#))

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2022)
30.2 million	Decrease	Decrease	25.3 million

## General objective: A new push for European democracy

**Specific objective 11: A long-term vision for rural areas is developed and put in place in order make the most of their potential and support them in facing up to their own unique set of issues, including demographic change**

Related to spending programme(s):

### Result indicator 11.1: Population change in rural regions

**Explanation:** This indicator measures the population distribution (and change) by urban-rural typology

**Unit of measurement:** share of total population in rural regions

**Source of data:** Eurostat (Eurostat online data code: [urt\\_gind3](#))

Baseline <sup>(147)</sup> (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022) estimated, provisional
20.9	Reduce the decline	Reduce the decline	20.8

### Result indicator 11.2: Actions identified under the long-term vision for rural areas launched or realised

**Explanation:** This indicator reflects the actions which were determined upon adoption of the Communication on the long term vision for rural areas.

**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
(N/A)	Positive trend	Positive trend	30

<sup>(147)</sup> Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

**General objective: A new push for European democracy**

**Specific objective 11: A long-term vision for rural areas is developed and put in place in order make the most of their potential and support them in facing up to their own unique set of issues, including demographic change**

Related to spending programme(s): EAGF, EAFRD

**Main outputs in 2023:**

**External communication actions**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	6 Newsletters 2 Good practice webinars 1 Policy lab Regular social media posts from the Rural pact support office Updated LTVRA website Rural Pact community platform launched (29/06/23) <a href="#">Podcast # 30</a> : 'Rural depopulation: women in Spain bucking the trend', with over 890 listens

**Other important outputs**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Promotion of the Long-term Vision for Rural Areas/Rural Pact in stakeholder meetings	Number	20	27
Annual work programme for rural pact support office	Annual work programme 2023	1 AWP approved	1
Coordination of Rural proofing	Number of initiatives coordinated (including support to other units)	10	10
Coordination and support provided to other DGs to secure delivery of thematic and horizontal actions in the rural action plan under their leadership	Number of actions for which coordination and support has been provided	14	14
Support for the Rural Pact	Number of service contracts signed	5	5
Study on competition for land use and sustainable farming	Study to be published	Q3/2023	First interim report submitted on 31/10/2023, new target 04/2024

Output	Indicator	Target	Latest known result (situation 31/12/23)
Study on the evolution of the policy mix to support EU's rural areas	Start of contract	Q4/2023	Q2/2023 (contract signed on 04/05/23)

General objective: A new push for European democracy Specific objective 12: Attract young farmers and promote employment, growth, social inclusion and local development in rural areas			Related to spending programme(s): EAGF, EAFRD
<p><b>Result indicator 12.1: Contributing to jobs in rural areas: Evolution of the employment rate in predominantly rural areas</b> <sup>(148)</sup></p> <p><b>Explanation:</b> This indicator reflects employed persons aged 15-64 years and 20-64 years as a share of the total population of the same age group in rural areas</p> <p><b>Unit of measurement:</b> %</p> <p><b>Source of data:</b> Eurostat (Eurostat online data code: <a href="#">lfst_r_ergau</a>)</p>			
Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
68.4% (15-64y) 73.3% (20-64y)	Increase	Increase	69.9% (15-64y) 74.8% (20-64y)
<p><b>Result indicator 12.2: Contributing to growth in rural areas: Evolution of GDP per head in predominantly rural regions</b></p> <p><b>Explanation:</b> The indicator measures the Gross Domestic Product (GDP) per capita in predominantly rural regions, in Purchasing Power Standard (PPS)</p> <p><b>Unit of measurement:</b> Index of GDP in Purchasing Power Standard (PPS) in rural regions</p> <p><b>Source of data:</b> European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: <a href="#">nama_10r_3popgdp</a>, <a href="#">nama_10r_3gdp</a>)</p>			
Baseline <sup>(149)</sup> (2016)	Interim milestone (2022)	Target (2024)	Latest known results (average 2017-2019 <sup>150</sup> )
72	Increase	Increase	74.1
<p><b>Result indicator 12.3: Generational renewal: Number of young farmers setting up a farm with support from the CAP Rural Development</b></p> <p><b>Explanation:</b> The indicator quantifies the new young farmers setting up with CAP support</p> <p><b>Unit of measurement:</b> Number of farmers</p> <p><b>Source of data:</b> European Commission, DG Agriculture and Rural Development, <a href="#">CAP data explorer</a></p>			
Baseline (2018)	Interim milestone (2022)	Target <sup>(151)</sup> (2025)	Latest known results (2022)
102 150	Increase	Increase	200 412

<sup>(148)</sup> This indicator is also used in the Programme Statements.

<sup>(149)</sup> The DG AGRI Strategic Plan set baseline year 2020 by mistake, as the reference year should be prior to 2020 to monitor progress over the period 2020-2024.

<sup>(150)</sup> Latest data available

<sup>(151)</sup> Compared to the Strategic Plan, the target value has been modified as a result of the extended programming period.

**Result indicator 12.4: Rural Europe attractiveness: Share of rural population benefiting from new or improved ICT services/infrastructures** <sup>(152)</sup>

**Explanation:** The indicator quantifies the share of population in rural areas potentially benefiting from enhanced accessibility, use and quality of information and communication technologies in rural areas, thanks to investment support under rural development programmes.

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(153)</sup> (2025)	Latest known results (2022)
1.07%	Increase	4.41%	2.24%

**Result indicator 12.5: Rural Europe attractiveness: Share of rural population benefitting from improved access to services and infrastructure through CAP support** <sup>(154)</sup>

**Explanation:** The indicator quantifies the share of rural population covered by interventions aimed at improving access to services and infrastructure

**Unit of measurement:** %

**Source of data:** European Commission, DG Agriculture and Rural Development, [CAP data explorer](#)

Baseline (2018)	Interim milestone (2022)	Target <sup>(155)</sup> (2025)	Latest known results (2022)
14.3%	Increase	20.4%	24.01%

**General objective: A new push for European democracy**

**Specific objective 12: Attract young farmers and promote employment, growth, social inclusion and local development in rural areas**

*Related to spending programme(s): EAGF, EAFRD*

**Main outputs in 2023:**

**Evaluations and fitness checks**

Output	Indicator	Target	Latest known result (situation 31/12/23)
Evaluation report on the impact of LEADER towards the general CAP objective 'balanced territorial development	Publication of the evaluation report (SWD)	Q4/2023	The <a href="#">evaluation support study</a> on the costs and benefits of the implementation of LEADER was published in November 2023. Finalisation and publication of the evaluation report (SWD) rescheduled to Q1-Q2/2024, once the Regulatory Scrutiny Board comments are addressed.

<sup>(152)</sup> This indicator is also used in the Programme Statements.

<sup>(153)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

<sup>(154)</sup> This indicator is also used in the Programme Statements.

<sup>(155)</sup> Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

## External communication actions

Output	Indicator	Target	Latest known result (situation 31/12/23)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany the relevant policy initiatives and outputs under this specific objective, as foreseen in DG AGRI's 2023 external communication action plan.</i>	N/A	N/A	<p><a href="#">Podcast # 30</a>: Rural depopulation: women in Spain bucking the trend, with over 890 listens</p> <p><a href="#">Podcast # 31</a>: CAP's social pillar: the essence of European farming, with close to 700 listens</p> <p>Interacting with young farmers and explaining the benefits of the CAP during the DemoAgro fair in Spain</p>

## Other important outputs

Output	Indicator	Target	Latest known result (situation 31/12/23)
Provide support to Member States in the implementation of the current direct payment policy regarding young farmers	Replies to letters from Member States / stakeholders Bilateral meetings Organisation of Expert groups and Committees Facilitate Member States exchange of experience and of good practices	All year (ongoing)	Letters from Member States were replied Bilateral meetings were organised Expert groups and committees were held Platforms were given to Member States to exchange best practices
Contribution to the annual reports on direct payments regarding the payment for young farmers	Overview of Member States decisions	2023	<a href="#">Report</a> published 17/05/23
Preparatory Action I - Smart rural areas in the 21 <sup>st</sup> century [Smart Rural 21]	Publication of final report	Q1/2023	<a href="#">Final report</a> published
Preparatory Action II - Smart rural areas in the 21 <sup>st</sup> century [Smart Rural 27]	Assessment of final deliverables	Q4/2023	Q3/2024 <sup>(156)</sup>
Study on the agricultural workforce working conditions	Start of contract	Q1/2023	Contract started in September 2023

<sup>(156)</sup> Contract extension of the contract by 5 months.

# ANNEX 3: Draft annual accounts and financial reports

## 1. FINANCIAL REPORTS

### 1.1 Commitments and payments (tables 1 and 2)

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG AGRI				TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2023 (in Mio €) for DGAGRI							
			Commitment appropriations authorised <sup>1</sup>	Commitments made	%						
			1	2	3=2/1						
			Title 01 Research and Innovation			Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.36	0.36	100.00 %	01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.37	0.35	95.84 %
	01 02	Horizon Europe	0.00	0.00	0.00 %		01 02	Horizon Europe	0.00	0.00	0.00 %
<b>Total Title 01</b>			<b>0.36</b>	<b>0.36</b>	<b>100.00 %</b>	<b>Total Title 01</b>			<b>0.37</b>	<b>0.35</b>	<b>95.84%</b>
			Title 02 European Strategic Investments			Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	0.29	0.29	100.00 %	02	02 03	Connecting Europe Facility (CEF)	0.27	0.27	100.00 %
	02 04	Digital Europe programme	2.00	2.00	100.00 %		02 04	Digital Europe programme	0.00	0.00	0.00 %
<b>Total Title 02</b>			<b>2.29</b>	<b>2.29</b>	<b>100.00 %</b>	<b>Total Title 02</b>			<b>0.27</b>	<b>0.27</b>	<b>100.00%</b>
			Title 03 Single Market			Title 03 Single Market					
03	03 02	Single Market Programme	0.21	0.21	99.98 %	03	03 02	Single Market Programme	0.21	0.21	100.00 %
<b>Total Title 03</b>			<b>0.21</b>	<b>0.21</b>	<b>99.98 %</b>	<b>Total Title 03</b>			<b>0.21</b>	<b>0.21</b>	<b>100.00%</b>
			Title 04 Space			Title 04 Space					
04	04 02	Union Space Programme	0.08	0.08	100.00 %	04	04 02	Union Space Programme	0.00	0.00	0.00 %
<b>Total Title 04</b>			<b>0.08</b>	<b>0.08</b>	<b>100.00 %</b>	<b>Total Title 04</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
			Title 05 Regional Development and Cohesion			Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.28	0.28	100.00 %	05	05 02	European Regional Development Fund (ERDF)	0.27	0.27	100.00 %
	05 03	Cohesion Fund (CF)	0.01	0.01	100.00 %		05 03	Cohesion Fund (CF)	0.00	0.00	0.00 %
<b>Total Title 05</b>			<b>0.29</b>	<b>0.29</b>	<b>100.00 %</b>	<b>Total Title 05</b>			<b>0.27</b>	<b>0.27</b>	<b>100.00%</b>
			Title 07 Investing in People, Social Cohesion and Values			Title 07 Investing in People, Social Cohesion and Values					
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00 %	07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00 %
<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>	<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
			Title 08 Agriculture and Maritime Policy			Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.61	0.30	48.61 %	08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.96	0.34	35.94 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,692.11	41,022.39	98.39 %		08 02	European Agricultural Guarantee Fund (EAGF)	41,702.49	41,013.98	98.35 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	13,358.62	12,940.61	96.87 %		08 03	European Agricultural Fund for Rural Development (EAFRD)	14,632.77	14,401.06	98.42 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	1.50	1.50	100.00 %		08 20	Pilot projects, preparatory actions, prerogatives and other actions	3.15	2.69	85.44 %
<b>Total Title 08</b>			<b>55,052.84</b>	<b>53,964.80</b>	<b>98.02 %</b>	<b>Total Title 08</b>			<b>56,339.36</b>	<b>55,418.08</b>	<b>98.36%</b>
			Title 14 External Action			Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	100.00 %	14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	100.00 %
<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>100.00 %</b>	<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>100.00%</b>
			Title 15 Pre-accession Assistance			Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.19	0.00	0.00 %	15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.19	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (PA II)	108.31	93.00	85.87 %		15 02	Instrument for Pre-accession Assistance (PA II)	196.40	119.69	60.94 %
<b>Total Title 15</b>			<b>108.50</b>	<b>93.00</b>	<b>85.71 %</b>	<b>Total Title 15</b>			<b>196.59</b>	<b>119.69</b>	<b>60.88%</b>
			Title 20 Administrative expenditure of the European Commission			Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.42	0.01	2.30 %	20	20 02	Other staff and expenditure relating to persons	0.44	0.01	1.65 %
	20 04	Information and communication technology-related expenditure	1.84	1.84	100.00 %		20 04	Information and communication technology-related expenditure	2.64	1.58	60.06 %
<b>Total Title 20</b>			<b>2.26</b>	<b>1.85</b>	<b>81.93 %</b>	<b>Total Title 20</b>			<b>3.07</b>	<b>1.59</b>	<b>51.78%</b>
<b>Total Excluding NGEU</b>			<b>55,171.21</b>	<b>54,067.25</b>	<b>98.00 %</b>	<b>Total Excluding NGEU</b>			<b>56,544.50</b>	<b>55,544.82</b>	<b>98.23%</b>
			Title 08 Agriculture and Maritime Policy			Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.93	0.00	0.00 %	08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.32	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	15.16	0.00	0.00 %		08 03	European Agricultural Fund for Rural Development (EAFRD)	2,685.90	2,010.87	74.87 %
<b>Total Title 08</b>			<b>16.09</b>	<b>0.00</b>	<b>0.00 %</b>	<b>Total Title 08</b>			<b>2,686.22</b>	<b>2,010.87</b>	<b>74.86%</b>
<b>Total NGEU Only</b>			<b>16.09</b>	<b>0.00</b>	<b>0.00 %</b>	<b>Total NGEU Only</b>			<b>2,686.22</b>	<b>2,010.87</b>	<b>74.86%</b>
<b>Total DG AGRI</b>			<b>55,187.30</b>	<b>54,067.25</b>	<b>97.97 %</b>	<b>Total DG AGRI</b>			<b>59,230.72</b>	<b>57,555.70</b>	<b>97.17 %</b>

The above tables present an overview of the execution of commitments and payments grouped per MFF title. The budget nomenclature reflects the nomenclature of the Multi-annual Financial Framework (MFF) 2021-2027.

Analysis shows that during the current year:

- the execution rate of commitment appropriations of DG AGRI decreased compared to previous year:

	2023	2022
Commitment appropriations	97.97%	98.53%



- a decrease has also been observed for the execution rate of payment appropriations, as compared with the previous year:

	2023	2022
Payment appropriations	97.17%	98.58%

The decrease in the rate of carrying out new commitment appropriations is due to a lower rate of implementation for the Next Generation EU instrument, IPA III and EAFRD.

The total amount **committed** during the year amounts to **EUR 54,067.25** million and the total amount **paid** amounts to **EUR 57,555.70** million.

Some detailed information on the implementation of the budget lines under title **08 "Agriculture and Maritime Policy"** can be found below.

- **08 02 European Agricultural Guarantee Fund (EAGF)**: The bulk of EAGF expenditure is for the direct payments to EU farmers. This chapter includes also the appropriations intended to finance various programs for the promotion of agricultural products, agriculture reserve, some market measures and to cover costs linked with the financial depreciation or the sale of stocks of agricultural products.

	2023	2022
Amount committed (million EUR)	41,022.39	41,042.61
% of the available commitment appropriations	98.39%	98.79%

	2023	2022
Amount paid (million EUR)	41,013.98	41,037.67
% of the available appropriations	98.35%	98.76%

- **08 03 Rural Development (EAFRD)**: The related budget lines appear twice in the table, once to account for EAFRD funds without NGEU and a second time to account for NGEU only. EAFRD funds are intended to cover the financing of the 2023-2027 rural development interventions.

The amount committed and paid during the year for EAFRD without NGEU from the CAP budget was as follows:

Amount committed (million EUR)	2023	2022
EAFRD excl. NGEU	12,940.61	12,714.82
% of the available commitment appropriations	96.87%	97.19%

Amount paid (million EUR)	2023	2022
EAFRD excl. NGEU	14,401.06	13,991.12
% of the available appropriations	98.42%	98.09%

The NextGenerationEU recovery instrument assigned to the EAFRD for 2 years (2021 and 2022) is phasing out.

The amount committed and paid during the year from the CAP budget was as follows:

Amount committed (million EUR)	2023	2022
NGEU only	-	5,687.42
% of the available commitment appropriations	0%	99.74%
Amount paid (million EUR)	2023	2022
NGEU only	2,010.87	1,242.83
% of the available appropriations	74.87%	99.14%

- **15 02 Pre-Accession Assistance:** This appropriation is for funding the Instrument for Pre-accession Assistance related to rural development. The commitments assigned for the year have been fully committed.

	2023	2022
Amount committed (million EUR)	93	189.00
% of the available appropriations	85.87%	100.00%

We identified a decrease of the amount paid comparing with previous year:

	2023	2022
Amount paid (million EUR)	119.69	193.55
% of the available appropriations	60.94%	95.57%

We can explain the decrease in payments by the fact that the beneficiary Candidate Countries requested an additional year (N+4 rule) and slowed down the payments.

## 1.2 Unused balance of Commitments (table 3)

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.36	0.35	0.02	4.13%	0.00	0.02	0.00
	01 02	Horizon Europe	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 01</b>			<b>0.36</b>	<b>0.35</b>	<b>0.02</b>	<b>4.13%</b>	<b>0.00</b>	<b>0.02</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	0.29	0.13	0.16	55.34%	0.00	0.16	0.16
	02 04	Digital Europe programme	2.00	0.00	2.00	100.00%	0.00	2.00	0.00
<b>Total Title 02</b>			<b>2.29</b>	<b>0.13</b>	<b>2.16</b>	<b>94.34%</b>	<b>0.00</b>	<b>2.16</b>	<b>0.16</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.21	0.01	0.20	95.26%	0.00	0.20	0.30
<b>Total Title 03</b>			<b>0.21</b>	<b>0.01</b>	<b>0.20</b>	<b>95.26%</b>	<b>0.00</b>	<b>0.20</b>	<b>0.30</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	Union Space Programme	0.08	0.00	0.08	100.00%	0.00	0.08	0.00
<b>Total Title 04</b>			<b>0.08</b>	<b>0.00</b>	<b>0.08</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	0.28	0.13	0.15	54.20%	0.00	0.15	0.16
	05 03	Cohesion Fund (CF)	0.01	0.00	0.01	100.00%	0.00	0.01	0.00
<b>Total Title 05</b>			<b>0.29</b>	<b>0.13</b>	<b>0.16</b>	<b>55.34%</b>	<b>0.00</b>	<b>0.16</b>	<b>0.16</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.30	0.05	0.25	82.95%	0.00	0.25	0.34
	08 02	European Agricultural Guarantee Fund (EAGF)	41,022.39	40,988.20	34.19	0.08%	16.33	50.52	44.63
	08 03	European Agricultural Fund for Rural Development (EAFRD)	12,940.61	694.24	12,246.38	94.64%	20,892.53	33,138.91	34,603.59
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	1.50	0.00	1.50	100.00%	1.16	2.66	3.85
<b>Total Title 08</b>			<b>53,964.80</b>	<b>41,682.49</b>	<b>12,282.31</b>	<b>22.76%</b>	<b>20,910.02</b>	<b>33,192.34</b>	<b>34,652.42</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	15 02	Instrument for Pre-accession Assistance (IPA III)	93.00	0.00	93.00	100.00%	331.90	424.90	477.97
<b>Total Title 15</b>			<b>93.00</b>	<b>0.00</b>	<b>93.00</b>	<b>100.00%</b>	<b>331.90</b>	<b>424.90</b>	<b>477.97</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.01	0.00	0.01	74.20%	0.00	0.01	0.02
	20 04	Information and communication technology-related expenditure	1.84	0.75	1.09	59.41%	0.00	1.09	0.79
<b>Total Title 20</b>			<b>1.85</b>	<b>0.75</b>	<b>1.10</b>	<b>59.48%</b>	<b>0.00</b>	<b>1.10</b>	<b>0.81</b>
<b>Total Excluding NGEU</b>			<b>54,067.25</b>	<b>41,688.22</b>	<b>12,379.03</b>	<b>22.90%</b>	<b>21,241.92</b>	<b>33,620.95</b>	<b>35,131.83</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.00	0.00	0.00	0.00%	4,733.91	4,733.91	6,744.78
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>4,733.91</b>	<b>4,733.91</b>	<b>6,744.78</b>
<b>Total NGEU Only</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>4,733.91</b>	<b>4,733.91</b>	<b>6,744.78</b>
<b>Total for DG AGRI</b>			<b>54,067.25</b>	<b>41,688.22</b>	<b>12,379.03</b>	<b>22.90 %</b>	<b>25,975.83</b>	<b>38,354.86</b>	<b>41,876.61</b>

The unused balance on commitments, commonly known as budgetary RAL (Reste à Liquider) is split in the following main chapters:

	2023	2022
- European agricultural fund for rural development	33,138.91	34,603.59
- NextGenerationEU	4,733.91	6,744.78
- Pre-accession assistance	424.90	477.97
- Others	57.14	50.44
<b>Total</b>	<b>38,354.86</b>	<b>41,876.78</b>

It should be noted that in the EAFRD, NextGenerationEU and pre-accession assistance the commitments are multi-annual. This means that the committed amounts can be used during more than one year – more precisely the rule N+3 applies for these cases.

### 1.3 Payment time limits (table 6a/b)

As far as payment time limits are concerned, the progress made during last years remained stable:

- For "direct management expenditure" (see table 6a), the average payment period was **16** days this year (compared to **9** days in the previous year). **11** payments exceeded the legal payment deadline (**7** payments last year), which represents **0,81%** of the total number of payments (**0,84%** last year).
- For "rural development" (see table 6b), the average payment period was **25** days (same as last year). All payments were made on time, within the legal payment deadline, as it was the case also last year.

### 1.4 Revenue and income

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
	1	2	3=1+2	4	5	6=4+5	
33	5,200,742.81	0.00	5,200,742.81	5,196,465.75	0.00	5,196,465.75	4,277.06
50	83,081.39	0.00	83,081.39	83,081.39	0.00	83,081.39	0.00
62	572,940,854.83	609,331,059.98	1,182,271,914.81	414,490,939.45	439,898,609.28	854,389,548.73	327,882,366.08
65	4,861,862.61	15,313,191.00	20,175,053.61	-3,996.90	15,313,191.00	15,309,194.10	4,865,859.51
67	0.00	7,039,649.24	7,039,649.24	0.00	3,682,251.46	3,682,251.46	3,357,397.78
<b>Total DG AGRI</b>	<b>583,086,541.64</b>	<b>631,683,900.22</b>	<b>1,214,770,441.86</b>	<b>419,766,489.69</b>	<b>458,894,051.74</b>	<b>878,660,541.43</b>	<b>336,109,900.43</b>

The total income/revenue recognised for DG AGRI this year corresponds to **EUR 583.09 million** (last year: EUR **1.033.35** million), while the total amount cashed within the year is **EUR 878.66 million**.

The income recognized in 2023 almost halved compared to last year level especially due to the significantly decrease of financial corrections level. Member States have improved their working methods and less financial corrections with lower amounts have been identified by the audit units.

The total income is detailed as follows:

**Income AGRI**

	2023	2022
EAGF, out of which:	360	781.29
- financial corrections following the adoption of clearance decisions	194.92	604.25
- irregularities paid back to the EU budget	156.41	148.14
- operational revenue from various sources	867	28.9
EAFRD	213.03	236.76
IPARD	4.86	15.3
Others administrative revenue	5.2	0
<b>Total</b>	<b>583.09</b>	<b>1033.35</b>

At the end of the year, **EUR 336.11 million** is still owed to DG AGRI (EUR 631.68 million last year).

**Annexes :**

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled (RAL)

Table 4: Balance sheet

Table 5/5bis: Economic Outturn Account + Off Balance

Table 6a/6b: Average Payment Time Limits (Direct expenses and Rural development)

Table 7: Income

Table 8/8a: Recovery context

Table 9/9a: Ageing balance of Recovery Orders

Table 10: Waivers of Recovery Orders

Table 11: Negotiated Procedures

Table 12: Summary of Procedures

Table 13: Building Contracts

Table 14: Secret Contracts

Table 15: FPA > 4 yrs

Table 16: Commitments co-delegation type 3 for DG AGRI

## **2. DRAFT ANNUAL ACCOUNTS**

### **2.1 Accounting principles and methods**

The annual accounts of DG AGRI have been prepared in accordance with the generally accepted accounting principles. Estimates have been made, where necessary, in accordance with the methodology agreed upon with the services of the Accountant of the European Commission.

It should be noted that the balance sheet and economic outturn account of the Directorate-General, presented in Annex 3 to the Annual Activity Report, represents only the assets, liabilities, expenses, and revenues that are under the control of this Directorate-General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in these Directorate-General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear.

Other items not included are:

- the intangible assets (IT software bought externally) or the tangible fixed assets (hardware, technical equipment, office furniture, buildings) declared/recorded by DG DIGIT and by OIB respectively;
- personnel and management expenses which are managed centrally;
- the appropriation of the net result of the year and of prior years, except for the opening balance in 2005. As the accumulated result of the Commission is not split amongst the various Directorates-General, the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4, 5 and 5bis are, at this date, still subject to audit by the Court of Auditors. Thus, amounts included in these tables may have to be adjusted following this audit.

### **2.2 Acronyms**

EAGF: European Agricultural Guarantee Fund;

EAFRD: European Agriculture Fund for Rural Development;

EAGGF : European Agricultural Guarantee and Guidance Fund;

IPA : Instrument for Pre-Accession

TRDI : Temporary Rural Development Instrument

## 2.3 Balance Sheet

TABLE 4 : BALANCE SHEET for DG AGRI

BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	2,749,177,125.11	2,917,140,233.45
A.I.1. Intangible Assets	7,241,240.27	17,316,323.04
A.I.5. Non-Current Pre-Financing	2,473,928,753.06	2,401,483,815.02
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	268,007,131.78	498,340,095.39
A.II. CURRENT ASSETS	2,813,343,679.30	2,786,980,821.16
A.II.2. Current Pre-Financing	2,146,027,784.96	2,043,720,164.73
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	667,315,894.34	743,260,656.43
<b>ASSETS</b>	<b>5,562,520,804.41</b>	<b>5,704,121,054.61</b>
P.I. NON CURRENT LIABILITIES	-179,292,192.04	-276,630,866.30
P.I.2. Non-Current Provisions	-179,292,192.04	-276,630,866.30
P.II. CURRENT LIABILITIES	-59,108,975,583.51	-60,925,283,681.73
P.II.4. Current Payables	-12,809,498,590.34	-15,877,668,260.37
P.II.5. Current Accrued Charges & Defrd Income	-46,299,476,993.17	-45,047,615,421.36
<b>LIABILITIES</b>	<b>-59,288,267,775.55</b>	<b>-61,201,914,548.03</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>-53,725,746,971.14</b>	<b>-55,497,793,493.42</b>

P.III.2. Accumulated Surplus/Deficit	562,902,839,949.22	506,185,595,151.79
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Non-allocated central (surplus)/deficit*	-509,177,092,978.08	-450,687,801,658.37
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<b>TOTAL DG AGRI</b>	<b>0.00</b>	<b>0.00</b>
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### Assets

#### **Non-current assets**

For the Non-Current pre-financing, the period of settlement exceeds one year and it is composed as follows:

- PF paid to MS in the framework of EAFRD programs_period 2014-2020	1,660,411,413.05
- PF paid to MS in the framework of EAFRD programs_period 2023-2027	660,018,401.32
- PF for market measures, paid by MS to final beneficiaries, financed by EAGF	153,359,336.30
- other PF paid under direct management	139,602.39
<b>Total</b>	<b>2,473,928,753.06</b>

This year, the Non-Current pre-financing position had been impacted by two flows in opposite direction, that finally generated a slight increase in total compared to the previous year. First, for the new programming period 2023-2027, the pre-financings have been paid to the Member States. Second, for the old programming period 2014-2022, the pre-financings



already used or that are expected to be used or recovered in the next 12 months have increased and have therefore been considered as current pre-financings. This is a common situation towards the end of the programming period, more specifically when the cumulative payments reach the 95% threshold for a specific programme.

Non-Current (exchange/non-exchange) receivables: these are financial corrections amounts imposed on Member States, as a result of Conformity Clearance decisions taken by the Commission as follows:

- EAGF	240,464,118.45
- EAFRD	27,543,013.33
<b>Total</b>	<b>268,007,131.78</b>

### **Current assets**

Current pre-financing: The amount indicated in Table 4 represents funds that beneficiaries are expected to use in the next 12 months. It is composed as follows:

- Advances paid at Member States level, i.e. directly by Member States to beneficiaries	1,474,148,461.50
- EAGF mainly for actions related to wine making	292,157,260.85
- EAFRD 2014 -2020	1,073,423,398.88
- EAFRD 2007 -2013	37,319,693.32
- Contribution for Financial Instruments	71,248,108.45
- Prefinancing paid to Member States in the framework of EAFRD (2014-2022 period)	607,172,503.57
- Prefinancing paid to Candidate countries under programs IPA II (2014-2020 period)	62,119,186.53
- Prefinancing paid to beneficiaries of direct management contracts	2,587,633.36
<b>Total</b>	<b>2,146,027,784.96</b>

This year, the amount of Current pre-financing significantly increased compared to previous year. As explained above in the Non-current assets section, the pre-financings already used or that are expected to be used or recovered in the next 12 months for old programming period 2014-2022 have been reclassified from long-term pre-financings.

Current (exchange/non-exchange) recoverables: amounts that the Commission expects to recover within the next 12 months.

As indicated in Table 4, the balance in this heading is composed of:

- Exchange recoverables	3,361,674.84
- Non-exchange recoverables	663,954,219.50
<b>Total</b>	<b>667,315,894.34</b>

The exchange amount relates to direct management (see table 9a). It corresponds to the remaining balances of seven recovery orders linked to Article 8 of Regulation No 4256/88, whose cashing dates have expired and a recovery order linked with Liquidated damages for replacement failure for a specific contract SC 5485.

The non-exchange amount is owed by Member States and Candidate Countries to DG AGRI and can be detailed as follows:

- Debtors	553,741,272.44
- Other non-exchange receivables	110,212,947.06
- EAGF	53,763,600.16
- EAFRD	51,583,487.39
- IPA	4,865,859.51
<b>Total</b>	<b>663,954,219.50</b>

Out of the non-exchange amounts, the debtors represent the net amount that the Commission expects to recover because of irregularities committed by final beneficiaries and detected by Member States and/or Candidate Countries themselves. It is composed of the balance at year-end of the Debtors' Ledgers accounts in the annual accounts of the Member States and/or Candidate Countries.

The details of this item are indicated below:

- EAGF	1,189,066,748.75
- EAFRD	34,649,855.27
- IPA	2,683,316.98
- TRDI	9,880,797.62
- Reduction applied to debtors's ledger balances	-682,539,446.18
<b>Total</b>	<b>553,741,272.44</b>

Other non-exchange receivables are expected to be recovered within the next 12 months by the Commission and have the following structure:

a) EAGF amount, comprised of:

- Financial corrections based on Conformity Clearance decisions	8,291,746.91
- Irregularities detected by Member States themselves in Nov, Dec 202N not cashed yet	44,826,147.00
- Residual amounts of financial corrections and irregularities	645,706.25
<b>Total</b>	<b>53,763,600.16</b>

b) EAFRD amount for EUR 51,583,487.39 that corresponds to financial corrections amounts due by Member States, as a result of Conformity Clearance decisions taken by the Commission,

c) IPA amount for EUR 4,865,859.51 that corresponds to irregularities amounts due by the respective countries.

## ***Liabilities***

### **Non-current liabilities**

Long-term provisions: This item for EUR 179,292,192.04 relates to the estimate of potential future expenses resulting from court cases awaiting judgement for which the risk of losing is considered high. It includes the following cases:

FUND	Case Number	Provision Closing Balance
EAGF	T-49/22	164,493,626.53
EAFRD	T-49/22	13,826,484.32
EAGF	T-501/22	972,081.19
	<b>Total</b>	<b>179,292,192.04</b>

### **Current liabilities**

Accounts payable: this item concerns mainly amounts due to Member States for EAGF. The amount can be broken down as follows:

- Suspended payment for EAGF November expenditure following the submission of MS	12,502,870,089.48
- Costs claims of EAFRD programmes (2014-2020) with payments temporarily suspended	299,843,563.22
- Open Costs claims for IPARD programmes (2014-2020)	6,331,692.64
- Open invoices for direct management	453,245.00
<b>Total</b>	<b>12,809,498,590.34</b>

Accrued charges: this item includes an estimate of the amounts, which Member States, Candidate Countries and other beneficiaries have already incurred or have the right to receive and thus, are entitled to claim. However, the invoices / cost claims have not been received yet at year-end. It comprises mainly:

- EAGF*	28,326,083,900.55
- EAFRD 2014-2020 programming period	17,890,553,534.50
- IPA 2014-2020 programming period	65,183,461.96
- Direct management	17,656,096.16
<b>Total</b>	<b>46,299,476,993.17</b>

*\* it includes: costs incurred in December N, the other rights of farmers for direct support and related to market measures that originate in N, and some amounts still due back to Member States as a result of decisions of the Court of Justice*

This year, there has been an overall increase in shared management accruals. This increase comes mainly from the EAGF, where, from November 2023 onwards, Member States have started to report under their new CAP Strategic Plan. Expenditure declared in November and December 2023 was lower than forecast, and the difference has therefore been taken into account by means of an accrual.

## 2.4 Economic Outturn Account

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG AGRI

STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	-725,640,017.09	-794,210,931.59
II.1.1. NON-EXCHANGE REVENUES	-733,787,348.03	-798,814,750.00
II.1.1.6. RECOVERY OF EXPENSES	-664,710,886.66	-458,365,998.74
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-69,076,461.37	-340,448,751.26
II.1.2. EXCHANGE REVENUES	8,147,330.94	4,603,818.41
II.1.2.2. OTHER EXCHANGE REVENUE	8,147,330.94	4,603,818.41
II.2. EXPENSES	55,623,209,340.29	57,511,455,729.02
II.2. EXPENSES	55,623,209,340.29	57,511,455,729.02
II.2.11. OTHER EXPENSES	28,330,788.60	234,034,008.82
II.2.1. EXP IMPL BY MEMBER STATES (SHARED)	55,321,415,867.63	57,104,162,112.33
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	44,235,637.88	45,714,321.02
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	138,427,081.95	124,163,290.33
II.2.6. STAFF AND PENSION COSTS	-2,817,225.52	-1,968,126.16
II.2.8. FINANCE COSTS	93,617,189.75	5,350,122.68
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>54,897,569,323.20</b>	<b>56,717,244,797.43</b>

### Surplus/Deficit from activities

#### Exchange and Non-Exchange Revenue:

Almost the entirety of the revenue results from non-exchange transactions (EUR 733.79 million); it corresponds to:

- recovery of expenses due to financial and conformity clearance decisions or irregularities (EUR 664.71 million) and,
- written-off of balances (EUR 69.08 million) that have been previously made but are no longer required:
  - provisions for bad or doubtful debts (EUR 61.72 million)
  - value reduction related to debtors' ledger (EUR 2.16 million)

#### Expenses:

A percentage of 99,71% of the expenses relates to shared management expenditure comprising EAGF, EAFRD and IPARD.

This year, a substantial decrease of the expenditures of shared management has been noticed. For EAFRD, the reason is that 2023 was a transitory year between the old and the new programming periods: expenditure for the 2014-2022 programming period is decreasing and expenditure for the 2023-2027 programming period has not yet reached its cruising speed. Above this, EAGF has been allocated a smaller budget.

Under the heading "II.2.1 "Expenses implemented by MS", the EAGF amount corresponds to EUR 40,716.44 million and the EAFRD amount corresponds to EUR 14,604.97 million.

**Annex 3 Financial Reports - DG AGRI - Financial Year 2023**

**Table 1 : Commitments**

**Table 2 : Payments**

**Table 3 : Commitments to be settled**

**Table 4 : Balance Sheet**

**Table 5 : Statement of Financial Performance**

**Table 5 Bis: Off Balance Sheet**

**Table 6 : Average Payment Times**

**Table 7 : Income**

**Table 8 : Recovery of undue Payments**

**Table 9 : Ageing Balance of Recovery Orders**

**Table 10 : Waivers of Recovery Orders**

**Table 11 : Negotiated Procedures**

**Table 12 : Summary of Procedures**

**Table 13 : Building Contracts**

**Table 14 : Contracts declared Secret**

**Table 15 : FPA duration exceeds 4 years**

**Table 16 : Commitments co-delegation type 3 in 2022**

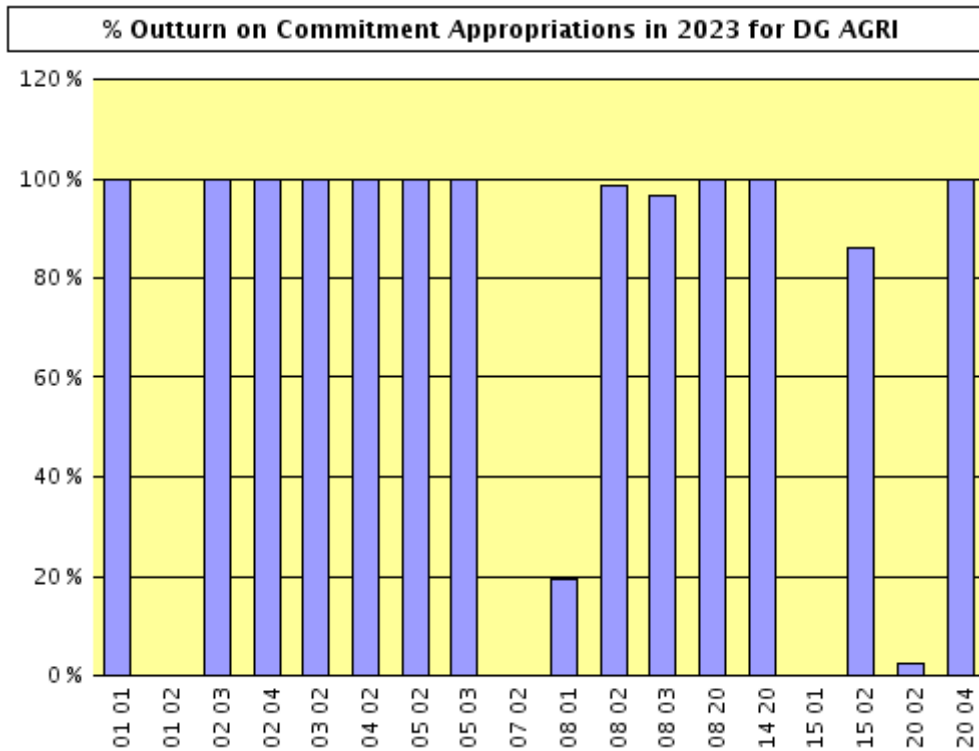
<b>TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2023 (in Mio €) for DG AGRI</b>					
			<b>Commitment appropriations authorised*</b>	<b>Commitments made</b>	<b>%</b>
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.36	0.36	100.00 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
<b>Total Title 01</b>			<b>0.36</b>	<b>0.36</b>	<b>100.00 %</b>
<b>Title 02 European Strategic Investments</b>					
02	02 03	Connecting Europe Facility (CEF)	0.29	0.29	100.00 %
	02 04	Digital Europe programme	2.00	2.00	100.00 %
<b>Total Title 02</b>			<b>2.29</b>	<b>2.29</b>	<b>100.00 %</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0.21	0.21	99.98 %
<b>Total Title 03</b>			<b>0.21</b>	<b>0.21</b>	<b>99.98 %</b>
<b>Title 04 Space</b>					
04	04 02	Union Space Programme	0.08	0.08	100.00 %
<b>Total Title 04</b>			<b>0.08</b>	<b>0.08</b>	<b>100.00 %</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 02	European Regional Development Fund (ERDF)	0.28	0.28	100.00 %
	05 03	Cohesion Fund (CF)	0.01	0.01	100.00 %
<b>Total Title 05</b>			<b>0.29</b>	<b>0.29</b>	<b>100.00 %</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00 %
<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.61	0.30	48.61 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,692.11	41,022.39	98.39 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	13,358.62	12,940.61	96.87 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	1.50	1.50	100.00 %
<b>Total Title 08</b>			<b>55,052.84</b>	<b>53,964.80</b>	<b>98.02 %</b>
<b>Title 14 External Action</b>					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	100.00 %
<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>100.00 %</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.19	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	108.31	93.00	85.87 %
<b>Total Title 15</b>			<b>108.50</b>	<b>93.00</b>	<b>85.71 %</b>

Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.42	0.01	2.30 %
	20 04	Information and communication technology-related expenditure	1.84	1.84	100.00 %
<b>Total Title 20</b>			<b>2.26</b>	<b>1.85</b>	<b>81.93 %</b>
<b>Total Excluding NGEU</b>			<b>55,171.21</b>	<b>54,067.25</b>	<b>98.00 %</b>

Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.93	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	15.16	0.00	0.00 %
<b>Total Title 08</b>			<b>16.09</b>	<b>0.00</b>	<b>0.00 %</b>
<b>Total NGEU Only</b>			<b>16.09</b>	<b>0.00</b>	<b>0.00 %</b>

<b>Total DG AGRI</b>			<b>55,187.30</b>	<b>54,067.25</b>	<b>97.97 %</b>
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\* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).





<b>TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG AGRI</b>					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
<b>Title 01 Research and Innovation</b>					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.37	0.35	95.84 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
<b>Total Title 01</b>			<b>0.37</b>	<b>0.35</b>	<b>95.84%</b>
<b>Title 02 European Strategic Investments</b>					
02	02 03	Connecting Europe Facility (CEF)	0.27	0.27	100.00 %
	02 04	Digital Europe programme	0.00	0.00	0.00 %
<b>Total Title 02</b>			<b>0.27</b>	<b>0.27</b>	<b>100.00%</b>
<b>Title 03 Single Market</b>					
03	03 02	Single Market Programme	0.21	0.21	100.00 %
<b>Total Title 03</b>			<b>0.21</b>	<b>0.21</b>	<b>100.00%</b>
<b>Title 04 Space</b>					
04	04 02	Union Space Programme	0.00	0.00	0.00 %
<b>Total Title 04</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 05 Regional Development and Cohesion</b>					
05	05 02	European Regional Development Fund (ERDF)	0.27	0.27	100.00 %
	05 03	Cohesion Fund (CF)	0.00	0.00	0.00 %
<b>Total Title 05</b>			<b>0.27</b>	<b>0.27</b>	<b>100.00%</b>
<b>Title 07 Investing in People, Social Cohesion and Values</b>					
07	07 02	European Social Fund PLus (ESF+)	0.00	0.00	0.00 %
<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>
<b>Title 08 Agriculture and Maritime Policy</b>					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.96	0.34	35.94 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,702.49	41,013.98	98.35 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	14,632.77	14,401.06	98.42 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	3.15	2.69	85.44 %
<b>Total Title 08</b>			<b>56,339.36</b>	<b>55,418.08</b>	<b>98.36%</b>
<b>Title 14 External Action</b>					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	100.00 %
<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>100.00%</b>
<b>Title 15 Pre-accession Assistance</b>					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.19	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	196.40	119.69	60.94 %
<b>Total Title 15</b>			<b>196.59</b>	<b>119.69</b>	<b>60.88%</b>

Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.44	0.01	1.65 %
	20 04	Information and communication technology-related expenditure	2.64	1.58	60.06 %
<b>Total Title 20</b>			<b>3.07</b>	<b>1.59</b>	<b>51.78%</b>
<b>Total Excluding NGEU</b>			<b>56,544.50</b>	<b>55,544.82</b>	<b>98.23%</b>

Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.32	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	2,685.90	2,010.87	74.87 %
<b>Total Title 08</b>			<b>2,686.22</b>	<b>2,010.87</b>	<b>74.86%</b>
<b>Total NGEU Only</b>			<b>2,686.22</b>	<b>2,010.87</b>	<b>74.86%</b>

<b>Total DG AGRI</b>			<b>59,230.72</b>	<b>57,555.70</b>	<b>97.17 %</b>
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\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

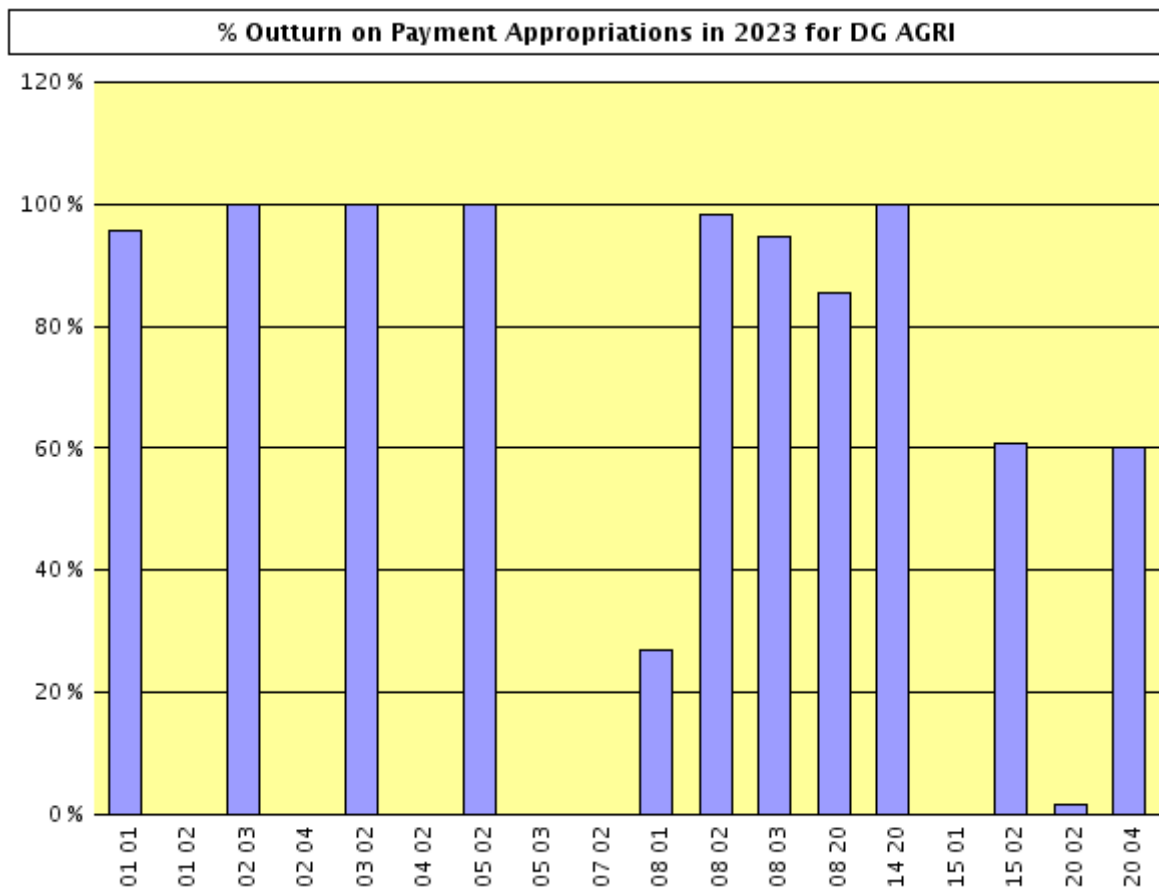


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.36	0.35	0.02	4.13%	0.00	0.02	0.00
	01 02	Horizon Europe	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 01</b>			<b>0.36</b>	<b>0.35</b>	<b>0.02</b>	<b>4.13%</b>	<b>0.00</b>	<b>0.02</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	0.29	0.13	0.16	55.34%	0.00	0.16	0.16
	02 04	Digital Europe programme	2.00	0.00	2.00	100.00%	0.00	2.00	0.00
<b>Total Title 02</b>			<b>2.29</b>	<b>0.13</b>	<b>2.16</b>	<b>94.34%</b>	<b>0.00</b>	<b>2.16</b>	<b>0.16</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.21	0.01	0.20	95.26%	0.00	0.20	0.30
<b>Total Title 03</b>			<b>0.21</b>	<b>0.01</b>	<b>0.20</b>	<b>95.26%</b>	<b>0.00</b>	<b>0.20</b>	<b>0.30</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
04	04 02	Union Space Programme	0.08	0.00	0.08	100.00%	0.00	0.08	0.00
<b>Total Title 04</b>			<b>0.08</b>	<b>0.00</b>	<b>0.08</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.08</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	0.28	0.13	0.15	54.20%	0.00	0.15	0.16
	05 03	Cohesion Fund (CF)	0.01	0.00	0.01	100.00%	0.00	0.01	0.00
<b>Total Title 05</b>			<b>0.29</b>	<b>0.13</b>	<b>0.16</b>	<b>55.34%</b>	<b>0.00</b>	<b>0.16</b>	<b>0.16</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 07</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.30	0.05	0.25	82.95%	0.00	0.25	0.34
	08 02	European Agricultural Guarantee Fund (EAGF)	41,022.39	40,988.20	34.19	0.08%	16.33	50.52	44.63
	08 03	European Agricultural Fund for Rural Development (EAFRD)	12,940.61	694.24	12,246.38	94.64%	20,892.53	33,138.91	34,603.59
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	1.50	0.00	1.50	100.00%	1.16	2.66	3.85
<b>Total Title 08</b>			<b>53,964.80</b>	<b>41,682.49</b>	<b>12,282.31</b>	<b>22.76%</b>	<b>20,910.02</b>	<b>33,192.34</b>	<b>34,652.42</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.37	4.37	0.00	0.00%	0.00	0.00	0.00
<b>Total Title 14</b>			<b>4.37</b>	<b>4.37</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

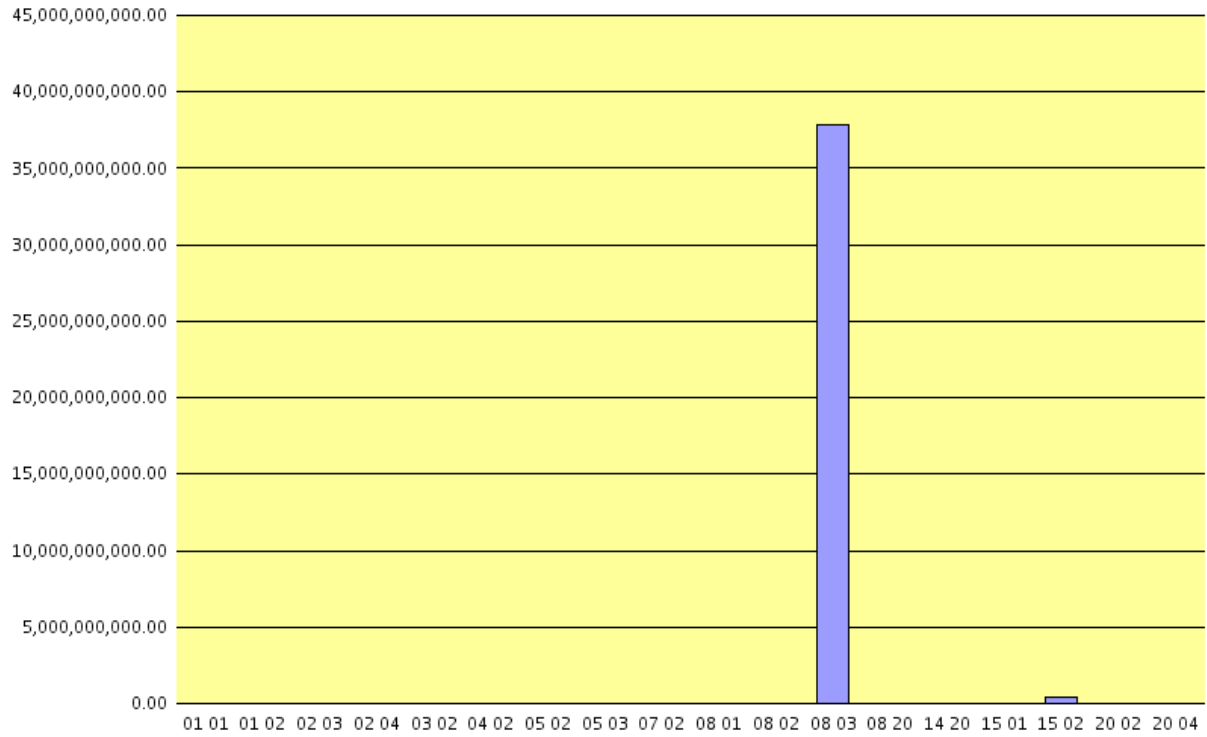
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	15 02	Instrument for Pre-accession Assistance (IPA III)	93.00	0.00	93.00	100.00%	331.90	424.90	477.97
<b>Total Title 15</b>			<b>93.00</b>	<b>0.00</b>	<b>93.00</b>	<b>100.00%</b>	<b>331.90</b>	<b>424.90</b>	<b>477.97</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.01	0.00	0.01	74.20%	0.00	0.01	0.02
	20 04	Information and communication technology-related expenditure	1.84	0.75	1.09	59.41%	0.00	1.09	0.79
<b>Total Title 20</b>			<b>1.85</b>	<b>0.75</b>	<b>1.10</b>	<b>59.48%</b>	<b>0.00</b>	<b>1.10</b>	<b>0.81</b>
<b>Total Excluding NGEU</b>			<b>54,067.25</b>	<b>41,688.22</b>	<b>12,379.03</b>	<b>22.90%</b>	<b>21,241.92</b>	<b>33,620.95</b>	<b>35,131.83</b>

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	%to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	08 03	European Agricultural Fund for Rural Development (EAFRD)	0.00	0.00	0.00	0.00%	4,733.91	4,733.91	6,744.78
<b>Total Title 08</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>4,733.91</b>	<b>4,733.91</b>	<b>6,744.78</b>
<b>Total NGEU Only</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>4,733.91</b>	<b>4,733.91</b>	<b>6,744.78</b>

<b>Total for DG AGRI</b>			<b>54,067.25</b>	<b>41,688.22</b>	<b>12,379.03</b>	<b>22.90 %</b>	<b>25,975.83</b>	<b>38,354.86</b>	<b>41,876.61</b>
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**Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2023 AGRI**



**TABLE 4 : BALANCE SHEET for DG AGRI**

<b>BALANCE SHEET</b>	<b>2023</b>	<b>2022</b>
<b>A.I. NON CURRENT ASSETS</b>	<b>2,749,177,125.11</b>	<b>2,917,140,233.45</b>
A.I.1. Intangible Assets	7,241,240.27	17,316,323.04
A.I.5. Non-Current Pre-Financing	2,473,928,753.06	2,401,483,815.02
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	268,007,131.78	498,340,095.39
<b>A.II. CURRENT ASSETS</b>	<b>2,813,343,679.30</b>	<b>2,786,980,821.16</b>
A.II.2. Current Pre-Financing	2,146,027,784.96	2,043,720,164.73
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	667,315,894.34	743,260,656.43
<b>ASSETS</b>	<b>5,562,520,804.41</b>	<b>5,704,121,054.61</b>
<b>P.I. NON CURRENT LIABILITIES</b>	<b>-179,292,192.04</b>	<b>-276,630,866.30</b>
P.I.2. Non-Current Provisions	-179,292,192.04	-276,630,866.30
<b>P.II. CURRENT LIABILITIES</b>	<b>-59,108,975,583.51</b>	<b>-60,925,283,681.73</b>
P.II.4. Current Payables	-12,809,498,590.34	-15,877,668,260.37
P.II.5. Current Accrued Charges & Defrd Income	-46,299,476,993.17	-45,047,615,421.36
<b>LIABILITIES</b>	<b>-59,288,267,775.55</b>	<b>-61,201,914,548.03</b>
<b>NET ASSETS (ASSETS less LIABILITIES)</b>	<b>-53,725,746,971.14</b>	<b>-55,497,793,493.42</b>
P.III.2. Accumulated Surplus/Deficit	562,902,839,949.22	506,185,595,151.79
Non-allocated central (surplus)/deficit*	-509,177,092,978.08	-450,687,801,658.37
<b>TOTAL DG AGRI</b>	<b>0.00</b>	<b>0.00</b>

**TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG AGRI**

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>2023</b>	<b>2022</b>
II.1 REVENUES	-725,640,017.09	-794,210,931.59
II.1.1. NON-EXCHANGE REVENUES	-733,787,348.03	-798,814,750.00
II.1.1.6. RECOVERY OF EXPENSES	-664,710,886.66	-458,365,998.74
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-69,076,461.37	-340,448,751.26
II.1.2. EXCHANGE REVENUES	8,147,330.94	4,603,818.41
II.1.2.2. OTHER EXCHANGE REVENUE	8,147,330.94	4,603,818.41
II.2. EXPENSES	55,623,209,340.29	57,511,455,729.02
II.2. EXPENSES	55,623,209,340.29	57,511,455,729.02
II.2.11. OTHER EXPENSES	28,330,788.60	234,034,008.82
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	55,321,415,867.63	57,104,162,112.33
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	44,235,637.88	45,714,321.02
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	138,427,081.95	124,163,290.33
II.2.6. STAFF AND PENSION COSTS	-2,817,225.52	-1,968,126.16
II.2.8. FINANCE COSTS	93,617,189.75	5,350,122.68
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>54,897,569,323.20</b>	<b>56,717,244,797.43</b>

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

**TABLE 5bis : OFF BALANCE SHEET for DG AGRI**

<b>OFF BALANCE</b>	<b>2023</b>	<b>2022</b>
OB.1. Contingent Assets	0.00	0.00
GR for pre-financing	0.00	0.00
OB.2. Contingent Liabilities	-201,533,276.85	-193,596,678.44
OB.2.3. CL legal cases AGRI	-201,533,276.85	-193,596,678.44
OB.3. Other Significant Disclosures	-73,171,217,808.81	-88,052,334,046.51
OB.3.2. Comm against app. not yet consumed	-20,073,782,376.81	-22,050,493,914.51
OB.3.3.1 Structural operations	-53,097,435,432.00	-66,001,840,132.00
OB.4. Balancing Accounts	73,372,751,085.66	88,245,930,724.95
OB.4. Balancing Accounts	73,372,751,085.66	88,245,930,724.95
<b>OFF BALANCE</b>	<b>0.00</b>	<b>0.00</b>

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAG PAYMENT TIMES IN 2023 FOR DG AGRI

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	849	839	98.82 %	12.75	10	1.18 %	45.50	398,620.41	1%
45	886	831	93.79 %	29.30	55	6.21 %	193.11	781,743,999.45	5%
60	87	87	100.00 %	27.21				0.00	0%
90	59	54	91.53 %	44.17	5	8.47 %	92.40	15,533,434.15	12%
<b>Total Number of Payments</b>	<b>1,881</b>	<b>1,811</b>	<b>96.28 %</b>		<b>70</b>	<b>3.72 %</b>		<b>797,676,054.01</b>	<b>5%</b>
<b>Average Net Payment Time</b>	<b>27.29</b>			<b>21.98</b>			<b>164.83</b>		
<b>Average Gross Payment Time</b>	<b>29.56</b>			<b>23.837659</b>			<b>177.6714286</b>		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	25	173	9.20 %	1,881	1,651,726,965.53	10.09 %	16,364,967,332.54

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
AGRI	65010100	Interest on late payment of charges New FR	235.63

The payment times of DG AGRI are presented in detail in tables 6a and 6b and the information in table 6 is not relevant for DG AGRI and was not reconciled with tables in the tabs 6a 6b.

TABLE 6a: AVERAG PAYMENT TIMES IN 2023 - only Direct Management

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	845	835	98.82%	13	10	1.18%	16	398,620.41	10.00%
45	0	0	0.00%	0	0	0.00%	0	0	0.00%
60	87	87	100.00%	27	0	0.00%	0	0	0.00%
90	43	42	97.67%	38	1	2.33%	3	119,532.53	100.00%
<b>Total Number of Payments</b>	<b>975</b>	<b>964</b>	<b>98.87%</b>	<b>16</b>	<b>11</b>	<b>1.13%</b>	<b>14</b>	<b>518,152.94</b>	<b>18.00%</b>

Suspensions							
Late pay suspension rate	Late Payment Avg overdue days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	14			975			63,990,862.71

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
AGRI	65010100	Interest on late payment of charges New FR	235.63
			<b>235.63</b>

TABLE 6b: AVERAGE PAYMENT TIMES in 2023 for AGRI - only Rural Development

	2017	2018	2019	2020	2021	2022	2023
EAFRD average time to pay*	34 days	31 days	24 days	19 days	25 days	25 days	25 days
EAGF average time to pay**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EAFRD % of payments made on time	100	100	100	100	100	100	99.2
EAGF % of payments made on time	100	100	100	100	100	100	100

\* Deadline is 45 days.

\*\* According to the legislation in force, the payments are executed on the 3rd working day of each month.



TABLE 7 : SITUATION ON REVENUE AND INCOME in 2023 for DG AGRI								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	5,200,742.81	0.00	5,200,742.81	5,196,465.75	0.00	5,196,465.75	4,277.06
50	European union guarantee for borrowing-and-lending operations in member states	83,081.39	0.00	83,081.39	83,081.39	0.00	83,081.39	0.00
62	Natural resources and environment	572,940,854.83	609,331,059.98	1,182,271,914.81	414,490,939.45	439,898,609.28	854,389,548.73	327,882,366.08
65	Neighbourhood and the world	4,861,862.61	15,313,191.00	20,175,053.61	-3,996.90	15,313,191.00	15,309,194.10	4,865,859.51
67	Completion for outstanding recovery orders prior to 2021	0.00	7,039,649.24	7,039,649.24	0.00	3,682,251.46	3,682,251.46	3,357,397.78
<b>Total DG AGRI</b>		<b>583,086,541.64</b>	<b>631,683,900.22</b>	<b>1,214,770,441.86</b>	<b>419,766,489.69</b>	<b>458,894,051.74</b>	<b>878,660,541.43</b>	<b>336,109,900.43</b>

**TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for DG AGRI**

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	2,724.21	2,724.21
CREDIT NOTES	73,160.26	73,160.26
RECOVERY ORDERS ON PRE-FINANCING		
<b>Sub-Total</b>	<b>75,884.47</b>	<b>75,884.47</b>

EX-POST CONTROLS BY TRANSACTION	Irregularity	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
INCOME LINES IN INVOICES		
<b>Sub-Total</b>		
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>	<b>75,884.47</b>	<b>75,884.47</b>

**TABLE 8a : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for DG AGRI**  
**DIRECT PAYMENT ONLY**

EX-ANTE CONTROLS	Number	Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS	14.00	63,548.20
CREDIT NOTES	70.00	
recovery context - irregularity		72,706.63
recovery context - none		973,248.16
RECOVERY ORDERS ON PRE-FINANCING	0.00	0.00
<b>Sub-Total</b>	<b>84</b>	<b>1,109,502.99</b>

EX-POST CONTROLS	Number	Total undue payments recovered
INCOME LINES IN INVOICES	5.00	124,032.00
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	1.00	4,277.00
<b>Sub-Total</b>	<b>6.00</b>	<b>128,309.00</b>
<b>GRAND TOTAL (EX-ANTE + EX-POST)</b>	<b>90</b>	<b>1,237,811.99</b>

**TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG AGRI**

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
1998	1	1	0.00 %	68,115.05	68,115.05	0.00 %
1999	6	6	0.00 %	3,296,668.67	3,289,282.73	-0.22 %
2003	1		-100.00 %	3,674,865.52		-100.00 %
2021	16	4	-75.00 %	178,601,142.09	74,351,857.42	-58.37 %
2022	111	12	-89.19 %	446,043,108.89	95,080,593.28	-78.68 %
2023		90			163,320,051.95	
	<b>135</b>	<b>113</b>	<b>-16.30 %</b>	<b>631,683,900.22</b>	<b>336,109,900.43</b>	<b>-46.79 %</b>

**TABLE 9a: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG AGRI**

**DIRECT PAYMENT ONLY**

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
1998	1	1	0.00 %	68,115.05	68,115.05	0.00 %
1999	6	6	0.00 %	3,296,668.67	3,289,282.73	-0.22 %
2003	1	0	-100.00 %	3,674,865.52	0.00	-100.00 %
2023	1	1	0.00 %	0.00	4,277.06	100.00 %
	<b>9</b>	<b>8</b>	<b>-11.11 %</b>	<b>7,039,649.24</b>	<b>3,361,674.84</b>	<b>-52.25 %</b>

**TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 for DG AGRI**

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG AGRI

Number of RO waivers

There are 1 waivers below 60 000 € for a total amount of -3,996.9

**TABLE 11 : Negotiated Procedures in 2023 for DG AGRI**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
<b>Total</b>		

**TABLE 12 : Summary of Procedures in 2023 for DG AGRI**

**Internal Procedures > € 60,000**

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	4	11,677,320.00
<b>Total</b>	<b>4</b>	<b>11,677,320.00</b>

**TABLE 13 : BUILDING CONTRACTS in 2023 for DG AGRI**

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

**TABLE 14 : CONTRACTS DECLARED SECRET in 2023 for DG AGRI**

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG AGRI

TABLE 16 : Commitments co-delegation type 3 in 2023 for DG AGRI

ABAC Local Key	Validated amount	Budget line	Co-deleg.	User reference
SI2.884397	631,875.00	01.010102.01	AGRI:PMO	R.5 - AGENTS CONTRACTUELS - RECHERCHE - DG AGRI - 2023 + EFTA
SI2.896409	50,000.00	01.010102.05	AGRI:HR	R.5 - PROVISION FOR INTERIMAIRES - RECHERCHE 2023
SI2.890913	15,000.00	01.010103	AGRI:PMO	F.2 - ADMINISTRATIVE BUDGET RESEARCH - MEETINGS - 2023
SI2.885652	39,550.00	01.010103	AGRI:PMO	R.5 - FRAIS DE MISSIONS - BUDGET RECHERCHE - 2023
SI2.892489	14,145.00	01.010103	AGRI:PMO	R.5 - BUDGET RECHERCHE - EFTA - DG AGRI 2023 - MISSIONS
SI2.897345	23,000.00	08.010101	AGRI:PMO	E.3 - EXPERTS COSTS FOR BEEF, PIG AND SHEEP CARCASS CLASSIFICATION - 2023
SI2.883811	1,540,000.00	08.010200.01	AGRI:PMO	R.5 - AGENTS CONTRACTUELS - DG AGRI - 2023
SI2.887170	301,643.00	08.010200.01	AGRI:PMO	R.5 - AGENTS CONTRACTUELS - NGEU - DG AGRI - 2023
SI2.883820	250,000.00	08.010200.05	AGRI:PMO	R.5 - EXPERTS NATIONAUX DÉTACHÉS - DG AGRI - 2023
SI2.896253	60,000.00	08.010200.05	AGRI:HR	R.5 - PROVISION FOR INTERIMAIRES - 2023
SI2.891800	160,000.00	08.030200	AGRI:PMO	B.4 - REMUNERATION OF THE WORK BY EXPERTS OF THE EXPERT GROUP FOR TECHNICAL ADVICE ON ORGANIC PRODUCTION (EGTOP)
SI2.891210	500,000.00	08.030200	AGRI:PMO	D.1 - NETWORKS' MEETING EXPENSES 2023
SI2.885534	350,402.99	15.010101.03	AGRI:PMO	G.4 - PROVISION FOR CONTRACT AGENTS IN EUD ALBANIA, MONTENEGRO AND SERBIA - 2023
SI2.883739	1,529,520.00	20.020601.01	AGRI:PMO	R.5 - FRAIS DE MISSIONS 2023
SI2.883750	731,960.00	20.020602.01	AGRI:PMO	R.5 - FRAIS DE REUNIONS ET GROUPES D'EXPERTS 2023
SI2.883756	320,000.00	20.020603	AGRI:PMO	R.5 - FRAIS DE COMITÉS 2023
<b>Total co-del T3</b>	<b>6,517,095.99</b>			
AGRI:PMO	6,407,095.99			
AGRI:HR	110,000.00			

## ANNEX 4: Financial scorecard

### DG AGRI

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2023, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes) <sup>(157)</sup>:

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments
- Timely Decommitments
- Invoice Registration Time
- Accounting Data Quality
- Management Data Quality
- Timely Invoice PF Clearing

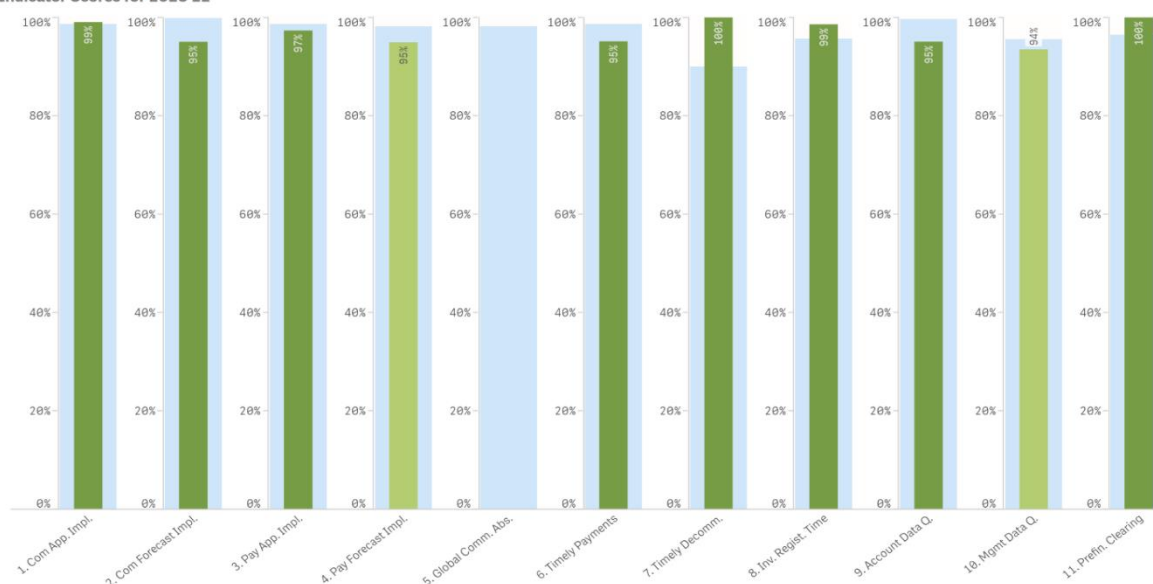
For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

AGRI Indicator Scores for 2023 12



For each indicator the light blue bar denotes the EC Score.

<sup>(157)</sup> If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	Objective	Comment <sup>(158)</sup>	AGRI Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		99%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		95%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		97%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		95%	98%
5. Global Commitment Absorption <sup>(159)</sup>	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for DG AGRI in 2023 due to the lack of underlying transactions recorded by DG AGRI in 2023.	-	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	It should be noted that this indicator in DG BUDG dashboard does not take into account non-budgetary payments (EAGF shared management, 40.35 billion Euro in 2023), for which all 300 payments were made in time, i.e. the 3 <sup>rd</sup> working day of each month at the latest. And regarding EAFRD payments in shared management: <ul style="list-style-type: none"> <li>• 51 out of the 55 payments appearing as late used for the calculation of this indicator in DG BUDG dashboard were indeed executed in time. In these 51 cases, the amounts declared by the Member States were partially deemed ineligible because the Member State had over-declared certain measures in the rural development programmes, so that the payment was only completed after the rural development programmes had been amended.</li> <li>• The other 4 payments were executed by the bank beyond the deadline of 45 days <sup>(160)</sup></li> </ul>	95%	99%

<sup>(158)</sup> An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

<sup>(159)</sup> Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

<sup>(160)</sup> The payments were validated within the deadline by DG AGRI but close to the edge of 45 days.

		<p>Taking into account what has just been explained above, the percentage of payments executed by the bank in time for DG AGRI would be 99.1% if we refer to number of payments and 98.7% if we refer to amount paid in time.</p> <p>This manual recalculation is only relevant for DG AGRI and should not be needed anymore after the transition to SUMMA.</p> <p>For direct management, the performance regarding timely payments remained excellent with 99% processed within the binding deadlines imposed by the Financial Regulation</p>		
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		100%	90%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		99%	96%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		95%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		94%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit		100%	100%

## **ANNEX 5: Materiality criteria**

### **General Principle**

Reasonable assurance is the judgement of the Authorising Officer by Delegation (hereafter referred to as the Director-General). For this purpose, he is required to assess all relevant information at his disposal available to support the declaration of assurance. Under shared management, implementation tasks including controls and payments are delegated to the Member States in accordance with the criteria and procedures laid down in the Financial Regulation and in sector-specific rules. For EAGF and EAFRD, the provision of assurance has therefore to be based on the assessment of the information and indicators resulting from the management reporting and supervision arrangements in place and of the functioning of the internal control systems operated by the Member States' implementing bodies. This assessment allows the Director-General to form an opinion as to the effectiveness of the management and control systems operated at the level of the Member States' implementing bodies.

### **Assurance model for expenditure implemented under shared management**

The EAGF and EAFRD are implemented through a management and control system based on four levels. Taken together, these four levels and the results they produce are the basis for the Director-General to obtain reasonable assurance as to the effectiveness of management and control systems and the legality and regularity of the expenditure for the CAP 2014-2022.

As regards the performance-based CAP 2023-2027, the basis for the assurance is the functioning of the governance systems put in place by the Member States and the correctness of the performance reporting. Similar to the 2014-2022 CAP, there are also four levels in the assurance building model. The results these levels produce are overall basis for the Director-General to obtain reasonable assurance as to the functioning of the governance systems and the performance reporting. Whilst the new CAP entered into force on 1 January 2023, the expenditure declared to the Commission under the performance-based model in financial year 2023 is very limited.



Levels of assurance from the Member States' control systems for the CAP 2014-2022	<p><b>Administrative structure set up at Member States level:</b> management, control and payment of the expenditure are entrusted to <b>accredited Paying Agencies</b>. Compliance with strict accreditation criteria (which are laid down in Commission Implementing Regulation (EU) No 908/2014 and in Commission Delegated Regulation (EU) No 907/2014) is subject to constant supervision by the competent national authority (at Ministerial level). The Paying Agencies are required to provide an <b>annual Management Declaration</b>, which includes a declaration that the system in place provides reasonable assurance on the legality and regularity of the underlying expenditure.</p>
	<p><b>Administrative controls and on-the-spot checks (prior to payment):</b> for each support scheme financed by the EAGF or EAFRD, the Paying Agencies apply a system of exhaustive <b>administrative controls</b> (100% of aid applications must be checked) and <b>on-the-spot checks</b> (at least 5% in the case of most schemes) prior to any payment. These controls are done in accordance with precise rules set out in the sector-specific legislation (e.g., the Integrated Administration and Control System – IACS, including a Land Parcel Identification System – LPIS). Member States are required to send detailed information on the checks carried out and their results on a yearly basis to the Commission (control data and statistics).</p>
	<p><b>Audits by Certification Bodies and controls after payment:</b> The <b>Certification Bodies</b> deliver each year an opinion on the completeness, accuracy and veracity of the Paying Agencies' annual accounts, on the proper functioning of their internal control systems and on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission. They also verify compliance of the Paying Agencies with accreditation criteria and the Management Declarations. In addition, all aid measures other than those covered by IACS are also subject to ex-post controls, either by a specific control body (in the case of the EAGF) or by the Paying Agency itself (in the case of the EAFRD).</p>
Assurance from the Commission's checks for the CAP 2014-2022	<p><b>DG AGRI audits:</b> The audits carried out by DG AGRI serve a number of purposes.</p> <p>In the first place, they protect the EU budget from irregular payment by recovering amounts unduly spent by the Member State as a result of deficiencies detected in their management and control systems. This is done via a clearance procedure consisting of both an annual <b>financial clearance</b> (limited to the Paying Agencies' annual accounts) and a multi-annual <b>conformity clearance</b>, whose aim is to exclude the expenditure not compliant through <i>financial corrections</i> which return to the EU budget as <i>assigned revenue</i>. Secondly, they have a remedial and preventive role and thirdly, they provide assurance to the Director-General on the Member States' management and control systems.</p>

## **Assessment of management and control systems in the Member States for the CAP 2014-2022**

The Director-General carries out an assessment on the extent to which he can draw assurance from the four levels of the management and control systems described. This assessment is based on three elements.

The first element is the **assessment of the functioning of management and control systems in the Paying Agencies. This is carried out by DG AGRI's assurance and audit directorate and includes:**

- Checking compliance of the Paying Agencies with the accreditation criteria. This is carried out by the Certification Bodies with, where appropriate, the placing under probation, by the Competent Authority, of those Paying Agencies with serious deficiencies in their application of the accreditation criteria.
- The performance by DG AGRI, on the basis of a detailed risk analysis, of accreditation audits in order to check by itself the respect by Paying Agencies of accreditation criteria as well as audits on the proper functioning and operation of the Certification Bodies.
- The qualitative analysis of the Management Declarations issued by the directors of the Paying Agencies whereby they are required to declare whether they have put in place systems which provide reasonable assurance on the legality and regularity of the underlying transactions.
- The qualitative analysis of the opinions from the Certification Bodies on these Management Declarations.
- An annual financial clearance exercise carried out by DG AGRI examining the completeness, accuracy and veracity of the accounts declared by the Paying Agencies and resulting in the adoption of a clearance of accounts decision without prejudice to the conformity procedure with regard to the legality and regularity of the expenditure.

The second element assessed is the **result of the controls carried out by the Member States on the final beneficiaries and their certification.**

- For most of the agriculture budget, each year Member States are required to send detailed information to the Commission in relation to the more than 900 000 on-the-spot checks carried out. For the large part <sup>(161)</sup>, these results relate to the financial year covered by the AAR in question. These data provide detailed information on the errors discovered in the course of administrative and/or on-the-

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<sup>(161)</sup> This is presently not always the case for statistics for certain measures under Rural Development where there is a limited overlap between reporting period and financial year.

spot checks and enable DG AGRI to determine the **reported error rate** per Paying Agency or aid scheme.

- The Certification Bodies are required to give an opinion on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission.

The third assurance element is comprised of **the Commission's own conformity audits** on Member States management and control systems and the **work of the Certification Bodies**. DG AGRI's conformity clearance procedure can exclude from EU financing expenditure made in the 24 months prior to the notification to the Member States of a deficiency and up to the moment the identified deficiencies are remedied. Around 80 such audits are opened each year on the basis of a detailed risk analysis and enable the Commission to obtain direct assurance as to the effectiveness of the Paying Agencies' management and control systems.

### **Materiality criteria**

DG AGRI estimates the error rate on the basis of control statistics (i.e. reported error rate) for each Paying Agency (or measure for market measures, ABB 02) and for each ABB activity and also takes into account all available information and audit results (Certification Bodies, Commission and European Court of Auditors), including on-the-spot missions; this information is used as the best estimate of the possible risk for expenditure in the reporting year. In the event that the error rates reported by Member States are not accurate or found not to be reliable or are not available, the assurance and audit Directorate either re-calculates them when it has sufficient information to do so or, alternatively, adjusts them upwards by flat rates in line with the results of the assessment of the functioning of the management and control systems. This results in **an error rate at Paying Agency level adjusted and validated by the management of DG AGRI (adjusted error rate)**.

Further steps in the process determine when a reservation shall be made by the Director-General, what elements are included in the amount at risk and how he can demonstrate the overall remaining financial risk to the EU budget when all corrective measures have been taken into account.

As regards "corrective measures", the financial corrections imposed by the Commission and the recoveries operated by the Member States themselves are ex-post exercises and multi-annual in nature. It is extremely rare that financial corrections and recoveries are executed in the same financial year as that of the expenditure concerned. However, the performance of the ex-post corrective system can be estimated from its results in the most recent years. Consequently, DG AGRI reports on a corrective capacity that is estimated as the annual average of the implemented net financial corrections imposed by the Commission and recoveries of undue payments declared by the Member States as a general principle for the last five years.

Comparing the corrective capacity with the amount at risk gives a solid indication of the remaining financial risk to the EU budget when all corrective actions are taken into account

("estimated overall risk at closure", presented for DG AGRI as "Estimated final amount at risk" in table under sub-section 2.1.1).

### **Step 1: Estimation of an error rate at Paying Agency level = REPORTED ERROR RATE**

In the first place, for each ABB, the statistical data sent by the Paying Agencies on the results of the administrative and on-the-spot checks carried out is collected, compiled and checked for consistency and completeness. The error rate per Paying Agency used as the basis for the subsequent assessment is the error rate found in the random on-the-spot check sample, and after deduction of the errors found as a result of administrative controls. On that basis, a "**reported error rate**" is calculated, which represents the error rate that remains in the non-controlled population (= the aid applications/payment claims which have not been controlled on-the-spot by the Paying Agencies). This **reported error rate** is used for calculating a first estimate of the amount at risk. It is noted that the vast majority of this statistical data relates to checks carried out in respect of the financial year which is the subject of the report.

For claim year 2022 (financial year 2023), a number of Paying Agencies implemented Checks by Monitoring for direct payments. Check by Monitoring replaces the traditional on-the-spot checks and for some Paying Agencies covers all area-based direct payment schemes and for all their territory. Where this was the case in financial year 2023 and where the reported on-the-spot control error in the statistics is high but based on a very small sample <sup>(162)</sup> for the Basic Payment Scheme, the result of the Checks by Monitoring for Basic Payment Scheme can be used as a proxy for the reported on-the-spot control error rate for that scheme.

### **Step 2: Validation and adjustment of the reported error rate by DG AGRI at Paying Agency/Member State and ABB level = ADJUSTED ERROR RATE**

All available information is considered in determining to what extent the reported error rate is reliable for each Paying Agency for each ABB activity. Where ex-post audits (by the Commission, Certification Bodies or the European Court of Auditors (ECA)) have revealed management and control systems' deficiencies, these are not reflected in the Member States' control statistics and, therefore, those statistics do not reflect the risk resulting from those deficiencies. In order to estimate the level of unreported errors, the auditors make adjustments to the reported error rates taking into account the following evidence:

- ✓ DG AGRI's own audits over the previous three years (including conformity audits and accreditation audits); older reports in cases where available information indicates that no or insufficient remedial actions have been implemented. This includes the auditors' professional judgement on the evolution of the control environment in the Paying Agency.

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<sup>(162)</sup> Sample which is not representative of the population.

- ✓ The opinion which the Certification Bodies have delivered on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, including the reliability of the control statistics reported by the Paying Agencies and the quality of the underlying controls, is also examined.
- ✓ ECA's previous three annual reports are also taken into account; older reports in cases where available information indicates that no or insufficient remedial actions have been implemented. In the event that a DG AGRI audit has taken place more recently than the ECA's audit, it is possible that the assessment arising from the latter is replaced by the DG AGRI more recent appreciation of the situation.
- ✓ Information furnished by the operational units within the DG regarding the reliability of Member States' statistics or other information obtained pertaining to deficiencies in their management and control systems, or remedial action taken by Member States.
- ✓ Other relevant evidence including elements signalled by:
  - the Anti-Fraud Correspondent of DG AGRI;
  - the director of the Paying Agency in his/her Management Declaration.

In determining the extent of the adjustment to make to the reported error rate, DG AGRI applies the **professional judgement** of its auditors, and in particular the criteria for estimating the seriousness and extent of the identified deficiencies established in its "Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures" <sup>(163)</sup>. When using these criteria, the auditors take into account that the methodology for preparing financial corrections aims at covering the risk to the EU budget whereas the top-up to be applied should represent the audit assessment of the extent to which the Paying Agency's reported error rate is understated; for instance, insufficient sanctions represent a risk to the EU budget but shall not be considered as errors to be included in the error rate for the expenditure of the year in question.

- For ABB03 and ABB04, the decision-making process for the assessment is carried out by the auditors concerned, on a case-by-case basis, for each Paying Agency. All available information, including the input of the operational units, is integrated to complete the assessment process. The professional judgement of the audit services of the DG is applied particularly when weighing contradictory information or considering abnormal statistical results. This results in an additional error rate top-up to the reported error rate and the calculation of an **adjusted error rate** and the corresponding amount at risk.
- For ABB02, the same approach is followed but per measure per Paying Agency.

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<sup>(163)</sup> See C(2015) 3675 final; previously Document VI/5330/97, AGRI/60637/2006, AGRI-2005-64043, COM(2010) 2498 final and D(2012)1338812 were considered.

- Coordination is carried out at the level of DG AGRI's assurance and audit directorate to ensure that there is a consistency of approach taken as regards the adjustments made to the Member States' error rates.
- For measures about which there is no information on the risk (no reporting required by the legislation), the average adjusted error rate (for that part of the ABB for which statistics are available) is extrapolated to the expenditure concerned.

### Step 3: DG AGRI materiality criteria

Article 74(9) of the Financial Regulation provides that:

"The authorising officer by delegation shall report to his or her Union institution on the performance of his or her duties in the form of an annual activity report containing financial and management information, including the results of controls, declaring that, **except as otherwise specified in any reservations related to defined areas of revenue and expenditure**, he or she has reasonable assurance ...".

The Director-General for DG AGRI shall make financial reservations at **Paying Agency** level (and/or aid scheme level as regards market measures within ABB02).

- Paying Agencies with an **adjusted error rate** above 5% shall in general be subject to a reservation.
- For Paying Agencies with an **adjusted error rate** between 2% and 5%, professional judgement shall be applied in assessing whether the risk is sufficiently covered by mitigating factors and thus whether a financial reservation is necessary. The operational units of DG AGRI are integrated into the decision-making process for determining the existence of mitigating factors. The mitigating factors are disclosed in all cases where a reservation is deemed not to be necessary. They shall include notably whether the necessary remedial actions have been implemented by the Member State/Paying Agency concerned and whether there is an ongoing conformity clearance procedure covering the expenditure for the financial year of the AAR.
- Given the amounts at stake for the CAP with expenditure of ± EUR 55 billion, a *de minimis* threshold of EUR 1 million is applied at the Paying Agency or measure (Market Measures) level. All cases for which the amount at risk is below that threshold are not subject to a reservation (unless on reputational grounds). Reservations made for the preceding year shall not be issued for the financial year concerned by the AAR if the amount at risk for that financial year is below the EUR 1 million threshold.

- For market measures, a flexible approach may also be taken when deciding on reservations, notably where the **adjusted error rate** is calculated on a purely risk based sample. For most market schemes, the legislation does not require that a random sample is selected for on-the-spot checks. The latter are, rather, risk based. Extrapolating the result of the risk sample to the uncontrolled population would therefore result in overstating the error rate and amount at risk. In such cases, it shall be evaluated if there are elements which mitigate against applying a reservation even where the **adjusted error rate** is above 5%.
- If the **adjusted error rate** is below 2%, generally no reservation is made.

Coordination is carried out between all relevant parts of DG AGRI to ensure that there is a consistency of approach as regards the mitigating factors examined when deciding whether a reservation is necessary.

In the framework of shared management, as set out in the Financial Regulation and the rules on the financing of the CAP, it is the Member State which has to assume the overall responsibility for ensuring that actions financed by the budget are implemented correctly in accordance with the rules. Therefore, while the action plans, accompanying reservations where necessary, should identify the deficiencies and Paying Agencies concerned, it is the Member State, which must ensure that the corresponding remedial actions are precisely defined and actually implemented.

As from 2019 <sup>(164)</sup>, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. The implementation of this 'de minimis' threshold applies at the level of ABB reservations, i.e. not affecting the detailed reservations at the level of the Paying Agency(ies) or measures for Market Measure/Operational Programme(s). Given the amounts involved, it is not likely that this threshold will have an impact on the ABB level reservations of DG AGRI for 2023.

#### **Step 4: Quantification of the reservation**

The amount under reservation is the amount at risk for each Paying Agency (or Member State in respect of ABB02) for which a reservation has been made. It is **aggregated at Member State level**.

#### **Step 5: Calculation of the amount at risk at ABB level**

The **amount at risk aggregated at ABB level** is the amount of EU expenditure, which risks having been misspent on the basis of the adjusted error rates; it covers all Paying Agencies irrespective of whether they are subject to a reservation.

<sup>(164)</sup> Agreement of the Corporate Management Board of 30/4/2019.

## **Basis for the assurance for the CAP 2023-2027 expenditure under the New Delivery Model**

The Director-General carries out an assessment on the extent to which he can draw assurance in the New Delivery Model from the four levels that make the assurance building model, comprising of:

- The first level is the **governance bodies, including the compliance of Paying Agencies with the accreditation criteria;**
- the second level is the **compliance with Basic Union Requirements**, including the approved CAP Strategic Plans and **the correct performance reporting;**
- the third level is the **audits by Certification Bodies;**
- the fourth level are **DG AGRI audits**, including the Annual Performance and Financial Clearance, as well as the conformity procedure.

The assessment referred to above for the performance-based CAP 2023-2027 expenditure is based on two elements as follows:

- the functioning of the Member States' governance systems<sup>(165)</sup> as assessed by the Certification bodies and/or by DG AGRI audits, and
- the annual performance reporting from the Member States, certified by the Certification Bodies.

By contrast to the CAP 2014-2022 expenditure, it will not be possible for DG AGRI to estimate the error rate as Member States are no longer required to provide control statistics.

As regards the first element of the **assessment of the governance systems functioning**, DG AGRI performs a qualitative analysis and report on the level of assurance for the financial year in question, based on Certification Bodies' reports, its own (conformity) audits, or the ECA findings. There are 4 grades of functioning for the governance systems as follows:

4- functioning well;

3- functioning;

2- partially functioning;

1- not functioning or gravely deficient.

Where the systems are assessed as partially functioning or not functioning (grade 2 and 1 respectively), the Director-General for DG AGRI may make financial reservations at Paying Agency/Member State level in case they have not already taken remedial actions or if there are no mitigating factors. Coordination is carried out between all relevant parts of DG AGRI

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<sup>(165)</sup> Consisting of the governance bodies, compliance with the basic union requirement, including the CAP strategic plans and the performance reporting systems)



to ensure that there is a consistency of approach as regards the mitigating factors examined when deciding whether a reservation is necessary.

**As regards the Member States' performance reporting**, which is the second element, assurance is built on the analysis performed by DG AGRI of the Member States' annual performance reports and the Certification Bodies' opinion on the correctness of the performance reporting. One aspect to be considered for the assurance building is whether Member State expenditure has a corresponding output for the financial year under review. The data is collected by DG AGRI from the Annual Performance Reports and the CB reports, and analysed to conclude whether the expenditure has a corresponding output, i.e. if the planned unit amount per output as per the CAP Strategic Plan was not exceeded. Where the planned unit amount per output is exceeded and there are no justifications, it means that the expenditure is not eligible for reimbursement by the Commission and will be reduced in the performance clearance exercise.

## ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

### EXPENDITURE IN SHARED MANAGEMENT <sup>(166)</sup>

#### Stage 1 – (Negotiation and) assessment/approval of spending proposals:

**Main internal control objectives:** Ensuring that the Commission (COM) adopts the actions that contribute the most towards the achievement of the policy objectives (effectiveness)

<b>Main risks</b>	<b>Mitigating controls</b>	<b>Coverage frequency and depth of controls</b>	<b>Possible Cost-effectiveness indicators (3Es)</b>
The actions financed <sup>(167)</sup> do not adequately reflect the <b>policy objectives or priorities</b> .	Internal consultation, hierarchical validation at DG level of each action. Inter-service consultation (including all relevant DGs). <b>Adoption by Commission Decision</b> , where foreseen by EU law.	<b>Coverage / Frequency:</b> 100%. <b>Depth:</b> checklist, guidelines and lists of requirements in the relevant regulatory provisions.	<b>Effectiveness:</b> % of actions adopted / approved, % of financial allocation approved Benefits: adopted actions have a clear intervention logic, allowing the Commission to evaluate their impact [non-quantifiable individually] <b>Efficiency:</b> average cost of analysis and adoption/approval of an action, average time to adopt / approve an action <b>Economy (costs):</b> estimation of cost of staff involved in the validation of the spending proposals put forward by the Member States (for 2014-2022 and 2023-2027).

<sup>(166)</sup> DG AGRI uses the Internal Control Template for shared management covering 99.7 % of its total expenditure; other management modes fall under the 'de minimis' threshold.

<sup>(167)</sup> For CAP: the programmes, measures and schemes supported under the Market measures, Direct Aids and Rural development pillars (EAGF and EARDF).

## **Stage 2 – Implementation of operations (Member States):**

### **A. Setting up of the systems**

**Main internal control objectives:** ensuring that the management and control systems are adequately designed

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage frequency and depth of controls</b>	<b>Possible Cost- effectiveness indicators (3Es)</b>
<p>The process of designation (and accreditation) of <b>national authorities</b> in the Member States (MS) is not effective and, as a result, the management and control <b>systems</b> are not compliant with the applicable rules.</p>	<p>Supervision by Commission (for 2014-2022 and 2023-2027):</p> <ul style="list-style-type: none"> <li>- <b>Commission review (and audits) of a sample of national designations/ accreditations</b></li> <li>- submission of <b>MS Audit Strategies</b> to the Commission (on request)</li> </ul>	<p><b>Coverage / Frequency:</b> fixed in sector-specific rules</p> <p><b>Depth:</b> verification (desk review + audit missions where necessary) of description of management and control systems communicated by MS. Accreditation audits are generally done on-the-spot</p>	<p>For 2014-2022 and 2023-2027:</p> <p><b>Effectiveness:</b> % of authorities designated / accredited, number of authorities for which serious system weaknesses / deficiencies were found following accreditation reviews / audits</p> <p>Benefits: (part of) the amounts associated with unreliable systems for which the Commission audit work revealed substantial compliance problems (for 2014-2022 and 2023-2027) [not quantifiable]</p> <p><b>Efficiency:</b> time needed to address the deficiencies detected [where applicable], number of authorities for which serious weaknesses found by accreditation reviews / audits (% of total checked)</p> <p><b>Economy (costs):</b> estimation of cost of COM staff involved in the audits of samples of national designations / accreditations (for 2014-2022 and 2023-2027)</p>

**B. Member states' controls to prevent, detect and correct errors within the declared certified expenditure**

**Main internal control objectives:** ensuring that the periodic expenditure declarations submitted to the Commission for each action are legal and regular

<b>Main risks It may happen (again) that...</b>	<b>Mitigating controls</b>	<b>Coverage frequency and depth of controls</b>	<b>Possible Cost- effectiveness indicators (3Es)</b>
<p><b>Periodic expenditure declarations</b> submitted to the Commission include expenditure which is irregular or noncompliant with EU <sup>(168)</sup> and / or national eligibility rules and legislation.</p>	<p><b>Management verifications:</b> first level checks by designated / accredited programme authorities or bodies <sup>(169)</sup>.</p> <p><b>Certification, audit opinion and annual report</b> by the relevant authorities or bodies designated / accredited <sup>(170)</sup></p> <p><b>MS recoveries</b> from final beneficiaries (CAP)</p>	<p><b>Coverage:</b> fixed in sector-specific rules</p> <p><b>Depth:</b></p> <ul style="list-style-type: none"> <li>- <u>management verifications:</u> performance of first-level checks (administrative and on the spot controls).</li> <li>- <u>certification:</u> [limited] additional verification (desk checks and on-the-spot), with where appropriate additional checks.</li> <li>- <u>audit opinion:</u> system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; where applicable, audits of operations (on a statistical basis) and additional substantive testing on expenditure</li> </ul>	<p><b>Effectiveness:</b> error rates as reported by the Member States and / or performance reports by the Member States, annual audit opinions (or certificate opinions) of the Member States, MS recoveries (if applicable)</p> <p><b>Efficiency:</b> time to lift interruption of payments (where applicable)</p>

<sup>(168)</sup> For CAP 2023-2027, also in terms of corresponding output

<sup>(169)</sup> For CAP: Paying Agencies (PA)

<sup>(170)</sup> For CAP: Certifying Bodies (CB)

### **Stage 3 – Monitoring and supervision of the execution, including ex-post control**

**Main internal control objectives:** ensuring that the expenditure reimbursed from the EU budget is eligible and regular

<b>Main risks</b> It may happen (again) that...	<b>Mitigating controls</b>	<b>Coverage frequency and depth of controls</b>	<b>Possible Cost-effectiveness indicators (3Es)</b>
<p>The management verifications and subsequent audits / controls by the Member States have failed to detect <b>and correct ineligible costs or calculation errors.</b></p> <p>The <b>audit work carried out by the audit / certifying authorities is not sufficient</b> to obtain adequate assurance on the submitted declarations.</p> <p>The Commission services have <b>failed to take appropriate measures</b> to safeguard EU funds, based on the information it received.</p>	<p><b>Commission checks</b> of periodic MS expenditure declarations.</p> <p><b>Commission assessment of management and control / governance systems in the Member States,</b> in particular of work done and / or reported by the AA / PA / CB, namely:</p> <ul style="list-style-type: none"> <li>- assessment of annual control / audit / certification report</li> <li>- calculation of projected error rate (where applicable)</li> <li>- estimation of a residual error rate (RER)</li> <li>- assessment of systems audits reports from AA / CB</li> <li>- assessment of annual summaries (where applicable)</li> </ul>	<p><b>Coverage:</b> verification of information provided in the annual (audit / control / certification) report and annual audit opinions.</p> <p><b>Depth:</b> desk checks and / or on-the-spot audits based on risk assessment; <u>verification</u> of the quality and reliability of the information based on Commission's own audit work; <u>'validation' and where necessary adjusting of error rates reported</u> by MS to calculate a cumulative residual error risk (RER); <i>[at closure: where applicable scrutiny of closure report and closure opinion, if needed with audits on sample of OPS]</i></p>	<p><b>Effectiveness:</b> best estimate of (residual) risk of error per MS, number of programmes / MS / PA with a reported error rate assessed as reliable (and not subject to an adjustment), Number, amount and % (with respect to total commitment) of interruptions / suspensions of payments, corrections made resulting from Commission audit work, % of the expenditure for which the Commission can rely on the work of the AA (where applicable)</p> <p>Benefits: errors prevented [unquantifiable], errors detected or corrected (amount of financial corrections); alternatively, the impact of the Commission's adjustments made on the error rates reported by the MS following its own audit work and the total amount of expenditure for which the Commission has assurance</p> <p>For CAP 2023-2027, functioning of the governance systems and</p>

<b>Main risks</b> It may happen (again) that...	<b>Mitigating controls</b>	<b>Coverage frequency and depth of controls</b>	<b>Possible Cost-effectiveness indicators (3Es)</b>
	<ul style="list-style-type: none"> <li>- own Commission audits</li> <li>- technical and bilateral meetings with MS</li> </ul> <b>Interruptions and suspensions of payments</b> <b>Financial corrections</b> (implemented by Commission) Annual <b>financial clearance procedure, annual performance clearance</b> and multi-annual <b>conformity procedure (CAP)</b>		expenditure having a corresponding output. <b>Efficiency:</b> cost of control / financial management of the Commission checks and assessment (% of total appropriations), Time-to-payment (or % of payments within delays), Time to notify interruption to MS [where applicable] <b>Economy (costs):</b> cost of Commission financial officers checking MS expenditure (financial circuits); estimation of cost of Commission staff involved in the assessment of management and control systems in MS, including analysis of AA / CB report, own audit work <sup>(171)</sup> , and drafting of interruption letters

<sup>(171)</sup> Systems audit, re-performance of annual control reports (ACR), follow-up of audit authorities, closure audits, fact finding audits, conformity audits of PA (CAP), etc

## ANNEX 7: Specific annexes related to "financial management"

This Annex explains in detail the relationship between the Directorate General for Agriculture and Rural Development, and the Member States <sup>(172)</sup> and the UK (comprising 75 <sup>(173)</sup> Paying Agencies at the end of financial year 2023).

The two principal funds under the Common Agricultural Policy (the European Agricultural Guarantee Fund - EAGF and the European Agricultural Fund for Rural Development – EAFRD) are implemented under shared management through a comprehensive management and control system based on four levels. This system includes, on the one hand, all the necessary building blocks to guarantee sound administration, controls by the Paying Agencies and other bodies ensuring the management and control system of the CAP, and audit by the Certification Bodies at Member States' level. On the other hand, under the single audit approach, it allows the Commission to audit the work of the Certification Bodies and the proper functioning of Member States' management and control systems and, if need be, to counter the risk of financial losses as a result of any deficiencies in the set-up and operation of those systems through the conformity clearance mechanism. Taken together, these levels and the results that they produce are the basis for DG AGRI to gain reasonable assurance as to the effective management of the risk of error in the legality and regularity of the underlying transactions.

An explanation of these four levels as well as the findings and the indicators, which result from them are set out in detail in this Annex, which is organised as follows:

### Part 1: Description of the system for shared management and the various levels of control in place

Level 1: Compulsory administrative structure at the level of Member States

Level 2: Detailed systems for controls before payments and dissuasive penalties

Level 3: Audits by Certification Bodies and controls after payment

Level 4: Commission audits and Clearance of accounts

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<sup>(172)</sup> As of 1 February 2020, the United Kingdom is no longer a member of the European Union. In accordance with [Article 137 \(1\) second subparagraph](#) of the Withdrawal Agreement between the EU and the UK, from claim year 2020 (financial year 2021) the EU direct payment and market measures legislation does not apply to the UK, consequently there are no payments made from the EU budget (except reimbursement of financial discipline). However, the EU rural development legislation continues to apply to the UK for financial year 2023.

<sup>(173)</sup> The accreditation of IT02 – SAISA was withdrawn as of 16.10.2022. Therefore, at the beginning of financial year 2023 there are 75 Paying Agencies.

## **Part 2: Functioning of the Paying Agencies**

- 2. Financial clearance exercise for financial year 2023
  - 2.1: Compliance with the accreditation criteria
  - 2.2: Management Declaration from the Directors of the Paying Agencies and related opinions from the Certification Bodies
  - 2.3: Legality and regularity of expenditure
  - 2.4: Overall conclusions of the Certification Bodies' work
  - 2.5: Certification Bodies' work on the functioning of the governance systems for the CAP 2023-2027

## **Part 3: Control results at the level of the final beneficiaries, the assessment thereon by the Certification Bodies and the overall appreciation of the Commission on their reliability**

- 3.1: ABB02: Market Measures
- 3.2: ABB03: Direct Payments
- 3.3: ABB04: Rural Development
- 3.4: Paying Agency GR01- OPEKEPE
- 3.5: Root causes of the error rate

## **Part 4: Conformity clearance procedure and net financial corrections**

## **Part 5: Debt management by the Member States**

## **Part 6: Cross-compliance**

## **Part 7: Overview of the estimated cost of controls at European Commission (EC) level**

## **Part 8: Assessment of the amount at risk for indirect management**



**Part 9: Budget implementation tasks entrusted to other DGs and Agencies**

**Part 10: Interruptions, reductions and suspensions**

**Part 11: Fraud prevention, detection and correction**

**Part 12: European Court of Auditors: Special Reports**

## **Part 1: Description of the system for shared management and the various levels of control in place for the CAP 2014-2022**

### **Level 1: Compulsory administrative structure at the level of Member States**

Management and control of the expenditure is entrusted to dedicated Paying Agencies, which prior to their operation must be accredited by the Member States on the basis of a comprehensive set of accreditation criteria laid down in EU law. The Paying Agencies' compliance with these criteria is subject to a constant supervision by the competent national authority, and clear procedures exist as to how to address and remedy any problems.

Moreover, the directors of the Paying Agencies are required to provide an annual Management Declaration which covers the completeness, accuracy and veracity of the accounts as well as a declaration that a system is in place which provides reasonable assurance on the legality and regularity of the underlying transactions. For those Member States with only one Paying Agency, this Management Declaration from the director of the Paying Agency, together with the certificate and opinion of the Certification Body (see Part 2), constitutes, by definition, the annual summary referred to in Article 63(5), point (b) of the Financial Regulation <sup>(174)</sup>.

### **Level 2: Detailed systems for controls before payments and dissuasive penalties**

For each aid support scheme financed by the EAGF or EAFRD, there is a system of administrative and on-the-spot checks to be performed before payments to beneficiaries, with dissuasive penalties in case of serious non-compliance by the beneficiary. These systems are to be applied by the Paying Agencies and contain some common features and special rules tailored to the specificities of each aid regime. The systems generally provide for exhaustive administrative controls of 100% of the aid applications, cross-checks with other databases where this is considered appropriate as well as on-the-spot checks of a sample of transactions ranging between 1% and 100%, depending on the risk associated with the regime in question. If the on-the-spot checks reveal a high number of irregularities, additional controls must be carried out.

In this context, the most important system is the Integrated Administration and Control System (IACS), which in financial year 2023 covered 92.8% of EAGF expenditure (92.3% in financial year 2022). IACS is also used to manage and control Rural Development area and animal-related measures, which in financial year 2023 accounted for 40.5% of payments under the EAFRD (45.9% in financial year 2022). For both Funds together, the IACS covered 77.9% (79.7% in financial year 2022) of total expenditure.

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<sup>(174)</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

A detailed reporting from the Member States to the Commission on the individual results of the checks they carried out is provided for in the legislation. The reporting system enables a calculation, for the main aid schemes, of the extent of error found by the Member States at the level of the final beneficiaries. The reliability of the control data reported by the Paying Agencies and the quality of the underlying controls are also to be verified and confirmed by the Certification Bodies.

### **Level 3: Audits by Certification Bodies and controls after payment**

The Paying Agencies' annual accounts, the functioning of their internal control procedures and the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, are to be verified and certified by the Certification Bodies. The report of the Certification Bodies also includes a detailed review of the Paying Agencies' compliance with the accreditation criteria and key and ancillary control requirements as well as a verification of the error rates reported in the Management Declarations. In addition, all aid measures under EAGF other than direct payments covered by the IACS are subject to ex-post controls under Articles 79 to 88 of Regulation (EU) No 1306/2013 <sup>(175)</sup>. As regards EAFRD, ex-post checks are carried out for investment operations according to Article 52 of Commission Implementing Regulation (EU) No 809/2014 <sup>(176)</sup>.

### **Level 4: Commission audits and clearance of accounts**

Finally, the clearance system applied by the Commission consists of both an **annual financial clearance of accounts** and a **multi-annual conformity procedure**.

The **financial clearance of accounts** covers the completeness, accuracy and veracity of the Paying Agencies' accounts, and is without prejudice to decisions subsequently adopted pursuant to the conformity procedure.

Moreover, it includes a mechanism under which 50% of any undue payments which the Member States have not recovered from the beneficiaries within 4 or, in the case of legal proceedings, 8 years will be charged to their respective national budgets (50/50 rule). If the undue payments are the result of administrative errors committed by the national authorities, the entire amount involved is deducted from the annual accounts and, thus, excluded from EU financing. Even after the application of the 50/50 rule, Member States are, however, obliged to pursue their recovery procedures and, if they fail to do so with the

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<sup>(175)</sup> Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy.

<sup>(176)</sup> Commission Implementing Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross-compliance.

necessary diligence, the Commission may decide to charge the entire outstanding amounts to the Member State concerned.

The **conformity** audits, for their part, relate to the legality and regularity of the expenditure. The conformity clearance is designed to exclude expenditure as regards EAGF from EU financing which has not been executed in conformity with EU rules, or as regards the EAFRD, has not been spent in conformity with the applicable EU and national rules, thus shielding the EU budget from expenditure that should not be charged to it (net financial corrections). In contrast, it is not a mechanism by which irregular payments to beneficiaries are recovered from beneficiaries, which according to the principle of shared management is the sole responsibility of Member States.

Financial corrections are determined based on the nature and gravity of the infringement and the financial damage caused to the EU. Where possible, the amount is calculated based on the loss actually caused or on the basis of an extrapolation (usually such calculations are based on work carried out by or information supplied by the Member States). Where this is not possible, flat-rates are used which take account of the severity of the deficiencies in the national control systems to reflect the financial risk for the EU. Where undue payments are or can be identified as a result of the conformity procedures, Member States are required to follow them up by recovery actions against the final beneficiaries. However, even where this is not possible because the financial corrections only relate to deficiencies in the Member States' management and control systems, financial corrections are an important means to improve these systems and, thus, to prevent or detect and recover irregular payments to final beneficiaries. The conformity clearance procedure thereby contributes to the legality and regularity of the transactions at the level of the final beneficiaries.

In order to determine which measures and/or Paying Agencies to audit each year, DG AGRI carries out, in accordance with the audit strategy, a comprehensive risk assessment, which includes both quantitative and qualitative analysis of risks.

The audit strategy of the DG AGRI Assurance and audit Directorate was revised in 2022 to take into account the 2023-2027 CAP legislative framework applicable as from 1 January 2023.

## Part 2: Functioning of the Paying Agencies

### 2. Financial clearance exercise for financial year 2023

The financial year 2023 for the EAGF and EAFRD Funds runs from 16 October 2022 to 15 October 2023. By 1 March 2024, all the account packages of the 75 Paying Agencies, operating during financial year 2023, were submitted <sup>(177)</sup>.

The accounts of all Paying Agencies for both Funds are cleared for financial year 2023.

#### 2.1 Compliance with the accreditation criteria

##### 2.1.1 Status of the Paying Agencies' accreditation

On 16 October 2022, the Member States and the UK had 75 operating accredited Paying Agencies.

The status of the Paying Agencies' accreditation at the beginning and at the end of the financial year was as follows:

Status of Paying Agencies' accreditation	At the beginning of financial year 2023	At the end of financial year 2023
Fully accredited	73	74
Accreditation under probation	2 <sup>(178)</sup>	1 <sup>(179)</sup>
Provisionally accredited	0	0
Total Member States: 27 + the UK	75	75

Table: Annex 7 – 2.1.1-1

##### 2.1.2 Certification of the functioning of the Paying Agencies' internal control systems and the accounts

In the context of the financial clearance exercise for financial year 2023, the Certification Bodies are required to certify the accounts of the Paying Agencies and to report on the functioning of their internal control systems.

<sup>(177)</sup> Except for GR01 that submitted the CB report and audit opinion on 4.3.2024.

<sup>(178)</sup> IT27 – ARGEA (as of 10.10.2022) and DE20 Sachsen-Anhalt (as of 14.10.2022)

<sup>(179)</sup> The accreditation of IT27 was restored by the end of the year, and for DE17 it was restored in January 2024.

Permission <sup>(180)</sup> was requested for 24 Paying Agencies to submit the accounts or audit opinions and related reports after the deadline of 15 February 2024 <sup>(181)</sup>. All but one of those requests were accepted. With one exception, all audit opinions and reports were received by the ultimate deadline of 1 March 2024 <sup>(182)</sup>.

By 31 March, all audit opinions received had been assessed. In all cases, with the exception of one, the Certification Body concluded that the internal control system of the Paying Agencies operated at least satisfactorily at overall system level (i.e. IACS, Non-IACS) <sup>(183)</sup>. Furthermore, in a few cases the Certification Body established non-compliance with a specific accreditation criterion. In other cases, the deficiencies found relate to more than one accreditation criterion.

As regards the audit opinion on **EAGF**, **three** qualified opinions (GR01-OPEKEPE, NLO4 – RVO and RO02-APIA) were issued by the Certification Body for financial year 2023. All three relate to the legality and regularity of expenditure. In addition, **six** opinions included an emphasis of matter paragraph. **Five** out of them relate to legality and regularity of expenditure (AT01 – AMA, BE03 – Rég. Wallonne, DE07 – Brandenburg MLUV, EE01 – PRIA, FR20 – France Agrimer). **One opinion** (CZ01– SAIF) relates to the audit of the accounts, in particular the deficiencies reported in the debt management control system.

In addition, **one** Certification Body had a limitation of scope (GR01 – OPEKEPE), which concerns both the accounts and the legality and regularity of the expenditure.

Regarding the audit opinion on **EAFRD**, **five** qualified opinions were issued by the Certification Body in financial year 2023. In all cases, the issues reported relate to material errors as regards legality and regularity of expenditure in the specific population (BG01 – State Fund Agriculture, ES03 – Asturias, ES16–La Rioja, GR01-OPEKEPE and SK01-APA). All opinions related to material error found by the Certification Body in the legality and regularity of EAFRD Non-IACS expenditure. In one of the five cases (BG01 – State Fund Agriculture) EAFRD IACS was also affected.

Furthermore, in **ten** cases (BE03 – Rég. Wallonne, CZ01 – SAIF, ES04 – Islas Baleares; ES09 – Cataluña, GB05 – DARD; GB09 – RPA; HR01 – PAAFRD; MT01 – MRRA PA, NLO4 – RVO and RO01 – RIFA) the Certification Body, without qualifying its opinion, draws attention to specific control deficiencies in the Paying Agency’s internal control system in an emphasis of matter paragraph. In **seven** cases (BE03 – Rég. Wallonne, ES04 – Islas Baleares; ES09 – Cataluña, GB05 – DARD; HR01 – PAAFRD; MT01 – MRRA PA, NLO4 – RVO), the shortcomings

<sup>(180)</sup> According to the provisions of Article 63(7) of the Financial Regulation (EU, Euratom) 2018/1046 and Article 7(3) of Regulation (EU) No 1306/2013, the deadline of 15 February may exceptionally be extended by the Commission to 1 March.

<sup>(181)</sup> BE03 – Wallonie; CY01 – CAPO; CZ01 – SAIF; DE01 – BLE; DE03 – Baden-Württemberg MLR; DK02 – DAFA; EE01 – PRIA; ES01 – Andalucía; ES02 – Aragon; ES03 – Asturias; ES05 – Canarias; ES07 – Castilla la Mancha; ES11 – Galicia; ES13 – Murcia; ES18 – FEAGA; FR19 – ASP; FR20 – France Agrimer; GB07 – Wales; GR01 – OPEKEPE; PTO3 – IFAP; RO01 – RIFA; RO02 – PIAA; SE01 – SJV; SK01 – APA.

<sup>(182)</sup> Except for GR01 that submitted the CB report and audit opinion on 4.3.2024.

<sup>(183)</sup> Ratings of “works well”, “works” or “works partially”.

relate to the legality and regularity of the expenditure, in **three** (CZ01 – SAIF, GB09 – RPA and RO01 – RIFA), to the debt management system.

In addition, in two cases, the Certification Body identified a limitation of scope (ES03 – Asturias and GR01 – OPKEPE). Regarding ES03, the limitation of scope concerns the legality and regularity of the expenditure. For GR01, the limitation of scope concerns both the audit of the accounts and the legality and regularity of expenditure.

As regards the Paying Agencies under probation during financial year 2023, or for which improvement plans were ongoing, the Certification Bodies reflected in their audit reports the state of play of the implementation of the accreditation action plans (or improvement plans) by the Paying Agencies on the progress made and concerning points still to be implemented. Some issues were still mentioned in this specific respect in the audit opinions for financial year 2023 (e.g. GR01 – OPEKEPE, IT01 – AGEA, RO01 – RIFA, RO02 - APIA and SK01 – APA)

The detailed information about the audit opinions is included in the **following table**:

CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2023					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
1	AT01	AMA	Y	Y	<b>EAGF - Emphasis of matter:</b> Material error in the legality and regularity of Non-IACS expenditure.
2	BE02	ALV	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	<b>EAGF - Emphasis of matter:</b> Possible financial impact of DG AGRI enquiry XC/2022/006/BE as regards legality and regularity of expenditure. <b>EAFRD - Emphasis of matter:</b> Possible financial impact of DG AGRI enquiries XC/2022/006/BE and CEB/2023/003/BE (measure 19) as regards legality and regularity of expenditure.
4	BG01	State Fund Agricult	Y	N	<b>EAFRD - Qualified:</b> Material error in legality and regularity of expenditure for both IACS and Non-IACS populations.
5	CY01	CAPO	Y	Y	
6	CZ01	SAIF	Y	Y	<b>EAGF and EAFRD - Emphasis of matter:</b> As regards debt management - there are delays in the recovery procedures, representing 0.01 % and 0.26 % respectively of the total certified expenditure for the two Funds.
7	DE01	BLE	Y	Y	
8	DE03	Baden-Württembe	Y	Y	
9	DE04	Bayern StMLF	Y	Y	
10	DE07	Brandenburg MLU	Y	Y	<b>EAGF - Emphasis of matter:</b> As regards legality and regularity of Non-IACS expenditure the final calculation of the financial impact could not be finalised before the audit report was issued. This population is below 2 % of the total expenditure declared for EAGF.
11	DE11	Mecklenburg-Vorp	Y	Y	
12	DE12	Niedersachsen	Y	Y	
13	DE15	Nordrhein-Westfal	Y	Y	
14	DE17	Rheinland-Pfalz	Y	Y	
15	DE18	Saarland AAL	Y	Y	
16	DE19	Sachsen	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	
19	DE26	Hessen	Y	Y	
20	DE27	Thüringen	Y	Y	
21	DK02	DAFA	Y	Y	
22	EE01	PRIA	Y	Y	<b>EAGF - Emphasis of matter:</b> Significant weaknesses in the control system of the school scheme measure as regards administrative and on-the-spot checks were found, resulting in a material error in the legality and regularity of the EAGF Non-IACS expenditure.
23	ES01	Andalucía	Y	Y	
24	ES02	Aragón	Y	Y	
25	ES03	Asturias	Y	N	<b>EAFRD - Qualified - Scope limitation:</b> For certain payments made by the PA under the RDP 2014-2022, amounting to EUR 4 545 246,59, the CB was not provided with sufficient audit evidence to confirm the eligibility of the payments.
26	ES04	Islas Baleares	Y	Y	<b>EAFRD - Emphasis of matter:</b> Material error identified under Measure 6.1 <i>Creation of Young Farmers' Enterprises</i> . This error rate is not considered significant at EAFRD Non-IACS and EAFRD level.



CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2023					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
27	ES05	Islas Canarias	Y	Y	
28	ES06	Cantabria	Y	Y	
29	ES07	Castilla La Mancha	Y	Y	
30	ES08	Castilla y León	Y	Y	
31	ES09	Cataluña	Y	Y	<b>EAFRD - Emphasis of matter</b> regarding legality and regularity of EAFRD IACS expenditure the error rate is slightly above 2 %.
32	ES10	Extremadura	Y	Y	
33	ES11	Galicia	Y	Y	
34	ES12	Madrid	Y	Y	
35	ES13	Murcia	Y	Y	
36	ES14	Navarra	Y	Y	
37	ES15	País Vasco	Y	Y	
38	ES16	La Rioja	Y	N	<b>EAFRD - Qualified:</b> Material error was found in legality and regularity of EAFRD Non-IACS expenditure.
39	ES17	C. Valenciana	Y	Y	
40	ES18	FEGA	Y	Y	
41	FI01	MAVI	Y	Y	
42	FR05	ODEADOM	Y	N/A	
43	FR18	ODARC	N/A	Y	
44	FR19	ASP	Y	Y	
45	FR20	France Agrimer	Y	N/A	<b>EAGF - Emphasis of matter:</b> Material error was found in the legality and regularity of Non-IACS expenditure (slightly above 2%) not leading to a reservation.
46	GB05	DARD	Y	Y	<b>EAFRD - Emphasis of matter:</b> The Paying Agency had a high error rate (4.65%) for the Environmental Farming Scheme in EAFRD IACS. However, the Certification Body's audit did not reveal a material financial impact at Fund level.
47	GB06	SGRPID	Y	Y	
48	GB07	WAG	Y	Y	
49	GB09	RPA	Y	Y	<b>EAFRD - Emphasis of matter:</b> Material error was identified in Annex II (debts), of EUR 949 043.82. The impact is immaterial at Fund level.
50	GR01	OPEKEPE	N	N	<b>EAGF - Qualified opinion - Scope limitation:</b> A systemic error was identified in the BPS payments for FY 2023, affecting a total amount of EUR 63 million and for which the Certification Body was not provided with sufficient and appropriate audit evidence to confirm the financial risk to the Funds and the recovery procedures. <b>EAFRD - Qualified opinion - Scope limitation:</b> Payments authorised and made by the Paying Agency under Measure 22, amounting approximately to EUR 71 million, were executed without the relevant ex-ante controls. The Certification Body was not provided with sufficient and appropriate audit evidence in relation to these payments to confirm the financial risk to the Fund.
51	HR01	PAAFRD	Y	Y	<b>EAFRD - Emphasis of matter:</b> A specific case leading to ineligible payment was found.
52	HU02	ARDA	Y	Y	

CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2023					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
53	IE01	DAFM	Y	Y	
54	IT01	AGEA	Y	Y	
55	IT05	Veneto (AVEPA)	Y	Y	
56	IT07	Toscana (ARTEA)	Y	Y	
57	IT08	Emilia-Romagna (A	Y	Y	
58	IT10	ARPEA	Y	Y	
59	IT23	OPR Lombardia	Y	Y	
60	IT24	OPPAB	Y	Y	
61	IT25	APPAG	Y	Y	
62	IT26	ARCEA	Y	Y	
63	IT27	ARGEA	Y	Y	
64	LT01	NMA	Y	Y	
65	LU01	Min. Agric.	Y	Y	
66	LV01	RSS	Y	Y	
67	MT01	MRRA PA	Y	Y	<b>EAFRD - Emphasis of matter:</b> As regards the legality and regularity of EAFRD IACS expenditure the Paying Agency's error rate reached 5,18% (related to Agri-environment-climate measures).
68	NL04	RVO	N	Y	<b>EAGF - Qualified:</b> Due to inadequate administrative organisation and internal control, both in design and compliance, the compliance of Sectoral Intervention Fruit & Vegetables and Sectorial Intervention Apiculture expenditure cannot be established. The uncertainty found is material and systematic in nature. A recurrent material and systematic error was found in the legality and regularity of EAGF IACS expenditure. <b>EAFRD - Emphasis of matter:</b> A material known error is identified in the Non-IACS population that consists entirely of simplified cost option related expenditure of EUR 1 602 772.24 .
69	PL01	ARMA	Y	Y	
70	PT03	IFAP	Y	Y	
71	RO01	RIFA	N/A	Y	<b>EAFRD - Emphasis of matter:</b> Regarding the Paying Agency's compliance with the accreditation criteria and the functioning of the internal control systems, systemic debt management issues presenting a risk to the Fund were identified.
72	RO02	PIAA	N	N/A	<b>EAGF - Qualified:</b> Material error was established in the legality and regularity of IACS and Non-IACS expenditure.
73	SE01	SJV	Y	Y	
74	SI01	AAMRD	Y	Y	
75	SK01	APA	Y	N	<b>EAFRD - Qualified:</b> Material error was established in the legality and regularity of EAFRD Non-IACS expenditure.

Table: Annex 7 – 2.1.2-1

### 2.1.3 The Commission’s accreditation audits

The Commission regularly performs accreditation audits. The selection of these audits is based on a detailed risk assessment, to check whether the Paying Agencies (continue to) respect the accreditation criteria. The accreditation criteria are checked by the Certification Bodies during their certification audit as also reflected in their opinions (see point 2.1.2). DG AGRI conducted during the year two audits. One to GRO1 – OPEKEPE in the context of an ongoing accreditation enquiry and another one to RO01-AFIR, during which some accreditation issues were identified and for which the relevant conformity enquiries are still ongoing.

Moreover, the accreditation enquiries for Paying Agencies BG01 – SFA initiated in 2020, and SK01 – APA <sup>(184)</sup>, initiated in 2021, were concluded by DG AGRI during financial year 2023. However, for IT26 – ARCEA <sup>(185)</sup>, also initiated in 2020, the conformity procedure is still ongoing. The accreditation issues found in these audits led to the implementation of action plans in those Paying Agencies, following DG AGRI’s recommendations. The effectiveness of these corrective measures was assessed by the Certification Bodies in their financial year 2023 audit reports. The accreditation issues that persist and their possible financial impact are closely followed up by DG AGRI.

As regards GRO1 – OPEKEPE and IT27 – ARGEA <sup>(186)</sup>, DG AGRI has assessed the adequacy and effectiveness of the corrective actions put in place by the given Paying Agencies under the relevant ongoing enquiries, also taking into account the Certification Body’s assessment on the Paying Agency’s compliance with the accreditation criteria as reported in its certification report for financial year 2023. The results are communicated to the Member States under the relevant enquiries.

The serious deficiencies identified in previous years in the Paying Agency IT01 – AGEA, which led to its accreditation being put under probation <sup>(187)</sup>, and the relevant corrective actions put in place to address these deficiencies continued to be closely monitored and followed up by DG AGRI in financial year 2023. The deficiencies that persist in the Paying Agency’s compliance with the accreditation criteria and their possible financial impact continue to be closely followed by DG AGRI under the relevant conformity enquiry that will be concluded in 2024.

Moreover, as a result of DG AGRI’s recommendation the Italian authorities established an improvement plan at national level to review the monitoring system in place as regards the delegation of the on-the-spot checks for the IACS populations. This plan, involving several

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<sup>(184)</sup> The Paying Agency was under probation until 15.10.2021 and a Transformation Plan was implemented until 31.12.2022.

<sup>(185)</sup> The Paying Agency was under probation until 15.10.2021.

<sup>(186)</sup> The Paying Agency was under probation until 10.10.2023.

<sup>(187)</sup> The Paying Agency was under probation until 30.9.2022.

regional paying agencies <sup>(188)</sup> and the Italian Coordinating Body, was closely followed up by DG AGRI in the relevant conformity enquiries. Although improvements are reported by the Certification Body in its report for financial year 2023, in some cases further action is necessary, in particular as regards the Paying Agency's procedures to monitor and supervise the work of the delegated body. This issue will continue to be followed up in financial year 2024.

The accreditation of the Paying Agency DE20 - Sachsen-Anhalt was put under probation on 14.10.2022 for a period of 12 months, for non-compliance with the accreditation criterion Information System Security. The accreditation was restored by the Competent Authority on 31.01.2024 based on a new IT security certificate.

Finally, as regards ES05 – Islas Canarias, DG AGRI is pursuing its own audit enquiry as regards compliance with the accreditation criteria based on its own audit findings.

#### **2.1.4 The Certification Bodies' main findings on accreditation for financial year 2023**

As mentioned above, for the Paying Agencies under probation during financial year 2023, the Certification Bodies reported in their audit reports on the implementation of the accreditation action plans (DE20- Sachsen-Anhalt and IT27 - ARGEA).

For the Certification Body's assessment regarding the delegation of the *on-the-spot* controls for IACS to AGEA Coordinating Body, please refer to section 2.1.3 above.

Regarding the Paying Agencies BG01 – SFA, ES01 – Andalucía, FR20 – Agrimer, IT01 – AGEA, IT27-ARGEA and SK01-APA, some of the accreditation issues identified in financial year 2022 and previous years, persist in financial year 2023 and, in some cases, new accreditation issues were identified by the Certification Body. These issues will continue to be closely followed up by DG AGRI in financial year 2024.

Regarding Paying Agency GRO1 – OPEKEPE, according to the Certification Body there continue to be serious deficiencies in the Paying Agency's compliance with several accreditation criteria. Some of these issues are already followed up by DG AGRI under an ongoing accreditation enquiry.

Finally, in some other cases, weaknesses were reported in relation to the Paying Agencies' compliance with the accreditation criteria. These deficiencies, as well as the state of play of the serious accreditation issues reported by the Certification Body in financial year 2023, are followed up by DG AGRI in the context of the annual clearance exercise.

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<sup>(188)</sup> Paying Agencies IT01 (AGEA), IT07 (ARTEA), IT08 (AGREA), IT10 (ARPEA), IT23 (OPLO), IT24 (OPPAB), IT25 (APPAG), IT26 (ARCEA) and IT27 (ARGEA).

## 2.1.5 Conclusion on the opinion on the Internal Control System

The Certification Bodies' opinions state, with the exception of one case, that the Internal Control Systems of the Paying Agencies function at least satisfactorily at overall system level (i.e. IACS, Non-IACS). Improvements in the Paying Agencies' compliance with the accreditation criteria are noted in most of the cases. However, there are still Member States that do not act upon the Certification Bodies' or DG AGRI's accreditation related findings.

## 2.2 Management Declaration from the Directors of the Paying Agencies and related opinions from the Certification Bodies

### 2.2.1 Management Declaration from the Directors of the Paying Agencies

In respect of financial year 2023, the Directors of all Paying Agencies submitted to the Commission their Management Declarations on the completeness, accuracy and veracity of the accounts, on the proper functioning of the internal control systems and on the legality and regularity of the underlying transactions.

There were 1 reservation and 9 observations <sup>(189)</sup> raised by the Directors of the Paying Agencies as described in the table below. In addition, for DE20 the Director of the Paying Agency informed DG AGRI in a letter that a new IT security certificate was obtained and thus the accreditation was restored as mentioned under point 2.1.3 above.

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<sup>(189)</sup> According to the guidelines on the Management Declaration, in the event that any deficiency is identified in the context of establishing the Management Declaration which does not fulfil the criteria for justifying a reservation but which, in the opinion of the Director of the Paying Agency nonetheless constitutes an issue which should be brought to the attention of the Commission services, this should be disclosed in the Management Declaration or in a document attached to it.

Paying Agency			PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2023				Reservation/Additional remark
			Is the Management Declaration free of reservations?				
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
1	AT01	AMA	Y	Y	Y	Y	
2	BE02	ALV	Y	Y	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	Y	Y	
4	BG01	State Fund Agriculture	N	Y	Y	Y	Reservation relating to the financial risk identified under conformity enquiry NAC/2020/008.
5	CY01	CAPO	Y	Y	Y	Y	
6	CZ01	SAIF	Y	Y	Y	Y	
7	DE01	BLE	N/A	Y	N/A	Y	
8	DE03	Baden-Württemberg MLR	Y	Y	Y	Y	
9	DE04	Bayern StMLF	Y	Y	Y	Y	
10	DE07	Brandenburg MLUV	Y	Y	Y	Y	
11	DE11	Mecklenburg-Vorpommern MELFF	Y	Y	Y	Y	
12	DE12	Niedersachsen	Y	Y	Y	Y	
13	DE15	Nordrhein-Westfalen	Y	Y	Y	Y	
14	DE17	Rheinland-Pfalz	Y	Y	Y	Y	
15	DE18	Saarland AAL	Y	Y	Y	Y	
16	DE19	Sachsen	Y	Y	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	Y	Y	
19	DE26	Hessen	Y	Y	Y	Y	
20	DE27	Thüringen	Y	Y	Y	Y	
21	DK02	DAFA	Y	Y	Y	Y	
22	EE01	PRIA	Y	Y	Y	Y	
23	ES01	Andalucia	Y	Y	Y	Y	
24	ES02	Aragón	Y	Y	Y	Y	
25	ES03	Asturias	Y	Y	Y	Y	
26	ES04	Islas Baleares	Y	Y	Y	Y	

Paying Agency			PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2023				Reservation/Additional remark
			Is the Management Declaration free of reservations?				
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
27	ES05	Islas Canarias	Y	Y	Y	Y	
28	ES06	Cantabria	Y	Y	Y	Y	
29	ES07	Castilla La Mancha	Y	Y	Y	Y	
30	ES08	Castilla y León	Y	Y	Y	Y	
31	ES09	Cataluña	Y	Y	Y	Y	
32	ES10	Extremadura	Y	Y	Y	Y	
33	ES11	Galicia	Y	Y	Y	Y	
34	ES12	Madrid	Y	Y	Y	Y	
35	ES13	Murcia	Y	Y	Y	Y	
36	ES14	Navarra	Y	Y	Y	Y	
37	ES15	País Vasco	Y	Y	Y	Y	
38	ES16	La Rioja	Y	Y	Y	Y	
39	ES17	C. Valenciana	Y	Y	Y	Y	
40	ES18	FEGA	N/A	Y	N/A	Y	
41	FI01	MAVI	Y	Y	Y	Y	
42	FR05	ODEADOM	Y	Y	N/A	N/A	
43	FR18	ODARC	N/A	N/A	Y	Y	
44	FR19	ASP	Y	N/A	Y	Y	
45	FR20	France Agrimer	N/A	Y	N/A	N/A	<b>Observations:</b> There is a financial risk linked to the delays in the payments to the beneficiaries under the <i>promotion of wine in third countries</i> program.
46	GB05	DARD	Y	Y	Y	Y	<b>Observations:</b> <b>a)</b> Improvements to controls implemented have proved effective as demonstrated by the reduced error rate; <b>b)</b> EAFRD Non-IACS error rate has increased but the financial impact of the errors is not material at Fund level; <b>c)</b> The Certification Body's concerns and its audit opinion regarding the high error rate in the Environmental Farming Scheme are noted.
47	GB06	SGRPID	Y	Y	Y	Y	<b>Observations:</b> <b>a)</b> Compilation errors in control statistics for CY2022; <b>b)</b> 3 projects related to Measure 16 not selected in CY 2023 for inspection; <b>c)</b> Irregularity cases were incorrectly classified as administrative errors; <b>d)</b> Some incomplete formalities related to accreditation; <b>e)</b> EAFRD 2007-2013 recovered amount confirmed
48	GB07	WAG	Y	Y	Y	Y	<b>Observations:</b> <b>a)</b> Control statistics EAFRD IACS - The Paying Agency used a fixed exchange rate to ensure the accuracy of the error rate representation and in order to include, in the statistics, claims that had not yet been paid; <b>b)</b> Measure 10 - Extension incorrectly given causing an overpayment. Not systemic; <b>c)</b> Debtors - Overpayments identified in the 2022 certification report were not raised as debts. They will be included in the 5th quarter (closure) accounts.
49	GB09	RPA	Y	Y	Y	Y	<b>Observations:</b> <b>a)</b> Funding switch from EU to domestic still ensured appropriate level of OTSC and error rate reporting as regards EU expenditure <b>b)</b> Debts - Actions are being taken to improve the debt management control system also based on the Certification Body's emphasis of matter. The pre-debts will also be covered in the last clearance of accounts. <b>c)</b> Inspections - Delays in reporting not affecting the accuracy of payments <b>d)</b> EAFRD 2007- 2013 - The outstanding debtors' amount of £ 391,217.03 (EUR 453 148.85) relating to the EAFRD 2007-2013 programme will also be reimbursed to the EU budget.
50	GR01	OPEKEPE	Y	Y	Y	Y	
51	HR01	PAAFRD	Y	Y	Y	Y	
52	HU02	HST	Y	Y	Y	Y	

Paying Agency			PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2023				Reservation/Additional remark
			Is the Management Declaration free of reservations?				
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
53	IE01	DAFM	Y	Y	Y	Y	
54	IT01	AGEA	Y	Y	Y	Y	
55	IT05	Veneto (AV)	Y	Y	Y	Y	
56	IT07	Toscana (AR)	Y	Y	Y	Y	
57	IT08	Emilia-Rom	Y	Y	Y	Y	
58	IT10	ARPEA	Y	N/A	Y	Y	
59	IT23	OPR Lomba	Y	Y	Y	Y	
60	IT24	OPPAB	Y	N/A	Y	Y	
61	IT25	APPAG	Y	N/A	Y	Y	
62	IT26	ARCEA	Y	N/A	Y	Y	
63	IT27	ARGEA	Y	N/A	Y	Y	
64	LT01	NMA	Y	Y	Y	Y	
65	LU01	Min. Agric.	Y	Y	Y	Y	
66	LV01	RSS	Y	Y	Y	Y	
67	MT01	MRRA PA	Y	Y	Y	Y	
68	NL04	RVO	Y	Y	Y	Y	<b>Observations:</b> Deficiencies were identified by the Certification Body in FY 2022 and FY2023 in the controls of the actual use of land, affecting all area related direct payments (EAGF IACS). In this regard, it is noted that the results of the ongoing conformity enquiry (CEB/2023/069/NL) and further controls performed by the Dutch authorities in FY 2023 will determine whether there is a deficiency in the control and management system. A reservation at this stage is not necessary.
69	PL01	ARMA	Y	Y	Y	Y	
70	PT03	IFAP	Y	Y	Y	Y	<b>Observations:</b> <b>Related to:</b> <b>a)</b> Error rates for EAFRD - Error rates are under control for both IACS and Non-IACS. For the latter improvements were already implemented in the last quarter of 2023. <b>b)</b> Improvement of quality of the on-the-spot controls for EAGF IACS and Non-IACS (Restructuring and conversion of vineyards scheme) will be continued in 2024 and will be assessed by the Certification Body in FY 2024. <b>c)</b> As regards the Restructuring and conversion of vineyard scheme in Azores mitigating measures were adopted and reinforced in FY 2023. Full integration with the Paying Agency's system will be completed in 2024.
71	RO01	RIFA	N/A	N/A	Y	Y	
72	RO02	PIAA	Y	Y	N/A	N/A	
73	SE01	SJV	Y	Y	Y	Y	<b>Observations:</b> <b>a)</b> AA/2022/003/SE area and bovine payments - ongoing conformity enquiry;
74	SI01	AAMRD	Y	Y	Y	Y	
75	SK01	APA	Y	Y	Y	Y	<b>Observations:</b> Certain weaknesses concerning EAFRD Non-IACS measures (i.e. unsatisfactory checks on cost-effectiveness of individual projects) stem from an unsatisfactory control system established at the beginning of the 2014-2020 programming period, which led to the probation of the accreditation of the Paying Agency in FY 2021. Corrective measures to address these deficiencies are still ongoing.

Table: Annex 7 – 2.2.1-1



## 2.2.2 Opinion of the Certification Bodies on the Management Declaration

Table 2.2.2-1 lists the individual opinions of Certification Bodies on the Paying Agencies' Management Declarations. Please also see sub-section 2.3.2.

CERTIFICATION BODIES' OPINION ON THE PAS' MANAGEMENT DECLARATION - FY 2023							
Paying Agency			Is the Management Declaration confirmed by the Audit Opinion?				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
1	AT01	AMA	Y	Y	Y	Y	
2	BE02	ALV	Y	Y	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	Y	Y	EAFRD - <b>Emphasis of matter</b> : Possible financial impact of DG AGRI enquiries XC/2022/006/BE and CEB/2023/003/BE (measure 19) as regards legality and regularity of expenditure.
4	BG01	State Fund Agriculture	Y	Y	Y	Y	
5	CY01	CAPO	Y	Y	Y	Y	
6	CZ01	SAIF	Y	Y	Y	Y	
7	DE01	BLE	N/A	Y	N/A	Y	
8	DE03	Baden-Württemberg	Y	Y	Y	Y	
9	DE04	Bayern StMLF	Y	Y	Y	Y	
10	DE07	Brandenburg MLLV	Y	Y	Y	Y	
11	DE11	Mecklenburg-Vorpommern	Y	Y	Y	Y	
12	DE12	Niedersachsen	Y	Y	Y	Y	
13	DE15	Nordrhein-Westfalen	Y	Y	Y	Y	
14	DE17	Rheinland-Pfalz	Y	Y	Y	Y	
15	DE18	Saarland AAL	Y	Y	Y	Y	
16	DE19	Sachsen	Y	Y	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	Y	Y	
19	DE26	Hessen	Y	Y	Y	Y	
20	DE27	Thüringen	Y	Y	Y	Y	
21	DK02	DAFA	Y	Y	Y	Y	
22	EE01	PRIA	Y	Y	Y	Y	
23	ES01	Andalucía	Y	Y	Y	Y	
24	ES02	Aragón	Y	Y	Y	Y	
25	ES03	Asturias	Y	Y	Y	Y	
26	ES04	Islas Baleares	Y	Y	Y	Y	

CERTIFICATION BODIES' OPINION ON THE PAS' MANAGEMENT DECLARATION - FY 2023							
Paying Agency			Is the Management Declaration confirmed by the Audit Opinion?				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
27	ES05	Islas Canarias	Y	Y	Y	Y	
28	ES06	Cantabria	Y	Y	Y	Y	
29	ES07	Castilla La Mancha	Y	Y	Y	Y	
30	ES08	Castilla y León	Y	Y	Y	Y	
31	ES09	Cataluña	Y	Y	Y	Y	
32	ES10	Extremadura	Y	Y	Y	Y	
33	ES11	Galicia	Y	Y	Y	Y	
34	ES12	Madrid	Y	Y	Y	Y	
35	ES13	Murcia	Y	Y	Y	Y	
36	ES14	Navarra	Y	Y	Y	Y	
37	ES15	País Vasco	Y	Y	Y	Y	
38	ES16	La Rioja	Y	Y	Y	Y	
39	ES17	C. Valenciana	Y	Y	Y	Y	
40	ES18	FEGA	N/A	Y	N/A	Y	
41	FI01	MAVI	Y	Y	Y	Y	
42	FR05	ODEADOM	Y	Y	N/A	N/A	
43	FR18	ODARC	N/A	N/A	Y	Y	
44	FR19	ASP	Y	N/A	Y	Y	<b>Emphasis of matter:</b> The Paying Agency applied a low control rate for the (EAFRD) Crop Assurance measure (payments were based on a 0.22 % control rate contrary to the 3% required control rate).
45	FR20	France Agrimer	N/A	Y	N/A	N/A	
46	GB05	DARD	Y	Y	Y	Y	
47	GB06	SGRPID	Y	Y	Y	Y	
48	GB07	WAG	Y	Y	Y	Y	
49	GB09	RPA	Y	Y	Y	Y	
50	GR01	OPEKEPE	Y	Y	Y	Y	<b>Emphasis of matter:</b> For EAGF and EAFRD, the error rates reported in the Management Declaration could not be confirmed by the CB and some of those above 2%, were not sufficiently justified.
51	HR01	PAAFRD	Y	Y	Y	Y	
52	HU02	ARDA	Y	Y	Y	Y	

CERTIFICATION BODIES' OPINION ON THE PAs' MANAGEMENT DECLARATION - FY 2023							
Paying Agency			Is the Management Declaration confirmed by the Audit Opinion?				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
53	IE01	DAFM	Y	Y	Y	Y	
54	IT01	AGEA	Y	Y	Y	Y	
55	IT05	Veneto (AVEPA)	Y	Y	Y	Y	
56	IT07	Toscana (ARTEA)	Y	Y	Y	Y	
57	IT08	Emilia-Romagna (AGREA)	Y	Y	Y	Y	
58	IT10	ARPEA	Y	N/A	Y	Y	
59	IT23	OPR Lombardia	Y	Y	Y	Y	
60	IT24	OPPAB	Y	N/A	Y	Y	
61	IT25	APPAG	Y	N/A	Y	Y	
62	IT26	ARCEA	Y	N/A	Y	Y	
63	IT27	ARGEA	Y	N/A	Y	Y	
64	LT01	NMA	Y	Y	Y	Y	
65	LU01	Min. Agric.	Y	Y	Y	Y	
66	LV01	RSS	Y	Y	Y	Y	
67	MT01	MRRA PA	Y	Y	Y	Y	<b>Emphasis of matter:</b> As regards legality and regularity of EAFRD IACS expenditure the Paying Agency's error rate reached 5,18% (related to Agri-environment-climate measures). Nevertheless, it is underlined that the combined error rate for IACS and Non-IACS (0,05%) measures remains below 2%.
68	NL04	RVO	Y	Y	Y	Y	
69	PL01	ARMA	Y	Y	Y	Y	
70	PT03	IFAP	Y	Y	Y	Y	
71	RO01	RIFA	N/A	N/A	Y	Y	
72	RO02	PIAA	Y	Y	N/A	N/A	<b>Emphasis of matter:</b> As regards audit of accounts, issues were still identified in the Procedures for payments and Procedures for debts. As regards legality and regularity of IACS expenditure some error rates reported in the Management Declaration could not be confirmed by the Certification Body.
73	SE01	SJV	Y	Y	Y	Y	
74	SI01	AAMRD	Y	Y	Y	Y	
75	SK01	APA	Y	Y	Y	N	<b>EAFRD - Qualified:</b> Material error was established in legality and regularity of EAFRD Non-IACS expenditure.

Table: Annex 7 – 2.2.2-1

## Follow-up of reservations included in the Paying Agency Directors' Management Declarations

Reservations were included in the Management Declaration for the previous financial year for **BG01 – SFA** concerning the implementation of public procurement rules. No follow-up was provided in the Management Declaration in this respect and in the FY2023 certification report still systemic issues are pointed out as regards public procurement.

## Conclusion on the opinion on the Management Declarations of the Paying Agencies

As mentioned in section 2, the Certification Bodies have to provide an opinion on the Paying Agencies' Management Declarations including the control statistics. A detailed assessment is included in sub-section 2.3.2 as regards legality and regularity of expenditure.

## 2.3 Legality and regularity of the expenditure

### 2.3.1 DG AGRI's audits of Certification Bodies' work on legality and regularity

In 2023, 3 missions (BG01 -SFA, DE04 – Bavaria and ES05 – Islas Canarias) and 2 remote audits (DE01 – BLE and ES18 - FEGA) were carried out to review the Certification Bodies' (CB) work on legality & Regularity for financial year 2023 but also to assess the CBs' preparedness to audit the Paying Agencies under the CAP 2023-2027.

The results of those missions are indicated under section 2.3.5.

List of Paying Agencies and related Certification Bodies audited on audit strategy and sampling in 2022				
Paying Agency		Certification Body	Scope	Comment
BG01	State Fund Agriculture	Executive agency - Certification audit of European Agricultural Funds	L&R / CB's preparedness for NDM	Full scope audit
DE01	BLE	Bundesanstalt für Landwirtschaft und Ernährung	L&R / CB's preparedness for AO3	Remote audit
DE04	Bavaria	Deloitte	L&R / CB's preparedness for NDM	Full scope audit
ES05	Islas Canarias	Intervención General, Comunidad Autónoma de Canarias - Grant Thornton	EAGF NIACS,	Joint audit
ES18	FEGA	Intervención Delegada en el Fondo Español de Garantía Agraria	L&R / CB's preparedness for AO3	Remote audit

Table: Annex 7 – 2.3.1-1

## Summary of the main findings of the audits and monitoring activities

Based on the observations from the above-listed audits, the majority of the Certification Bodies' established the audit strategy in line with the approach outlined in the guidelines as

regards the legality and regularity of expenditure. The same high quality as last year in the Certification Bodies' work in terms of audit strategy and quality of the re-verifications for the legality and regularity of expenditure was noted.

Deficiencies of intermediate impact found in one case (i.e. delays in the POSEI IACS / EAFRD IACS OTSC re-verifications and insufficient work as regards the review of the PA's compliance with the accreditation criteria) were addressed on time to the Certification Body. The implementation of the remedial actions will be followed during 2024.

### **2.3.2 Summary of the opinions of the Certification Bodies' work on legality and regularity of the expenditure**

A complete review of the results of the Certification Bodies' work and assessment of the work on legality and regularity took place in the financial year 2023 financial clearance assessment.

The results of the work on legality and regularity are expressed through an incompliance rate. The conclusion of the assessment is reflected in the Certification Body's opinion on the legality and regularity of the expenditure and in the opinion on the Paying Agency's Management Declaration.

## EAGF IACS population

66 out of the 75 Paying Agencies declared expenditure under EAGF IACS schemes.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	62	-
Qualified opinion	3	GR01, NLO4, R002
Opinion with an emphasis of matter	1	BE03
Total Member States: 27	66 <sup>(190)</sup>	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	67	-
Qualified opinion	0	-
Opinion with an emphasis of matter	3	BE03, ES13, R002
Total Member States: 27 + the UK	70 <sup>(191)</sup>	

**Table: Annex 7 – 2.3.2-1**

For GR01 - OPEKEPE, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAGF IACS due to material errors. Payments were affected by an error in the calculation of payment entitlements for claim year 2022. The PA estimated the risk to the Fund at approximately EUR 63 million. This amount was not included in the debtors ledger submitted with the annual accounts. By the time of the audit opinion, the Certification Body was not provided with sufficient and appropriate audit evidence to confirm the risk to the Fund and the recovery procedures.

For NLO4 – RVO, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAGF IACS due to material errors identified during the testing as regards the land at disposal requirement. Similar findings were reported by the Certification Body in the previous 3 financial years.

For R002 – PIAA, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAGF IACS due to material errors identified during the testing.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter in the opinion for EAGF IACS and in the opinion on the Management Declaration as regards the possible impact of the conformity audit XC/2022/006/BE.

<sup>(190)</sup> The Certification Body's audit opinion on the accounts for the 4 Paying Agencies in UK does not cover the legality and regularity of expenditure.

<sup>(191)</sup> The Certification Body's audit opinion on the Paying Agency's Management Declaration for the 4 Paying Agencies in UK covers the recoveries of EAGF.

For ES13 – Murcia, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration related to the high error rate for certain measures of EAGF IACS reported by the Paying Agency.

For RO02 – PIAA, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration related to the high error rate for certain measures of EAGF IACS reported by the Paying Agency.

### EAGF Non-IACS population <sup>(192)</sup>

63 out of the 75 Paying Agencies declared expenditure under EAGF Non-IACS schemes.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	58	-
Qualified opinion	1	RO02
Opinion with an emphasis of matter	4	AT01, DE07, EE01, FR20
Total Member States: 27	63 <sup>(193)</sup>	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	65	-
Qualified opinion	0	-
Opinion with an emphasis of matter	2	ES13, GR01
Total Member States: 27 + the UK	67	

**Table: Annex 7 – 2.3.2-2**

For RO02 – PIAA, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAGF Non-IACS due to material errors identified during the testing.

For AT01 – AMA, DE07 – Brandenburg MLUV, EE01 – PRIA and FR20 – France Agrimer, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAGF Non-IACS due to material errors.

For ES13 – Murcia, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration due to the high error rate reported by the Paying Agency for EAGF Non-IACS.

For GR01 – OPEKEPE, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration due to lack of any kind of supervision with regard to the

<sup>(192)</sup> EAGF Non-IACS measures are essentially the market measures.

<sup>(193)</sup> The Certification Body's audit opinion on the accounts for the 4 Paying Agencies in UK does not cover the Legality & Regularity of expenditure.

statistical data sent by the Directorate for Financial Audits Inspection Department for the controls of the EAGF expenditure managed by the Ministry of Rural Development and Food.

In 8 cases <sup>(194)</sup>, there was no separate testing for the EAGF Non-IACS population, as the Certification Body treated this population as a *de minimis* population.

### EAFRD IACS population

70 out of the 75 Paying Agencies declared expenditure under EAFRD IACS measures.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	65	-
Qualified opinion	1	BG01
Opinion with an emphasis of matter	4	BE03, ES09, GB05, HR01
Total Member States: 27 + the UK	70	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	69	-
Qualified opinion	0	-
Opinion with an emphasis of matter	1	BE03
Total Member States: 27 + the UK	70	

**Table: Annex 7 -2.3.2-3**

For BG01 - State Agricultural Fund, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAFRD IACS due to material errors.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAFRD IACS and in the opinion on the Management Declaration as regards the possible impact of the conformity audit XC/2022/006/DE.

For ES09 – Cataluña, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAFRD IACS due to the high error rate reported by the Paying Agency.

For GB05 – DAEFA, the Certification Body issued an emphasis of matter on the legality and regularity of the expenditure due to material errors found on part of the population Environmental Farming Scheme – EFS..

For HR01 – PAAFRD, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAFRD IACS due to material errors.

<sup>(194)</sup> DE04, DE11, DE19, DE20, DE26, DE27, ES13 and IE01.



## EAFRD Non-IACS

72 of the 75 Paying Agencies have expenditure declared under EAFRD Non-IACS measures.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	65	-
Qualified opinion	4	BG01, GR01, ES16, SK01
Opinion with an emphasis of matter	3	BE03, ES04, NLO4
Total Member States: 27+the UK	72	
Opinion on the Paying Agency's Management declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	69	-
Qualified opinion	1	SK01
Opinion with an emphasis of matter	2	BE03, GR01
Total Member States: 27+the UK	72	

**Table: Annex 7 – 2.3.2-4**

For SK01 – APA, the Certification Body qualified its opinion on the legality and regularity of the expenditure for EAFRD Non-IACS and on the Management Declaration due to material errors found during the testing.

For BG01 – State Agricultural Fund and ES16 – La Rioja, the Certification Bodies qualified their opinion on the legality and regularity of the expenditure due to material errors found during the testing of EAFRD Non-IACS.

For GR01 – OPEKEPE, the Certification Body qualified its opinion on the legality and regularity of the expenditure for EAFRD Non-IACS. The Certification Body found that payments were made without cross-checks with the assumption that any differences arising would be recorded as undue at a later stage. Until the completion of its audit, the Certification Body did not receive from the Paying Agency sufficient and appropriate audit evidence to calculate the risk to the fund from these payments.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter on the opinion for the legality and regularity of the expenditure and on the Management Declaration as regards the impact of a possible financial correction related to the lack of application of the “reasonable cost” criterion (affecting Non-IACS measures 4 and 6.1).

For ES04 - Islas Baleares, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure due to material errors found during the testing of EAFRD Non-IACS.

For NL04 - RVO, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAFRD Non-IACS due to material errors found during the testing of the relevant population related to the simplified cost option methodology (SCO).

For GR01 – OPEKEPE, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration due to discrepancies identified during the reconciliation of the control data for EAFRD Non-IACS.

### 2.3.3 Assessment of the Certification Bodies' work on legality and regularity

The Certification Bodies' work on legality and regularity was assessed taking into account the following components:

- Timing of the Certification Bodies' re-verification of the on-the-spot controls and in case of a time lapse whether it was mitigated by, for example, the use of alternative methods.
- The implementation, on a greater scale for many Paying Agencies, of Checks by Monitoring for area related measures and how the Certification Bodies:
  - a) have actually assessed the proper functioning of the system established at Paying Agency or at Member State level.
  - b) have validated through the substantive testing the Legality & Regularity of the expenditure subject to Checks by Monitoring and in few cases the results of the Paying Agency's Quality Assessment (QA) on Checks by Monitoring.
- Quality of Certification Body's re-verification of eligibility checks (administrative and on-the-spot controls) through the DG AGRI audit missions and assessment of the Certification Body's results, and in particular the technical skills and expertise that are necessary to be able, for instance, to precisely assess the eligibility of land or to check in detail that a given procurement procedure respects all applicable rules.
- Adequacy of the Certification Body's audit strategy <sup>(195)</sup>, in particular correct sampling approach, proper monitoring of external bodies performing the on-the-spot re-verifications, evaluation of the representativeness of the Paying Agency's random on-the-spot check sample and sufficient testing for one or both audit objectives.
- And reported results (see previous sections).

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<sup>(195)</sup> Under the revised guidelines applicable also for FY2023 under audit objective 4

## Main observations per population:

### EAGF IACS

For this population, the Certification Bodies continued to provide substantial results on legality and regularity for financial year 2023. The situation with regard to the timing of re-verifications remains stable with a few cases of Certification Bodies where their re-verifications on claim year 2022 were done rather late (GR, IT, PT, SK). This was mainly due to the late appointment of the Certification Body (Greece, Italy).

DG AGRI identified, in a very limited number of cases, deficiencies in the incompliance rate calculation when the Certification Body's sample included claims subject to Checks by Monitoring and claims subject to a random on-the-spot control by the Paying Agency. However, during the review of the Certifications Bodies' audit reports and the relevant clarifications provided upon request, DG AGRI was able to validate the Certification Bodies' substantive testing results.

In general, the Certification Bodies' work on this population is of a high standard. In a number of cases, where there were some delays in the Certification Body's work, DG AGRI could still place reliance on their work and could still take into account the errors they reported.

### EAGF Non-IACS

Since the revision of the guidelines and the increase in the sample sizes in most cases, the Certification Bodies had substantial findings for this population in financial year 2023. In the majority of the cases, the audit work for this population and especially for the Certification Bodies of Paying Agencies dealing mainly with market measures, was of a high standard. The quality of the Certification Bodies' work was reflected not only in the results of the substantive testing which allow the calculation of a reliable incompliance rate but also on the results of the compliance testing which, in many cases, was focused on risky measures on the basis of a rotation plan. The results of the compliance testing were proven very useful in cases where the Certification Bodies did not perform any substantive testing due to the "*de-minimis*" rule although the number of such cases was significantly lower compared to previous years (i.e. 8 cases for FY2023) due the implementation of the exceptional aid scheme which increased, in some cases significantly, the expenditure of the EAGF Non-IACS population. The compliance testing results, even if not extrapolated, allowed DG AGRI to estimate better the risk to the population as a whole and are reflected in the adjustments made to the error rates per Paying Agency for ABB02.

Finally, due to the heterogeneity of the market measures, some Certification Bodies stratified their samples and targeted risky measures. Thus, they could establish the risk to the Fund for a particular measure that had a high error rate.

## **EAFRD IACS**

For this population, like for EAGF IACS, the Certification Bodies could provide substantial results on legality and regularity of the expenditure. Apart from the reasons mentioned under the EAGF IACS population, especially the timing issue, there were very few cases where the Certification Bodies' findings were not assessed and evaluated clearly. During the review of the Certifications Bodies' audit reports and the relevant clarifications provided upon request, DG AGRI was able to assess properly the potential risk arising from the Certification Bodies' substantive testing findings. However, in the large majority of cases the work of the Certification Body was of a very high standard not only in terms of the result's statistical validity but also in terms of the substance of the finding and the exhaustive testing of additional commitments. This allowed DG AGRI to place reliance on their work and take into account the errors reported.

## **EAFRD Non-IACS**

The Certification Bodies' audit work for this population was of very high quality in terms of quality of re-verifications. This is reflected by the large number of well-founded findings and by the magnitude of these findings.

For financial year 2023, all Certification Bodies applied correctly the revised guidelines as regards the sampling methodology and the minimum number of transactions subject to an on-the-spot control included in the sample. Moreover, in many cases increased samples were tested and the findings were well substantiated and, in the majority of cases, satisfactory. However, there were still a few Certification Bodies that needed to improve their eligibility re-verifications for some measures and the assessment of the findings, for example on checks related to conflict of interests and public procurement rules.

In a considerable number of cases the Certification Bodies had material findings for this population – all findings were taken on board in the adjustment of the error rates per Paying Agency for ABB04 (see section 3.3).

## **Conclusion on the Certification Bodies' work as regards DG AGRI's adjusted error rate calculation**

The Certification Bodies reached a level where they deliver sound and substantial results on the legality and regularity of the expenditure for all populations, which were examined by DG AGRI and taken into account for the assessment of the adjustments to be made to the error rates reported by the Paying Agencies. The Certification Bodies' findings were well-founded, well-documented, in the vast majority of the cases well assessed and, finally, where necessary were linked to weaknesses in key controls. DG AGRI identified a very limited number of cases where the incompliance rates per population were not established in line with the guidelines. For those cases, DG AGRI performed a re-evaluation of the Certification Bodies' results. However, for the vast majority of the cases, the Certification Bodies took into account the results of their own tests at population level, especially when

a material non-compliance rate was determined, when drawing conclusions on the Management Declaration and the control statistics. Based on the substantial work performed by the Certification Bodies, DG AGRI placed reliance on the results of the Certification Bodies' work on legality and regularity. The Certification Bodies' non-compliance rates were considered reliable by DG AGRI and constituted a very large part of the adjustments (i.e. the projected non-compliance rate and any corresponding known errors) made to the reported error rates of the Paying Agencies. Annex 7, Part 3 indicates where the audit work of the Certification Bodies is used to adjust the error rates.

Moreover, in particular cases, the results of the compliance testing allowed DG AGRI to estimate better the risk for a particular scheme / measure, especially for the EAGF Non-IACS populations.

DG AGRI considers that the single audit approach is fully implemented for all four populations in the CAP.

## **2.4 Overall conclusion on the Certification Bodies' work on legality and regularity**

When carried out in accordance with the applicable regulations and guidelines, DG AGRI considers the Certification Bodies' work on legality and regularity of expenditure, the key element in DG AGRI's assurance building model. Each upper layer of the pyramid builds its work on the results of the previous layer and each lower layer may use the results of the layers above it to improve its own controls.

Based on the increased number of findings and on the high-quality work submitted by the very large majority of the Certification Bodies, assurance can be obtained from the Certification Bodies' opinions on legality and regularity. DG AGRI has the single audit approach in place for all populations, with the Certification Bodies' work as the starting point for obtaining assurance.

In line with the single audit approach, DG AGRI will continue to monitor closely the quality of the Certification Bodies' work in order to maintain the achieved high reliance on their work, to assist those Certification Bodies where improvement of their work is still necessary as well as guide the Certification Bodies to adapt their strategies to the new rules for the audit of the CAP 2023-2027 expenditure.

## **2.5 Certification Bodies' work on the functioning of the governance systems for the CAP 2023-2027**

While the expenditure under the new CAP 2023-2027 was limited in financial year 2023, the Certification Bodies had to nonetheless prepare their audit strategies for the new period and start testing the systems, as well as certify the new expenditure incurred by the Paying Agencies in the financial year.

As part of the assurance building in the single audit approach, DG AGRI reviewed the audit strategies of all the CBs for the new CAP, to assess their preparedness to audit their respective Paying Agencies under the new legal framework and to provide their audit opinion in line with the new rules. DG AGRI provided recommendations on the areas of the audit strategies that required improvement.

The following issues were identified:

- The strategies did not always include an Audit Plan with a calendar with the major milestones and / or the relevant audit procedures to be performed;
- The Certification Bodies' risk assessment was not always properly documented (i.e. no risk description, no risk factors analysed);
- The strategies were not always adapted to reflect the changes in the Paying Agencies' reporting requirements as regards debt management or the new legal framework as regards the new accreditation criteria;
- No details provided on how the expenditure under audit objective 2 (governance systems) for financial year 2023 was tested;
- Information was not provided in all cases as regards the testing of the IACS Basic Union Requirements (BURs). Where information was not provided, it is assumed that the Certification Bodies did not start testing those BURs at the time of the DG AGRI's review, which could lead to delays in the testing of time sensitive BURs and therefore, to inconclusive results.

Moreover, during its audits to the Certification Bodies in 2023 covering still the previous legal basis, DG AGRI also assessed the CBs' preparedness to audit the Paying Agencies under the CAP 2023-2027 (see section 2.3.1).

As regards the audit opinions on the CAP 2023-2027, a number of Certification Bodies included a limitation of scope or an emphasis of matter on the fact that no expenditure was declared under the CAP Strategic Plan and consequently, the audit did not concern the new delivery model.

For NL04 – RVO, the Certification Body issued a qualified opinion related to the assessment of the governance systems regarding specific sectorial interventions for the CAP 2023-2027. DG AGRI will follow this matter in an audit as part of its work programme 2024/2025.

In addition, for BE03- Région Wallonne, there is an emphasis of matter relating to performance reporting in relation to the fact that the financial impact of the deficiencies identified in Apiculture were not considered in the performance reporting data. According to DG AGRI analysis the issue is related to an error concerning advance payments. DG AGRI will further investigate on the impact of the error and do the necessary follow-up to address the matter.

These last 2 Certification Bodies' opinions were taken into consideration when assessing the assurance on the new CAP 2023-2027 expenditure as presented in section 3.1.5 below.

**Part 3: Control results at the level of the final beneficiaries, the assessment thereon by the Certification Bodies and the overall appreciation of the Commission on their reliability**

Annex 7 - Part 3 presents DG AGRI's process to calculate an adjusted error rate and the amounts at risk to the EU budget from the starting point of the control data sent by the Member States and taking into account all other available relevant information.

This Part of the Annex is broken down into three separate sections to deal with the three distinct AAB activities as well as two other sub-sections on specific Paying Agencies and root causes of the error rate:

**Part 3.1: ABB02: Market Measures**

**Part 3.2: ABB03: Direct Payments**

**Part 3.3: ABB04: Rural Development**

**Part 3.4: Paying Agency GR01- OPEKEPE**

**Part 3.5: Root causes of the error rate**

## Part 3.1. ABB02 – Market Measures

### Index for Part 3.1 – ABB02: Market Measures

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<b>3.1.2.2</b>	<b>Fruit and Vegetables sector</b>
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<b>3.1.4</b>	<b>EU School Scheme</b>
<b>3.1.5</b>	<b>POSEI / SAI</b>
<b>3.1.6</b>	<b>Temporary exceptional aid</b>
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<b>3.1.10</b>	<b>Conclusions as regards assurance for ABB02 expenditure outside the CAP Strategic Plans</b>
<b>3.1.11</b>	<b>CAP 2023-2027 – expenditure and assurance</b>
<b>3.1.12</b>	<b>Overview of the ABB02 expenditure under the CAP strategic plans</b>
<b>3.1.13</b>	<b>What assurance does the Director-General have regarding the ABB02 expenditure under the CAP Strategic Plans?</b>
<b>3.1.14</b>	<b>Conclusions as regards assurance for ABB02 under the CAP strategic plans</b>

### 3.1.1 Introduction

This ABB activity deals with measures many of which were put in place to provide a safety net for producers and support markets. ABB02 is characterised by a number of very diverse measures, some of which incur limited expenditure. Some of the measures are continuous while others are of temporary nature and some are applicable only in a limited number of Member States.

The expenditure for this ABB activity is separated in two main categories:

- ABB02 Expenditure outside CAP Strategic Plans (see section 3.1.2): the total expenditure amounts to 2 520.667 million representing 92.49 % of ABB02;
- ABB02 Expenditure related to the CAP 2023-2027 within CAP Strategic Plans amounts to 204.724 million representing 7.51 % of ABB02. Details of this spending are shown under section 3.1.3 below.



The following table sets out the total shared management expenditure reimbursed by DG AGRI in 2023 for the various measures under ABB02:

Expenditure reimbursed by DG AGRI to the Member States in 2023			
Chapter	Article	Sector/measure	Expenditure (EUR)
080201, 080202 and 080203	08020100	Agricultural reserve	134 493 055.12
	08020201	Fruit and vegetables sector	127 558 766.53
	08020202	Apiculture products sector	37 213 427.57
	08020203	Wine sector	13 301 826.04
	08020205	Olive oil and table olives sector	26 650 436.68
	08020301	POSEI and smaller Aegean islands (excluding direct payments)	222 693 599.22
	08020302	Promotion of agricultural products – Simple programmes under shared management	76 891 657.32
	08020304	School schemes	170 917 620.11
	08020305	Olive oil	7 838 307.79
	08020306	Fruit and vegetables	928 472 457.42
	08020307	Wine	963 764 524.23
	08020308	Apiculture	7 157 904.94
	08020309	Hops	2 188 000.00
	08020310	Public and private storage measures	6 249 966.47
<b>Subtotal</b>			<b>2 725 391 549</b>
	08029901	Completion of previous measures under the "European Agricultural Guarantee Fund (EAGF)" – Shared management	410 005
<b>ABB 02 Grand Total</b>			<b>2 725 801 554</b>

**Table: Annex 7 – 3.1.1.1-1**

### 3.1.2 ABB02 Expenditure outside CAP Strategic Plans – CAP 2014-2022

The following section sets out the elements, which DG AGRI uses in order to give assurance on expenditure outside the CAP Strategic Plans reimbursed to Member States in 2023.

#### 3.1.2.1 What assurance does the Director-General have regarding the ABB02 expenditure outside CAP Strategic Plans?

The total expenditure outside the CAP Strategic Plans for market measures under Title 0802 in 2023 amounts to EUR 2 520.667 million which represents the majority (92.49%) of the ABB02 expenditure.

The assurance of the Director-General is drawn from the various levels of management and control that are in place and the results, which can be obtained from them. The various market measures are completely different from each other with their own distinct control systems. Moreover, certain schemes are implemented at national level, even in Member States with multiple Paying Agencies. Control statistics for 2023 were available for 94.13% of this expenditure, while for the remaining expenditure control statistics were not available. In financial year 2023, this included in particular certain temporary exceptional measures amounting to EUR 134 million (see section 3.1.2.7).

Based on the above, there is not enough data of a sufficiently broad, comprehensive and representative nature at Paying Agency level to allow the calculation of an adjusted error rate at individual Paying Agency level. DG AGRI therefore continues to deviate from the methodology used for ABB03 and ABB04 as set out in its Materiality Criteria in Annex 5 of this report. It does intend however to adhere as closely as possible to the principles set out in that Annex and to diverge only where necessary. For this reason, where statistics exist, an adjusted error rate has been calculated for the measure concerned.

The approach taken by DG AGRI depended on the information available for each scheme.

- (i) Where statistics existed, an adjusted error rate was estimated at measure level complemented with other meaningful audit opinions (from Certification Bodies, DG AGRI audits, ECA assessment)

It should be noted, that with regard to using the opinion of the Certification Bodies, the situation is more complex for market measures than for ABB03 and ABB04. The reason is that while DG AGRI's assurance assessment is carried out at the level of individual measures the Certification Bodies give an opinion based on the entire population (EAGF Non-IACS). This latter approach however is not always fitting, given the number, range and heterogeneity of the measures.

DG AGRI took into account the Incompliance Rate (IRR) and any known error established by the Certification Bodies and analysed the findings of the Certification Body also from compliance testing in order to establish which measures the findings could affect and used professional judgement to adjust the reported error rate.

- (ii) Where it was not possible to adjust the error rate based on statistics, DG AGRI examined the control environment for each scheme, as assessed on previous DG AGRI audits as well as any other audit evidence, notably from the ECA and from the Certification Bodies. The professional audit judgement of the DG AGRI auditors was sought on a measure-by-measure basis, as to the assurance that could be given to the Director-General as well as on the assessment of the maximum amount of the expenditure, which might be at risk.

In addition, DG AGRI took into account the Incompliance Rate (IRR) and any known error established by the Certification Bodies and analysed the findings of the Certification Body also from compliance testing in order to establish which measures the findings could affect and used professional judgement to adjust the reported error rate.

- (iii) For those measures for which there was neither statistical nor audit information available, the average adjusted error rate resulting from the examination at points (i) and (ii) was extrapolated in order to assess the risk. For 2023, this approach was followed in respect of around 5.30% of the expenditure for the ABB market measures, corresponding mainly to the temporary exceptional measures (see section 3.1.2.7).

This approach has resulted in a clear conclusion for each measure concerning the effectiveness of their control and management system in preventing, detecting and correcting errors as well as on the amount of expenditure considered to be at risk both at measure and ABB level.

### 3.1.2.2 Fruit and Vegetables Sector

The EU funding for the fruit and vegetables sector is targeted at measures to structure the market. Growers are encouraged to join **producer organisations** (POs) in order to strengthen the position of producers in the market. POs receive support for implementing **operational programmes**, based on a national strategy. They are the principal operators in the fruit and vegetables regime.

In 2023, the expenditure under this measure amounted to EUR 928.472 million.

The statistical reports received concern operational programme expenditure incurred in financial year 2023 in respect of operational year 2022. The level of error detected by the Member States was 2.32 % with rates above 2% reported by a number of Member States. DG AGRI audits carried out in Denmark, Germany and Italy identified possible risk to the Fund affecting financial year 2023. The Certification Bodies found financial errors and deficiencies in key controls in respect of certain Member States (France, Germany and Spain).

Following the above-mentioned information, DG AGRI's adjustments to the reported error rates (resulting from the assessments of the Certification Bodies and/or its own audit findings) and their impact on the amounts at risk are summarised in the following table:

Fruit and Vegetables - Operational Programmes for Producer Organisations								
Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid for OPs in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) + ((g)
AT	8 419 502	73.23%	0.30%	-	6 725	-	0.08%	6 725
BE	46 477 212	53.09%	0.53%	-	116 107	-	0.25%	116 107
BG	58 828	100.00%	0.00%	-	-	-	-	-
CY	340 042	100.00%	0.39%	-	-	-	-	-
CZ	6 666 993	35.77%	3.74%	-	160 125	-	2.40%	160 125
DE	50 921 863	90.52%	5.20%	1.10%	250 992	558 257	1.59%	809 249
DK	8 294 256	49.77%	3.66%	5.00%	152 419	414 713	6.84%	567 131
ES	311 310 629	33.70%	1.93%	0.01%	3 981 768	39 646	1.29%	4 021 415
FI	3 753 164	62.98%	0.07%	-	996	-	0.03%	996
FR	134 042 023	42.49%	3.03%	0.00%	2 336 570	4 873	1.75%	2 341 443
GR	10 688 180	94.19%	0.19%	-	1 160	-	0.01%	1 160
HR	94 530	100.00%	11.83%	-	-	-	-	-
HU	6 750 817	48.48%	0.00%	-	-	-	-	-
IE	1 112 191	87.47%	0.85%	-	1 188	-	0.11%	1 188
IT	255 117 125	38.25%	2.81%	1.87%	4 424 719	4 781 397	3.61%	9 206 116
LT	452 624	100.00%	0.00%	-	-	-	-	-
LV	1 060 086	86.49%	0.47%	-	678	-	0.06%	678
NL	52 050 907	43.81%	0.39%	-	114 043	-	0.22%	114 043
PL	4 034 892	79.18%	3.66%	-	30 745	-	0.76%	30 745
PT	17 696 814	33.50%	1.02%	-	119 957	-	0.68%	119 957
RO	804 526	100.00%	0.07%	-	-	-	-	-
SE	4 825 194	54.62%	5.21%	-	114 046	-	2.36%	114 046
SK	3 500 060	100.00%	0.06%	-	-	-	-	-
<b>Grand Total</b>	<b>928 472 457</b>	<b>43.11%</b>	<b>2.32%</b>		<b>11 812 236</b>	<b>5 798 887</b>	<b>1.90%</b>	<b>17 611 123</b>

Table: Annex 7 – 3.1.2.2.-1

The above table indicates that the adjusted error rate for Operational Programmes for Producer Organisations is 1.90%, which represents a total amount at risk in the 2023 expenditure of EUR 17 611 million.

The following summary sets out for the **Operational Programmes for Producer Organisations**, for all cases where the adjusted error rate is above 2%, the reasons which led to DG AGRI making top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required. It is noted that the error rates reported by all Member States are inflated to an unknown extent by the results of the administrative checks, which are carried out on all files.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
<b>CZ</b>	2.40 %	EUR 0.160 million	The Member State reported an error rate above materiality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
<b>DK</b>	6.84 %	EUR 0.567 million	The Member State reported an error rate above materiality.  A DG AGRI audit in 2022 identified deficiencies in the administrative checks to establish eligibility of support as well as in the quality of the on-the-spot (OTSC) controls.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The Member State should identify and address the root cause of high reported error rate.  The conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>IT</b>	3.61 %	EUR 9.206 million	The Member State reported an error rate above materiality.  DG AGRI audit in 2023 identified deficiencies in the administrative checks to establish the eligibility of operational programmes, and in the  Technical quality and consistency of estimates in AGREA (IT08).  In addition, the same audit found deficiencies in the administrative checks to establish the eligibility of operational programmes for the whole Italy.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue to implement the action plan addressing the deficiencies identified by DG AGRI.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>SE</b>	2.36 %	EUR 0.114 million	The Member State reported an error rate above materiality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Table: Annex 7 – 3.1.2.2-2

## Conclusions for the Fruit and Vegetables sector

For the fruit and vegetables sector, there is a limited number of Member States for which serious problems have been detected by DG AGRI and the Certification Bodies in recent

years. The errors, which such deficiencies would produce, were not indicated in the results of control carried out and reported by those Member States.

As outlined in the table 3.1.2.2.-1 above one reservation is required in respect of one Member States for a total amount of EUR 9.206 million. The total amount at risk in the 2023 expenditure is estimated at EUR 17.611 million.

### 3.1.2.3 Wine sector

The common organisation of the wine market is aimed essentially at improving the competitiveness of EU wine producers and balancing supply and demand in the wine sector. Each Member State sets up a national support programme, defining the measures and budgets that are best adapted to its particular situation. The most significant measures, in financial terms, have been restructuring and conversion of vineyards; investments; promotion on third country markets and information within the EU; by-product distillation and harvest insurance.

Wine - 2023 Expenditure - National Support Programme								
Calculation of Adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up	Amount at risk for top-up	Adjusted error rate	Total amount at risk
(a)	EUR	(c)	(d)	(e)	EUR	EUR	(h) = (f+g)/b	(i) = (f) +(g)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (f+g)/b	(i) = (f) +(g)
AT	13 154 999	100.00%	2.41%	3.13%	-	412 263	3.13%	412 263
BE	-	-	-	-	-	-	-	-
BG	14 691 193	78.83%	3.65%	1.22%	99 362	179 764	1.90%	279 126
CY	4 465 000	100.00%	0.55%	0.26%	-	11 621	0.26%	11 621
CZ	4 953 307	100.00%	4.02%	0.08%	-	3 829	0.08%	3 829
DE	37 286 286	89.42%	0.35%	0.56%	-	208 163	0.56%	208 163
DK	-	-	-	-	-	-	-	-
EE	-	-	-	-	-	-	-	-
ES	171 722 069	75.57%	0.82%	0.06%	230 073	98 600	0.19%	328 672
FI	-	-	-	-	-	-	-	-
FR	269 627 941	82.97%	3.79%	0	132 545	17 115 400	6.40%	17 247 946
GR	20 435 779	92.90%	0.85%	3.77%	-	771 048	3.77%	771 048
HR	10 409 353	100.00%	0.61%	0.01%	-	670	0.01%	670
HU	22 984 800	94.26%	5.33%	-	51 485	-	0.22%	51 485
IE	-	-	-	-	-	-	-	-
IT	275 800 402	77.28%	0.95%	2.73%	1 339 956	7 532 776	3.22%	8 872 732
LT	-	-	-	-	-	-	-	-
LU	-	-	-	-	-	-	-	-
LV	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-
NL	-	-	-	-	-	-	-	-
PL	-	-	-	-	-	-	-	-
PT	62 669 998	55.56%	6.69%	2.27%	335 305	1 424 989	2.81%	1 760 295
RO	45 835 411	100.00%	0.15%	0.51%	-	235 493	0.51%	235 493
SE	-	-	-	-	-	-	-	-
SI	4 847 625	85.92%	0.55%	-	-	-	-	-
SK	4 880 361	99.60%	0.00%	-	-	-	-	-
<b>Grand Total</b>	<b>963 764 524</b>	<b>80.40%</b>	<b>2.20%</b>		<b>2 188 726</b>	<b>27 994 617</b>	<b>3.13%</b>	<b>30 183 343</b>

Table: Annex 7 – 3.1.2.3 -1

The above table indicates that the adjusted error rate for the national support programme for the wine sector is 3.13%, which represents a total amount at risk in the 2023 expenditure of EUR 30 183 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% and the reasons which led to DG AGRI making top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
AT	3.13 %	EUR 0.412 million	<p>The Member State reported an error rate above materiality concerning wine restructuring and conversion of vineyards.</p> <p>In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	No	<p>As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.</p> <p>The Member State should identify and address the root cause of the high reported error rate.</p> <p>A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
FR	6.40 %	EUR 17.248 million	<p>The Member State reported an error rate above materiality.</p> <p>DG AGRI audits in 2022 identified weaknesses in wine promotion to third countries concerning the administrative checks, and the verification of implementation of the actions and late payments.</p> <p>In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State for wine investment.</p>	Yes	<p>A reservation is entered in respect of 2023 expenditure.</p> <p>The Member State should continue implementing an action plan addressing the deficiencies identified by DG AGRI and the Certification Body.</p> <p>The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.</p>
GR	3.77%	EUR 0.771 million	<p>The Member State reported an error rate above materiality for wine investment.</p> <p>In addition, a DG AGRI audit in 2023 identified weaknesses in the administrative checks concerning in wine investment.</p>	No	<p>As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.</p> <p>The Member State should identify and address the root cause of high reported error rate.</p> <p>A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
IT	3.22 %	EUR 8.873 million	<p>The Member State reported an error rate above materiality.</p> <p>In addition, a DG AGRI audit in 2022 identified deficiencies concerning the administrative checks in wine promotion to third countries.</p>	Yes	<p>A reservation is entered in respect of 2023 expenditure.</p> <p>The Member State should continue implementing the action plan addressing the deficiencies identified by DG AGRI.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
PT	2.81 %	EUR 1.760 million	The Member State reported an error rate above materiality.  A DG AGRI audit in 2022 identified deficiencies in the performance of on-the-spot checks concerning wine restructuring and conversion of vineyards.  In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State for the same measure.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should implement an action plan addressing the deficiencies identified by DG AGRI and the Certification Body.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 3.1.2.3-2

### 3.1.2.4 Olive oil

In 2023, the expenditure under this scheme, which is implemented only by three Member States (France, Greece and Italy) amounted to EUR 7 838 million.

The table below indicates that the adjusted error rate for the olive oil sector is 0.59%.

Olive oil Work Programme Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
FR	304.700	100%	1,89%		-	-	-	-
GR	4.644.564	100%	1,39%	1,00%	-	46.446	1,00%	46.446
IT	2.889.043	100%	0,31%		-	-	-	-
<b>Grand Total</b>	<b>7.838.308</b>	<b>100,00%</b>	<b>1,01%</b>	<b>-</b>	<b>-</b>	<b>46.446</b>	<b>0,59%</b>	<b>46.446</b>

Table: Annex 7 – 3.1.2.4-1

### 3.1.2.5 EU School Scheme

The school scheme is implemented under Regulations (EU) 2017/39 and 2017/40. Article 9 of Regulation (EU) 2017/40 requires Member States to report on the School Scheme control statistics.

In 2023, the expenditure under this scheme amounted to EUR 170.918 million.

DG AGRI audits carried out in 2023 identified control deficiencies for Estonia, Denmark and France (FR20) and have led to adjustments for these Member States while further adjustments were made based on audit enquiries carried out in 2022 and earlier for Czechia, Finland and Hungary.



For Germany (DE21 – Schleswig-Holstein), Denmark, Poland, Romania and Spain (ES08 – Castilla y Leon) and Sweden, errors have been reported by the respective Certification Bodies for 2023 and DG AGRI has included them in the amount at risk.

Based on these audit findings, DG AGRI auditors have therefore used their professional judgment to propose adjustments to the error rates reported.

School scheme - Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
AT	2.811.081	45,08%	0,00%		-	-	-	-
BE	4.437.144	38,57%	0,90%		24.402	-	0,55%	24.402
BG	3.150.110	12,50%	0,37%		10.132	-	0,32%	10.132
CY	689.011	13,34%	0,00%		-	-	-	-
CZ	5.635.967	59,78%	0,00%	4,23%	-	238.681	4,23%	238.681
DE	29.363.547	16,45%	0,08%	0,01%	19.732	2.576	0,08%	22.308
DK	2.676.456	25,60%	1,01%	5,00%	20.197	133.828	5,75%	154.025
EE	1.341.661	28,66%	1,03%	10,00%	9.874	134.166	10,74%	144.040
ES	14.604.833	62,49%	0,12%	0,01%	6.827	1.100	0,05%	7.927
FI	4.659.281	14,52%	1,37%	5,83%	54.630	271.708	7,00%	326.338
FR	9.207.862	8,62%	5,26%	9,92%	442.765	913.706	14,73%	1.356.471
GR	3.799.662	72,05%	0,00%		-	-	-	-
HR	2.132.379	14,94%	0,00%		-	-	-	-
HU	4.287.672	15,33%	0,01%	10,00%	279	428.767	10,01%	429.046
IE	1.293.618	12,93%	5,16%		58.150	-	4,50%	58.150
IT	21.407.513	100,00%	0,00%		-	-	-	-
LT	2.100.093	84,45%	0,00%		-	-	-	-
LU	539.058	63,49%	0,00%		-	-	-	-
LV	1.437.986	6,65%	0,00%		-	-	-	-
MT	24.754	0,00%	0,00%		-	-	-	-
NL	6.495.151	100,00%	0,00%		-	-	-	-
PL	22.973.430	18,53%	0,04%	0,00%	7.887	696	0,04%	8.583
PT	2.597.815	6,75%	3,23%		78.247	-	3,01%	78.247
RO	10.974.048	100,00%	0,07%	0,00%	-	138	0,00%	138
SE	8.504.224	8,30%	0,11%	1,37%	8.451	116.842	1,47%	125.293
SI	829.742	7,38%	0,00%		-	-	-	-
SK	2.943.522	68,02%	0,17%		1.593	-	0,05%	1.593
<b>Grand Total</b>	<b>170.917.620</b>	<b>44,17%</b>	<b>0,51%</b>		<b>743.165</b>	<b>2.242.208</b>	<b>1,75%</b>	<b>2.985.374</b>

Table: Annex 7 – 3.1.2.5-1

The above table indicates that the adjusted error rate for the EU school scheme is 1.75% which represents a total amount at risk in the 2023 expenditure of EUR 2.985 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% including the reasons which led to the top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
CZ	4.23%	EUR 0.239 million	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the eligibility of the aid.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
DK	5.75%	EUR 0.154 million	A DG AGRI audit in 2023 identified deficiencies as regards the checks to establish the eligibility of the aid and the quality of the on-the-spot checks.  In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
EE	10.74%	EUR 0.144 million	A DG AGRI audit in 2023 identified deficiencies as regards the checks to establish the eligibility of the aid and the quality of the on-the-spot checks.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
FI	7.00%	EUR 0.326 million	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the eligibility of the aid.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
FR	14.73%	EUR 1.356 million	The Member State has reported an error rate above the materiality level.  In addition, DG AGRI audit in 2023 identified deficiencies as regards the checks to establish the eligibility of the aid based on findings by the Certification Body during the AAR 2022.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue implementing an action plan addressing the deficiencies identified by DG AGRI and the Certification Body.  The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
HU	10.01%	EUR 0.429 million	A DG AGRI audit in 2021 identified deficiencies as regards the checks to establish the access to the aid.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
IE	4.50%	EUR 0.058 million	The Member State has reported an error rate above the materiality level.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
PT	3.01%	EUR 0.078 million	The Member State has reported an error rate above the materiality level.	No	As the amount at risk is below the de minimis threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Table: Annex 7 – 3.1.2.5-2

### 3.1.2.6 POSEI / SAI

The EU's outermost regions benefit from the POSEI arrangements ("*Programme d'Options Spécifiques à l'Éloignement et l'Insularité*") in the agricultural sectors in France, Portugal and Spain and the SAI arrangements ('Small Aegean Islands') in Greece. These programmes are designed to take account of the geographical and economic handicaps of these regions (islands), such as remoteness, insularity, small size, difficult topography and climate as well as economic dependence on a few products.

These measures are funded both under ABB02 and ABB03. This sub-chapter describes only cases within ABB02 expenditure, which in 2023, amounted to EUR 222.694 million.

A DG AGRI audit carried out in 2021 in Spain (Canary Islands) has identified possible risks to the Fund affecting financial year 2023. In addition, the Certification Body for France (FR05) identified an error for financial year 2023 that has been included by DG AGRI in the amount at risk.

POSEI Market measures Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up EUR	Amount at risk for top-up EUR	Adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) + ((g)
ES	67.988.418	8,46%	1,34%	0,14%	840.630	92.500	1,37%	933.130
FR	124.126.052	50,26%	1,34%	0,01%	1.646.856	11.650	1,34%	1.658.507
GR	6.337.689	40,96%	-	-	-	-	-	-
PT	24.241.440	61,06%	0,24%	-	24.074	-	0,10%	24.074
<b>Grand Total</b>	<b>222.693.599</b>	<b>38,41%</b>	<b>1,18%</b>		<b>2.511.560</b>	<b>104.150</b>	<b>1,17%</b>	<b>2.615.711</b>

Table: Annex 7 – 3.1.2.6-1

The table above indicates that the adjusted error rate for the market measures under POSEI/SAI is 1.17%, which represents a total amount at risk in the 2023 expenditure of EUR 2.616 million.

### 3.1.2.7 Temporary exceptional aid

The Commission, when needed, adopts Regulations providing for temporary exceptional aid to farmers in various sectors, depending on the scope and nature of the market disturbances.

Given the temporary nature of the measures, there are no control statistics available. In financial year 2023, expenditure in this field covered the following measures:

A temporary exceptional measure for **private storage of pigmeat** was adopted under Regulation (EU) 2022/470 with expenditure amounting to EUR 6.250 million in 14 Member States.

This measure has not been audited by DG AGRI in 2023. The Certification Bodies for Germany and Denmark have reported some minor errors for 2023 and DG AGRI has included them in the amount at risk.

Private storage - Pigmeat								
Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
BE	40.220	NA	NA		-	-	-	-
BG	94.759	NA	NA		-	-	-	-
CY	33.195	NA	NA		-	-	-	-
DE	599.576	NA	NA	0,00%	-	13	0,00%	13
DK	3.430.741	NA	NA	0,00%	-	124	0,00%	124
ES	76.349	NA	NA		-	-	-	-
FI	145.412	NA	NA		-	-	-	-
FR	464.835	NA	NA		-	-	-	-
HU	45.240	NA	NA		-	-	-	-
IT	200.422	NA	NA		-	-	-	-
NL	657.828	NA	NA		-	-	-	-
PL	296.100	NA	NA		-	-	-	-
PT	54.005	NA	NA		-	-	-	-
SE	247.735	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>6.386.416</b>	-			-	<b>137</b>	<b>0,00%</b>	<b>137</b>
Total other ABB02 measures under budget code 08 02 03 10	136.450							
<b>Grand Total</b>	<b>6.249.966</b>	-			-	<b>137</b>	<b>0,00%</b>	<b>137</b>

Table: Annex 7 – 3.1.2.7-1

The table above indicates that the adjusted error rate for the pigmeat private storage measure is 0.00%, which represents a total amount at risk in the 2023 expenditure of EUR 0.000 million.

A temporary exceptional aid was granted by Commission Implementing Regulation 2022/2406 to Poland to compensate losses in the **eggs and poultry sectors due to outbreaks of Avian influenza** with expenditure amounting to EUR 14.184 million in financial year 2023. A DG AGRI audit carried out in 2023 did not identify any major risks with financial impact.

Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
PL	14.184.117	NA	NA	-	-	-	-	-
<b>Grand Total</b>	<b>14.184.117</b>	-			-	-	-	-

Table: Annex 7 – 3.1.2.7-2

A further temporary exceptional aid was granted by Commission Implementing Regulation 2023/834 to Italy to compensate losses in the **eggs and poultry sectors due to**

**outbreaks of Avian influenza** with expenditure amounting to EUR 16.656 million in financial year 2023. DG AGRI has not audited these measures yet and none of the Certification Bodies reported errors, therefore there were no adjustments made.

Avian influenza Italy (R.2023/834) Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
IT	16.655.975	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>16.655.975</b>	-			-	-	-	-

Table: Annex 7 – 3.1.2.7-3

Finally, the Commission has adopted **emergency support to the cereal and oilseed sectors** in various Member States following the market disturbances caused by the blockage of distribution channels for the production of Ukraine. Commission Implementing Regulation 2023/739 provided for EUR 56.3 million for Bulgaria, Poland and Romania and Commission Implementing Regulation 2023/1343 provided for EUR 100 million for Bulgaria, Hungary, Poland, Romania and Slovakia with payments to be carried out by 30 September 2023 and 31 December 2023 respectively.

Subsequently, a further **emergency aid** was adopted by Commission Implementing Regulation 2023/1465 for 22 Member States for EUR 330 million to help various agricultural sectors with specific problems (in particular price fluctuations, drop in consumer demand, droughts and floods) affecting the viability of agricultural producers with a payment deadline of 31 January 2024.

DG AGRI has not audited these measures yet and none of the Certification Bodies reported errors, therefore there were no adjustments made.

The tables below summarize the expenditure paid in financial year 2023 per Member State for these measures.

Emergency support for cereal and oilseed sectors in BG, PL and RO (R.2023/739) Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
BG	16.728.961	NA	NA		-	-	-	-
PL	29.437.708	NA	NA		-	-	-	-
RO	10.048.746	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>56.215.416</b>	-			-	-	-	-

Table: Annex 7 – 3.1.2.7-4

**Emergency support for cereal and oilseed sectors in BG, HU, PL, RO and SK (R.2023/1343)**  
**Calculation of adjusted Error Rate and Amount at Risk**

Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +(g)
PL	37.478.314	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>37.478.314</b>	-			-	-	-	-

Table: Annex 7 – 3.1.2.7-5

**Emergency support (R.2023/1465)**  
**Calculation of adjusted Error Rate and Amount at Risk**

Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +(g)
LT	9.959.234	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>9.959.234</b>	-			-	-	-	-

Table: Annex 7 – 3.1.2.7-6

Subsequently, at the end of 2023, some further temporary exceptional measures were adopted by the Commission, these however have not yet generated expenditure in financial year 2023 and thus will only be included in the Annual Activity Report 2024.

### 3.1.2.8 Apiculture

The EU support for apiculture is provided through the 3-year national apiculture programmes, which aim at improving the general conditions for the production and marketing of honey and other apiculture products in the EU. In financial year 2023, most of the expenditure was already under the CAP Strategic Plans. The expenditure remaining outside CAP Strategic Plans amounted to EUR 7.158 million. In 2022 and 2023, DG AGRI audited this scheme in Bulgaria, Portugal and Romania which did not lead to any adjustments for financial year 2023.

For Germany (DE07 – Brandenburg and Berlin and DE15 – Nordrhein-Westfalen) errors were reported by the Certification Bodies in their reports for 2023 and DG AGRI has included them in the amount at risk.

Apiculture								
Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2023 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
AT	275.127	NA	NA		-	-	-	-
BE	117.757	NA	NA		-	-	-	-
BG	405	NA	NA		-	-	-	-
CZ	614.835	NA	NA		-	-	-	-
DE	411.313	NA	NA	0,99%	-	4.089	0,99%	4.089
DK	82.599	NA	NA		-	-	-	-
ES	2.408.012	NA	NA		-	-	-	-
FI	43.854	NA	NA		-	-	-	-
FR	1.238.186	NA	NA		-	-	-	-
GR	201.763	NA	NA		-	-	-	-
HR	25.544	NA	NA		-	-	-	-
HU	540.619	NA	NA		-	-	-	-
IE	9.486	NA	NA		-	-	-	-
IT	460.394	NA	NA		-	-	-	-
LT	694	NA	NA		-	-	-	-
LV	64.317	NA	NA		-	-	-	-
NL	125.000	NA	NA		-	-	-	-
PL	170	NA	NA		-	-	-	-
PT	142.087	NA	NA		-	-	-	-
RO	1.261	NA	NA		-	-	-	-
SE	2.640	NA	NA		-	-	-	-
SI	14.591	NA	NA		-	-	-	-
SK	378.641	NA	NA		-	-	-	-
<b>Grand Total</b>	<b>7.157.905</b>	-			-	<b>4.089</b>	<b>0,06%</b>	<b>4.089</b>

Table: Annex 7 – 3.1.2.8-1

The table above indicates that the adjusted error rate for aid for beekeeping is 0.06 %, which represents a total amount at risk in the 2023 expenditure of EUR 0.004 million.

### 3.1.2.9 Promotion measures

For the promotion regime under Regulation (EU) 2015/1831 in financial year 2023, EUR 76.892 million has been paid. For this scheme Member States are required to provide control statistics.

In 2023, adjustments were applied based on DG AGRI enquiries carried out in 2023 or earlier for Italy and Poland).

Furthermore, the Certification Body for Spain has reported errors and DG AGRI has included the estimated amount of error as an amount at risk.

Promotion Measures - Expenditure in 2023 Calculation of amount at risk								
Member State	Expenditure EUR	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up EUR	Amount at risk for top-up EUR	Adjusted error rate	Total amount at risk EUR
BE	3.033.923	45,97%	0,35%		5.770	-	0,19%	5.770
CZ	91.068	100,00%	0,00%		-	-	-	-
DE	121.271	65,37%	0,22%		92	-	0,08%	92
DK	1.618.174	27,67%	0,00%		-	-	-	-
ES	15.833.764	44,10%	0,11%	0,22%	9.933	35.626	0,29%	45.559
FI	435.257	40,58%	0,00%		-	-	-	-
FR	14.801.192	19,75%	0,00%		28	-	0,00%	28
GR	7.230.147	83,80%	0,00%		-	-	-	-
IE	2.164.939	0,00%	0,00%		-	-	-	-
IT	24.404.154	14,00%	0,00%	3,90%	-	952.048	3,90%	952.048
LV	533.082	70,84%	0,00%		-	-	-	-
NL	2.020.551	100,00%	0,00%		-	-	-	-
PL	3.394.705	35,62%	0,00%	5,00%	-	169.735	5,00%	169.735
PT	244.657	0,00%	0,00%		-	-	-	-
RO	497.324	59,07%	0,00%		-	-	-	-
SI	467.447	41,15%	0,00%		-	-	-	-
<b>Grand Total</b>	<b>76.891.657</b>	<b>33,38%</b>	<b>0,04%</b>		<b>15.824</b>	<b>1.157.409</b>	<b>1,53%</b>	<b>1.173.232</b>

Table: Annex 7 – 3.1.2.9-1

The table above indicates that the adjusted error rate for promotion under Regulation (EU) 2015/1831 is 1.53%, which represents a total amount at risk in the 2023 expenditure of EUR 1.173 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% and the reasons which led to DG AGRI making adjustments to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
<b>IT</b>	3.90%	EUR 0.952 million	A DG AGRI audit in 2021 identified deficiencies as regards the exhaustive administrative checks covering the selection of the implementing bodies.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>PL</b>	5.00%	EUR 0.170 million	A DG AGRI audit in 2021 identified deficiencies as regards the quality of on-the-spot checks.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 – 3.1.2.9-2



### 3.1.2.10 France AGRIMER

Under financial year 2022 Annual Activity Report, based on the Certification Body's assessment, DG AGRI entered a horizontal reservation for France (FR20) covering all measures under ABB02.

The Certification Body and DG AGRI identified weakness in the control system and amounts at error (including known errors for late payments) across several aid schemes managed by this Paying Agency affecting financial year 2023. This information has been used to adjust the error rate at Paying Agency level. The following table summarises the situation with regard to the risk at **the level of FR20 - France Agrimer**:

Budget Article	Measure	Sector Level		Error rate
		Expenditure	Amount at risk	
08 02 03 01	POSEI and Smaller Aegean Islands	124 126 052	1 658 507	
08 02 03 02	Promotion measures	14 801 192	28	
08 02 03 04	School scheme	9 207 862	1 356 471	
08 02 03 05	Olive Oil	304 700	-	
08 02 03 06	Fruit & Vegetables	134 042 023	2 341 443	
08 02 03 07	Wine	269 627 941	17 247 946	
08 02 03 08	Apiculture	1 238 186	-	
08 02 03 10	Public and Private storage	464 835	-	
<b>FR20</b>	<b>France AGRIMER</b>	<b>553 812 791</b>	<b>22 604 395</b>	<b>4.08%</b>

Table: Annex 7 – 3.1.2.10-1

Similarly to financial year 2022, one horizontal reservation is maintained for financial year 2023 pending the implementation of the remedial actions and it comprises two elements of reservation for France Agrimer (Wine sector and School scheme).

DG AGRI's adjustments and their impact on the amounts at risk are summarised in the following table with an indication of the follow-up action required:

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors Reservation follow-up
<b>FR 20</b>	4.08%	EUR 22.604 million	The Certification Body has identified errors with regard to 2023 expenditure for market measures including known errors for late payments. In addition, based on the Certification Body's assessment, adjustments were made to the error rate reported by the Member State and for measures for which there are no control statistics, the amount at risk has been estimated.	Yes  (see also Wine and School Scheme)	A reservation is entered in respect of 2023 expenditure (covered by the horizontal reservation for France AGRIMER).  The Member State should continue the action plan addressing the deficiencies identified by DG AGRI and the Certification Body.

Table: Annex 7 – 3.1.2.10-2

### 3.1.2.11 Conclusions as regards assurance for ABB02 expenditure outside the CAP Strategic Plans

As a result of the adjustments made by DG AGRI to the error rates reported by the Member States, an adjusted error rate of 2.29% has been calculated for shared management.

As mentioned in section 2.4. “Conclusion on assurance” of this report, DG AGRI had a solid basis for obtaining assurance on the CAP expenditure.

There is a summary of all cases provided below, where a reservation is applied in respect of the various measures within ABB02. In the section dealing with each aid measure there is an explanation for those cases where a reservation was considered unnecessary (error rate between 2% and 5% or *de minimis* amount at risk) and details are also given for reservations made in the 2022 AAR which are not carried over in respect of 2023.

#### **Three reservations from 2022 can be lifted:**

Czech Republic and France for operational programmes of producer organisations;

Italy for school scheme.

Part C of Annex 9 provides details of these cases where a reservation made in the 2022 AAR is not carried forward into the 2023 AAR due to residual error rates in 2023 below 2% and remedial actions taken.

**Three reservations from 2022 are carried forward** as the remedial action plans are still underway as the error is material:

France and Italy for wine measures;

France for school scheme.

**One horizontal reservation** comprises two elements of reservation for France Agrimer.

#### **New reservations are introduced in two Member State:**

Italy for Operational Programmes for Producer Organisations;

Portugal for wine measures.

The following table shows the share of ABB02 market measures expenditure covered by Member States' control statistics and the amounts at risk, which results from DG AGRI's validation and adjustment process. Control statistics are available for 94.13% of the expenditure covering EUR 2 373.77 million.

For a further EUR 14.184 million for which no statistics were available, DG AGRI auditors have used their judgement to estimate the maximum amount at risk in that expenditure.

For the remaining EUR 133.717 million the aggregate error rate for the other measures (2.29%) was extrapolated to the expenditure concerned.

Overall assessment of risk for ABB02 - Market Measures									
Budget item	Sector	Expenditure (1) EUR	Expenditure covered by statistics		Expenditure for which no control statistics are available				
			Expenditure(1) EUR	Risk EUR	No statistics available EUR	Measures risk assessed by auditors		ABB02 error rate applied 2.29 %	
						Expenditure(1)	Risk	Expenditure(1)	Risk
08 02 01 00	Crisis Reserve (Exceptional Measures)	134 493 055			134 493 055	14 184 117	-	120 308 939	2 752 966
08 02 03 05	Olive Oil	7 838 308	7 838 308	46 446	-	-	-	-	-
08 02 03 06	Fruit and Vegetables	928 472 457	928 472 457	17 611 123	-	-	-	-	-
08 02 03 07	Wine (2)	963 764 524	963 764 524	30 183 343	-	-	-	-	-
08 02 03 02	Promotion (shared management only)	76 891 657	76 891 657	1 173 232	-	-	-	-	-
08 02 03 01	POSEI and smaller Aegean Islands	222 693 599	222 693 599	2 615 711	-	-	-	-	-
08 02 03 10	Public and Private storage	6 249 966	-	-	6 249 966	-	-	6 249 966	143 015
08 02 03 09	Hops	2 188 000	2 188 000	-	-	-	-	-	-
08 02 03 08	Apiculture	7 157 905	-	-	7 157 905	-	4 089	7 157 905	163 791
08 02 03 04	School scheme	170 917 620	170 917 620	2 985 374	-	-	-	-	-
	<b>Total</b>	<b>2 520 667 093</b>	<b>2 372 766 166</b>	<b>54 615 228</b>	<b>147 900 927</b>	<b>14 184 117</b>	<b>4 089</b>	<b>133 716 810</b>	<b>3 059 771</b>
Expenditure covered by control statistics						2 372 766 166	54 615 228	94.13%	
Expenditure for which there are no statistics but for which risk assessment carried out						14 184 117	4 089	0.56%	
Risk for expenditure covered by statistics and by risk assessment						2 386 950 283	54 619 317	94.70%	
*Error rate used on expenditure covered by statistics and risk assessed									2.29%
Extrapolated risk for non-risk assessed expenditure						133 716 810	3 059 771		
ABB02 - shared management - monthly declaration						2 520 667 093	57 679 088		
08029901 Completion of previous measures under the "European Agricultural Guarantee Fund (EAGF)" – Shared management						410 005			
ABB02 - shared management - payments made						2 521 077 098	57 679 088		2.29%
ABB02 - direct management - payments made on Promotion measures - direct payments by the Union						-	-		
Total ABB 02 - payments made						2 521 077 098	57 679 088		2.29%

Footnote: <sup>(1)</sup> Monthly declaration of expenditure affected by Paying Agencies.

<sup>(2)</sup> There are still payments and reimbursements made to Member States for measures from previous claim years. No control statistics are available on these measures, hence the average error rate is applied only on payments made but not on reimbursements.

**Table: Annex 7 – 3.1.2.11-1**

Overall, the adjustments made resulted in the reported error rate of 0.73% increasing to 2.29% for ABB02. The adjusted error rate has decreased from the error rate of 2.90% for 2022 (and 2.12% for 2021).

**The total amount at risk for ABB02 is 57.679 EUR million with an error rate of 2.29%.**

**It is noted that the average amount of net financial corrections per year for the five-year period 2019-2023 (excluding corrections made for cross-compliance and no longer existing schemes) is EUR 39.83 million for ABB02 <sup>(196)</sup>.**

<sup>(196)</sup> See sub-section 2.1.1.3.1 and 2.1.1.3.3 of the main body of the report on "corrective capacity". No information is given on the corrective capacity, which derives from recoveries as this is not split by ABB activity and is available only at Funds level.

### 3.1.3 CAP 2023-2027 – expenditure and assurance

#### 3.1.3.1 Overview of the ABB02 expenditure under the CAP strategic plans

As mentioned above a small percentage of expenditure in financial year 2023 (7.51 %) has been claimed under new CAP within CAP Strategic Plans. In financial year 2023, the implementation of the non-IACS interventions under the CAP strategic plans was gradual as the Member States were still implementing and paying the market measures under the old programming period (see section 3.1.2).

The following table provides an overview of the aid paid in financial year 2023 for sectoral interventions under the CAP Strategic Plans and for EAGF non-IACS expenditure outside the CAP Strategic Plans:

Article Description	Item	Item Description	Total
<b>Subtotal</b>			
Types of interventions in certain sectors under the CAP Strategic Plans	08 02 02 01	Fruit and vegetables sector	127 558 766.53
	08 02 02 02	Apiculture products sector	37 213 427.57
	08 02 02 03	Wine sector	13 301 826.04
	08 02 02 05	Olive oil and table olives sector	26 650 436.68
<b>Subtotal</b>			<b>204 724 456.82</b>
Market-related expenditure outside the CAP Strategic Plans	08 02 01 00	Agricultural reserve	134 493 055.12
	08 02 03 01	POSEI and smaller Aegean islands (excluding direct payments)	222 693 599.22
	08 02 03 02	Promotion of agricultural products — Simple programmes under shared manage	76 891 657.32
	08 02 03 04	School schemes	170 917 620.11
	08 02 03 05	Olive oil	7 838 307.79
	08 02 03 06	Fruit and vegetables	928 472 457.42
	08 02 03 07	Wine	963 764 524.23
	08 02 03 08	Apiculture	7 157 904.94
	08 02 03 09	Hops	2 188 000.00
	08 02 03 10	Public and private storage measures	6 249 966.47
<b>Subtotal</b>			<b>2 520 667 092.62</b>
<b>Total</b>			<b>2 725 391 549.44</b>

Table Annex 7 - 3.1.3.1-1

An analysis of the execution of the payments shows that:

- CAP Strategic Plans expenditure accounted for 8.12 % of the total EAGF non-IACS expenditure;
- The sectoral intervention with the highest spending under CAP Strategic Plans is the “Fruit and vegetables sector”, which accounts for 62.31 % of the total EAGF non-IACS Strategic Plans expenditure.

While the sectoral intervention “Apiculture product sector” is the only intervention for which most of the aid paid under CAP Strategic Plans consisted of balance payments, for the remaining interventions mostly advance payments were paid in financial year 2023.

#### 3.1.3.2 What assurance does the Director-General have regarding the ABB02 expenditure under the CAP Strategic Plans?

In line with Article 59 of Regulation (EU) 2021/2116, Member States must set up efficient systems and must effectively protect the Union financial interests. Moreover, according to Article 12 of the same Regulation, Certification Bodies need to certify that the Member States’ governance systems put in place function properly. The Certification Bodies provided

their annual reports concerning financial year 2023 and DG AGRI have analysed and reviewed them. Following the single audit approach underpinned in Article 48 of Regulation (EU) 2021/2116, DG AGRI must take assurance from the work of the Certification Bodies where it is reliable.

In the context of the assurance packages, the Member States provided by 15.2.2024 the Annual Performance Report for the financial year in question, which is also certified by the Certification Body. In addition, DG AGRI has carried out preventive systems audits in 7 Member States to check at an early stage whether their governance systems were in line with the Basic union requirements and could provide assurance on the correct spending of the new CAP expenditure. The results of these audits, combined with the information provided in the Certification Bodies' reports and the preliminary results for the purposes of the performance clearance for financial year 2023, as well as the respective level of assurance from the functioning of the governance systems are presented in the sections below.

### **Sectoral interventions Fruit and vegetables sector - Wine Sector – Olive oil and table olive sector**

For these interventions, the implementation was still at an early stage in financial year 2023.

The Member States have set up the governance systems for these sectoral interventions largely keeping the systems from the previous period. During the preventive audits <sup>(197)</sup>, while it was not yet possible to carry out a full review of the implementation of the governance system (as it was at a very early stage and the majority of payments were advances), DG AGRI checked the design of the governance systems, and no major issues were identified. In addition, the Certification Bodies' work on the advance payments for the other sectoral intervention only covered the part of the governance systems that were implemented for approving the advance payments, as the projects were not yet finalized. No issues were reported.

Out of the EUR 127.56 million declared under the sectoral intervention Fruit and vegetables sector as presented in Table Annex 7 - 3.1.3.1-1 above, one Member State declared EUR 15.12 million with corresponding outputs in financial year 2023 for 0.35- *Number of supported operational programmes*. The Member State reported deviations between the realised and planned unit amounts for 0.35 in the Annual Performance Report. The justifications for the deviation of EUR 3 million are analysed by DG AGRI. Where the justification provided at this stage are not conclusive, DG AGRI will request additional information from the Member State concerned <sup>(198)</sup> before adoption the performance clearance decision pursuant to Article 54 of Regulation (EU) 2021/2116.

<sup>(197)</sup> Carried out between the second semester 2023 and the first quarter 2024.

<sup>(198)</sup> Article 36(2) of Regulation (EU) 2022/128.

## Sectoral intervention Apiculture product sector

The sectoral intervention “Apiculture product sector” was the only sectoral intervention that was implemented in all Member States in financial year 2023. As to the design and set-up of the systems, the Member States maintained the main governance features of the previous programming period.

As regards the functioning of the governance systems for this intervention:

- while the “Apiculture product sector” is the only intervention under the CAP Strategic Plan with balance payments in 2023, which was widely covered in the Certification Bodies’ audit work, there were no systemic issues reported. All Certification Bodies assessed the systems for “Apiculture product sector” as working properly. For two Paying Agencies (NL04 and BE03), the Certification body identified potential issues, for which DG AGRI will do the necessary follow-up to evaluate the impact and to address the matter.
- One preventive audit <sup>(199)</sup> covered this intervention in its scope and resulted in a recommendation as regards the set-up of the penalty system.

The Annual Performance Reports received by DG AGRI in February 2024 concern implementation and payments during part of FY 2023 from 1 January 2023 to 15 October 2023. This section describes the results of the preliminary analysis of the Member States Annual Performance Reports as regards the performance reporting for Apiculture.

Twenty-four Member States implemented to various degrees the apiculture interventions during the first financial year 2023 and made payments to beneficiaries under the CAP Strategic Plans.

The transition from the previous three-year national apiculture programmes to the new apiculture interventions under the CSP <sup>(200)</sup> from 1 January 2023 presented a number of challenges for the Member States. These resulted in delays in the first launch of applications for the different interventions and difficulties for beneficiaries in lodging their applications or payment requests within the shorter timeframes and using new and online systems.

Despite these difficulties, the 24 Member States implementing apiculture interventions overall achieved an absorption rate of 77.4% for EU funds which amounts to EUR 37.24 million of the EUR 48.14 million allocated <sup>(201)</sup>. As shown in table 1, the majority of Member

<sup>(199)</sup> Carried out between the second semester 2023 and the first quarter 2024.

<sup>(200)</sup> Article 55 of CAP Strategic Plan Regulation (EU) 2021/2115.

<sup>(201)</sup> Part of EUR 60 million of EU funds allocated to the 27 MS for FY 2023 were used for the payment of measures implemented during the period 1 August 2022 to 31 December 2022 under the last National Apiculture Programmes 2020-2022.

States, i.e. 19 used more than 50% of the allocated budget and of these, 12 achieved more than 80% of total budget absorption as shown in the table below.

Percentage absorption of allocated funds	No. of CAP Strategic plans	Member States
<b>3.9%</b>	1	BG
<b>19.4%</b>	1	SE
<b>33 – 50%</b>	3	FI, DE, PT
<b>&gt;50 – 65%</b>	4	DK, LT, MT, SI
<b>&gt;65 – 80%</b>	3	ES, HU, NL
<b>&gt;80 – 90%</b>	3	EE, PL, SK
<b>&gt;90 – 100%</b>	9	AT, BE-Wa, CY, CZ, EL, HR, IT, LV, RO,

Table Annex 7 – 3.1.3.2-1

Concerning the achievement of the milestones set with respect to the result indicator R.35 – *Share of beehives supported by the CAP* <sup>(202)</sup>, the results are shown below. Only support granted directly to beekeepers under the apiculture type of intervention for investments (Invapi) and Rural development interventions under Article 70 and 73 of Regulation (EU) 2021/2115 can contribute to this result indicator. In 2023, the achievement of R.35 was due only to apiculture interventions. Deviations in the achievement of Result indicator R.35 are shown below <sup>(203)</sup>.

Member State	Milestone year 2023 in %	Achievement year 2023 in %	Distance to milestone year 2023 in %
<b>AT</b>	2	6	+200
<b>BG</b>	33	2	-94
<b>CY</b>	0	79	+79
<b>CZ</b>	76	70	+8
<b>DE</b>	1	2	+100
<b>EE</b>	16	11	-31
<b>EL</b>	67	87	+30
<b>ES</b>	80	77	-4
<b>HR</b>	57	48	-16
<b>HU</b>	58	61	+5
<b>IT</b>	8	55	+588
<b>LT</b>	64	68	+6
<b>MT</b>	67	76	+13
<b>PL</b>	28	79	+182
<b>PT</b>	74	64	-14
<b>RO</b>	38	37	-3
<b>SI</b>	2	5	+150
<b>SK</b>	86	85	-1

Table Annex 7 – 3.1.3.2-2

<sup>(202)</sup> This result indicator which is the only one that applies for apiculture is calculated by the number of beehives for which a payment was made divided by total number of beehives notified to the Commission (average of three previous and fixed years)

<sup>(203)</sup> There were no Invapi interventions in NL and BE-Wallonie. In FI, DK, LV and SE support under Invapi is not granted directly to beekeepers.

22 Member States have payments under the investment type of apiculture intervention. Out of them, 18 Member States showed a positive trend in achieving their milestones, i.e. more beehives were supported than planned. In 5 Member States, this exceeded the planned result by 100 % or more. Some of the reasons for the high achievement of milestone range from a higher than expected demand for the Invapi interventions, planned milestone was set too low or an increase in the overall number of beehives in the country in the last years.

24 Member States declared expenditure for apiculture under the CAP Strategic Plans for of EUR 37.21 million in financial year 2023 and declared values for output indicator 0.37- *Number of actions or units for beekeeping preservation or improvement*. Out of these, 14 Member States report deviations between the realised and planned unit amounts for 0.37 in the Annual Performance Report. The justifications for these deviations are analysed by DG AGRI. For around EUR 1.8 million of the declared expenditure (4.8%), the justification provided at this stage are not conclusive, DG AGRI will request additional information from the Member States concerned <sup>(204)</sup> before adoption of the performance clearance decision pursuant to Article 54 of Regulation (EU) 2021/2116.

### **3.1.3.3 Conclusions as regards assurance for ABB02 expenditure under the CAP strategic plans**

Based on the assurance from the functioning of the governance systems, assessed by the Certification Bodies and by DG AGRI's preventive systems audits, as well as from the review of the Annual performance reports and the preliminary results for the purposes of the annual performance clearance, DG AGRI has reasonable assurance that the governance systems for ABB02 expenditure under the CAP strategic plans work properly in financial year 2023.

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<sup>(204)</sup> Article 36(2) of Regulation (EU) 2022/128.



## 3.2 ABB03 – Direct Payments

### Index for Part 3.2 – ABB03: Direct Payments

#### 3.2.1 Introduction

#### 3.2.2 ABB03 Expenditure

#### 3.2.3 What assurance does the Director-General have regarding the expenditure under ABB03 – Direct Payments?

#### 3.2.4 The information used to adjust the error rate reported in the Member States control statistics

#### 3.2.5 Reservations for financial year 2023

#### 3.2.6 Conclusions as regards assurance for ABB03

### 3.2.1 Introduction

With a yearly budget of over EUR 38 billion, Direct payments (also called direct aids, direct support, area aids and animal premia) represent the most significant part of the CAP budget and a substantial part of the EU budget.

Direct payments benefited approximately 5.6 million farms throughout the European Union in financial year 2023 under the 2014-2022 CAP. They often represent an important share of their agricultural income (on average, nearly 25% of farmers' income in the last ten years came from this direct support).

As from 2015, active farmers in the EU have access to compulsory schemes applicable in all EU countries, as well as to voluntary schemes if established at the national level, through the direct payment system.

Direct payments are granted to farmers in the form of a basic income support based on the number of hectares farmed. This so-called '**basic payment**' is complemented by a series of other support schemes targeting specific objectives or types of farmers:

- ⇒ a 'green' direct payment for agricultural practices beneficial for the climate and the environment, which conditions the payment of 30% Member States' annual allocation to meeting three categories of generalised, non-contractual and annual obligations beneficial for the environment and climate: crop diversification, maintenance of permanent grassland, and the dedication of five per cent of arable land to

ecologically beneficial areas ("ecological focus areas") 79.3% of the total EU agricultural area is subject to at least one "greening" obligation <sup>(205)</sup>.

- ⇒ a payment to young farmers, a top-up payment added to the basic payment – which is also obligatory in every Member State. It is granted for a maximum of five years from the moment a young farmer takes over as the head of a farm holding. This payment can account for up to 2% of total direct payment national allocations.
- ⇒ a redistributive payment (where applied) to provide improved support to small and middle-size farms. Under this scheme, Member States may allocate up to 30% of their national budget to a top-up payment for the first eligible hectares. The number of hectares for which this payment can be allocated is limited to a threshold set by national authorities (30 hectares or the average farm size in Member States if the latter is more than 30 hectares). The amount per hectare is the same for all farmers in the country where it is applied and cannot exceed 65% of the average payment per hectare.
- ⇒ payments for areas with natural constraints (ANC) (where applied), where farming conditions are particularly difficult, such as mountain areas. Under this scheme, up to 5% of the national allocation for direct payments can be used for top-up payments to farmers in areas with natural constraints – an option applied at present only by Denmark as from 2015, and Slovenia as from 2017.
- ⇒ a small farmers' scheme (where applied), a simplified scheme for small farmers replacing the other schemes. It is a simplified direct payment scheme granting a one-off payment to farmers who choose to participate. The maximum level of the payment is decided at the national level, but in any case, may not exceed EUR 1 250. The small farmers' scheme includes simplified administrative procedures, and participating farmers are exempt from greening obligations and cross-compliance sanctions and controls.
- ⇒ and voluntary support coupled to production (VCS) (where applied) to help certain sectors undergoing difficulties. Under this scheme, Member States may continue to link (or couple) a limited number of direct payments to certain products. VCS is a production-limiting scheme, which aims at supporting regions or sectors where specific types of farming or specific agricultural sectors, that are particularly important for economic, social or environmental reasons, undergo difficulties. This option was applied by 26 Member States (not Germany) out of the 27 Member States in 2023.

In addition, a crop specific payment to cotton is also available to cotton production.

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<sup>(205)</sup> Data source: 2022 notifications from Member States in information system for agricultural market management and monitoring (ISAMM)

Member States can combine different direct payment schemes to ensure efficient support to farmers, adapted to their national context.

### 3.2.2 ABB03 Expenditure

ABB03 expenditure in financial year 2023 was as follows:

Expenditure reimbursed by DG AGRI to the Member States in 2023		
Budget item	Measure	Totals (EUR)
<b>080205</b>	<b>Direct payments outside the CAP Strategic Plans</b>	<b>38 161 651 374</b>
08020501	POSEI and smaller Aegean islands (direct payments)	440 867 412.56
08020502	Single area payment scheme (SAPS)	4 474 994 952.61
08020503	Redistributive payment	1 653 358 572.88
08020504	Basic payment scheme (BPS)	14 826 267 340.45
08020505	Payment for agricultural practices beneficial for the climate and the environment	10 898 295 035.70
08020506	Payment for farmers in areas with natural constraints	4 886 432.60
08020507	Payment for young farmers	459 091 085.24
08020508	Crop-specific payment for cotton	242 070 779.39
08020509	Voluntary coupled support scheme	4 079 667 685.83
08020510	Small farmers scheme	608 694 419.65
08020512	Reimbursement of direct payments to farmers from appropriations carried-over in relation to financial discipline	473 457 657.31
<b>080299</b>	<b>Completion of previous programmes and activities</b>	<b>1 762 264</b>
08029901	Completion of previous measures under the European Agricultural Guarantee Fund (EAGF) – Shared management	1 762 264
<b>ABB 03 Total</b>		<b>38 163 413 638</b>

Table: Annex 7 – 3.2.2-1

### 3.2.3 What assurance does the Director-General have regarding the expenditure under ABB03 – Direct Payments?

The assurance of the Director-General is drawn from the various levels of management and control that are in place and the results, which can be obtained from them. In the first place, the Member States' Paying Agencies (66 of which manage direct payments), are responsible for managing and checking the aid applications received from the beneficiaries under direct support schemes and for paying them.

All direct aid payments to farmers are dealt with within the framework of the **Integrated Administration and Control System (IACS)** including the Land Parcel Identification System (LPIS). This system enables the processing of the aid claims received by the Paying Agencies and provides for several eligibility checks including cross-checks between databases and on-the-spot checks.

By 15 July of year N+1, the Paying Agencies are required to send to the Commission data on the outcome of the controls carried out for year N. These control data contain information on amounts claimed, errors corrected as a result of administrative checks, risk and random on-the-spot checks and the resulting reductions applied, based on which the reported error rate and further the adjusted error rate is calculated. As described in Annex 7, Part 2, the Certification Bodies are required to give an opinion on the completeness, accuracy and veracity of the annual accounts of the Paying Agency, on the proper functioning of its internal control system and on the legality and regularity of the expenditure. Depending on whether a qualified or unqualified opinion was received and any

other information available in the opinion, an adjustment is made by DG AGRI to the error rate reported by the Member State, as described in detail in Annex 5.

### **3.2.3.1 Assessment of findings from the European Court of Auditors (ECA)**

Where relevant findings in the annual reports of the European Court of Auditors (ECA) and in Special Reports of the ECA are also taken into account in the final assessment of the adjustments to be made.

### **3.2.3.2 Assessment of findings from DG AGRI audits carried out in 2021-2023**

In 2023, 4 Paying Agencies in 4 Member States were audited for the claim year 2022 (CAP 2014-2022). Given the New Delivery Model for the CAP being applicable as of 1.1.2023, DG AGRI oriented its work towards preventive systems audits as of 1.7.2023 to assess the preparedness of the Member States, this both at the level of the Certification Body and the paying agency.

Where the work of the Certification Bodies was found not to be to the standard required, DG AGRI made comments and/or recommendations to improve its reliance in the context of the AAR in respect of financial year 2024.

### **3.2.4 The information used to adjust the error rate reported in the Member States control statistics**

Adjustments have been made by DG AGRI to the reported error rates calculated on the basis of the Member States' control data. These adjustments or top-ups have been established in line with the criteria set out in Annex 5 to this AAR and have been made where there were indications of error arising notably from the findings of the Certification Bodies and DG AGRI's own audits.

Paying Agency	Paying Agency Name	Relevant Expenditure <sup>(1)</sup> in Financial Year 2023 (EUR)	Reported (residual) Error Rate	Adjusted Error Rate	Amount at Risk (EUR)
AT01	AMA	685 193 889	0.23%	0.36%	2 483 267
BE02	ALV	210 733 471	0.30%	0.30%	631 821
BE03	SPW-DGARNE	267 703 400	1.21%	1.23%	3 280 446
BG01	DFZ [SFA]	803 493 011	1.06%	2.13%	17 102 571
CY01	KOAP [CAPO]	47 828 600	0.86%	0.86%	413 495
CZ01	SZIF [SAIF]	854 590 619	0.92%	0.92%	7 840 785
DE03	Baden-Württemberg MLR	397 547 982	0.42%	0.85%	3 378 290
DE04	Bayern StMLF	902 328 379	0.21%	0.44%	3 927 550
DE07	Brandenburg MLUV	336 291 684	0.11%	0.11%	366 845
DE11	Mecklenburg-Vorpommern MELFF	344 092 405	0.09%	0.11%	382 238
DE12	Niedersachsen	720 399 453	0.72%	1.04%	7 489 150
DE15	LWK Nordrhein-Westfalen	419 312 134	0.27%	0.76%	3 171 250
DE17	Rheinland-Pfalz	190 945 717	0.41%	0.41%	785 841
DE18	Saarland	21 008 012	0.04%	0.31%	64 825
DE19	Sachsen	232 434 377	0.11%	0.27%	633 989
DE20	Sachsen-Anhalt	296 312 209	0.28%	0.28%	823 781
DE21	Schleswig-Holstein	275 091 052	0.15%	0.16%	435 018
DE27	Thüringen	199 062 198	2.96%	3.03%	6 031 215
DE26	Helaba	217 501 848	1.33%	1.46%	3 165 385
DK02	DAFA	810 082 769	0.18%	0.19%	1 570 954
EE01	PRIA	194 866 392	1.75%	2.34%	4 563 789
ES01	Andalucía	1 440 076 001	1.17%	1.24%	17 879 174
ES02	Aragón	424 188 254	0.50%	0.56%	2 381 164
ES03	Asturias	62 945 666	0.10%	0.14%	88 813
ES04	FOGAIBA	28 329 231	0.63%	0.68%	191 380
ES05	Islas Canarias	194 718 976	0.18%	0.20%	384 449
ES06	Cantabria	45 474 653	3.36%	3.41%	1 549 115
ES07	Castilla La Mancha	653 516 873	0.93%	0.99%	6 464 370
ES08	Castilla y León	907 813 561	1.02%	1.07%	9 746 903
ES09	Cataluña	257 636 444	0.61%	0.67%	1 719 502
ES10	Extremadura	529 050 460	0.22%	0.29%	1 520 869
ES11	FOGGA	166 540 544	0.52%	0.57%	949 071
ES12	Madrid	39 536 576	0.68%	0.74%	292 635
ES13	Murcia	54 586 085	1.07%	1.13%	618 666
ES14	Navarra	101 644 290	0.92%	0.98%	1 000 368
ES15	País Vasco	42 354 693	0.26%	0.31%	131 618
ES16	La Rioja	27 016 356	0.51%	0.58%	157 298
ES17	AVFGA	98 223 228	0.06%	0.13%	128 847
FI01	MAVI	523 401 372	0.90%	0.90%	4 727 882
FR05	ODEADOM	140 564 197	32.02%	32.03%	45 014 825
FR19	ASP	6 762 505 302	0.63%	0.67%	45 072 054

Paying Agency	Paying Agency Name	Relevant Expenditure <sup>(1)</sup> in Financial Year 2023 (EUR)	Reported (residual) Error Rate	Adjusted Error Rate	Amount at Risk (EUR)
GR01	O.Π.Ε.Κ.Ε.Π.Ε. [O.P.E.K.E.P.E.]	1 985 273 619	1.34%	6.38%	126 638 669
HR01	PAAFRD	399 117 634	2.04%	2.29%	9 132 178
HU02	HST	1 282 920 506	1.18%	1.20%	15 365 446
IE01	DAFM	1 185 031 845	0.32%	0.32%	3 831 481
IT01	AGEA	1 538 801 918	0.55%	1.45%	22 296 654
IT05	AVEPA	301 533 831	0.59%	1.44%	4 332 418
IT07	ARTEA	158 932 709	0.24%	1.14%	1 806 213
IT08	AGREA	321 883 561	0.12%	0.99%	3 198 685
IT10	ARPEA	324 180 144	0.29%	1.11%	3 597 787
IT23	OPR Lombardia	392 858 965	0.07%	0.90%	3 522 926
IT24	OPPAB	41 223 856	0.72%	1.56%	641 988
IT25	APPAG	19 632 255	6.70%	7.57%	1 485 285
IT26	ARCEA	182 218 294	0.51%	1.73%	3 145 270
IT27	AGEA	270 766 125	0.64%	1.57%	4 257 796
LT01	NMA [NPA]	582 978 217	0.83%	0.83%	4 849 499
LU01	Ministère de l'Agriculture	32 777 218	0.47%	0.47%	152 857
LV01	RSS	320 365 435	2.46%	2.46%	7 876 601
MT01	MRRA PA	5 021 610	0.48%	1.51%	75 835
NL04	RVO	616 462 954	1.50%	3.45%	21 260 825
PL01	ARIMR [ARMA]	3 374 272 209	0.79%	0.98%	33 083 789
PT03	IFAP	775 920 847	1.35%	3.27%	25 348 504
RO02	PIAA	1 926 940 648	1.58%	2.12%	40 768 520
SE01	SJV	687 049 075	1.37%	1.43%	9 800 160
SI01	ARSKTRP	131 964 260	0.97%	1.77%	2 341 509
SK01	APA	392 636 546	1.16%	1.41%	5 539 202
<b>Grand Total</b>	<b>ABB 03</b>	<b>38 177 706 646</b>			
Amounts reimbursed to DG AGRI by Coordinating Bodies		-16 055 271			
Completion of previous measures under the European Agricultural Guarantee Fund (EAGF)		<b>1 762 264</b>			
<b>ABB03 – Relevant expenditure</b>		<b>38 163 413 638</b>	<b>0.94%</b>	<b>1.48%</b>	<b>562 918 359</b>
<b>Footnote:</b>	<b>(1) Monthly declaration of expenditure affected by Paying Agencies.</b>				

Table: Annex 7 – 3.2.4-1

In a large number of cases, top-ups, based on the Certification Bodies' work or DG AGRI audits, were made to the reported error rate but the resulting adjusted error rate was not above the materiality threshold of 2% and therefore a reservation was not considered.

### 3.2.5 Reservations for financial year 2023

The following table sets out the situation for all cases where the adjusted error rate is above 2%. A reservation is expressed where the findings leading to the adjustment still have a bearing for the CAP 2023-2027 that applies as of 1 January 2023. While no new action plans are requested from Member States for ABB03, they must continue implementing any ongoing actions and in addition, take remedial actions if the issues encountered in financial year 2023 continue to be relevant under the respective CAP Strategic Plan.

Moreover, as explained in Annex 5, for some Paying Agencies, the results of Check by Monitoring were considered as the proxy for the on-the-spot check error rate for the Basic Payment Scheme. As a result, the adjusted error rate for some of them was below 2%.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
<b>BG01</b>	2.13%	EUR 17.10 million	The Member State reported high error rates above materiality for the Young Farmers and the Small Farmers schemes.  DG AGRI audit in 2020 identified deficiencies in the checks for Voluntary coupled support animal measures.  Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>DE27 Thüringen</b>	3.03%	EUR 6.03 million	The Member State reported high error rates above materiality for Greening.  Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
<b>EE01</b>	2.34%	EUR 4.56 million	The Member State reported high error rates for the Small Farmers scheme and Voluntary coupled support.  A DG AGRI audit in 2023 found weaknesses in controls of artificial creation of conditions (greening).	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in implementation of the CAP Strategic Plan for the CAP 2023-2027.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
<b>ES06</b> <b>Cantabria</b>	3.41%	EUR 1.55 million	A DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	No	<p>A reservation is not considered necessary.</p> <p>The Member State performed Checks by Monitoring for Direct Payments in claim year 2022. However, in the control statistics, the error rate reported for greening was based on a very limited sample of follow-up cases and thus was high.</p> <p>The error rate from Checks by Monitoring for the Basic Payment Scheme is 0.13%. Based on the low error rate for Basic Payment Scheme and the limited sample for greening, which is not representative of the level of risk, DG AGRI considers that the amount at risk is not material for Cantabria for ABB03. In view of simplification and the transition to the Area Monitoring System, no remedial actions are considered necessary at this stage.</p>
<b>GRO1</b>	6.38%	EUR 126.64 million	<p>The Member State reported high error rates above materiality for Cotton and Voluntary coupled support (area and animal based).</p> <p>A DG AGRI audit in 2022 found deficiencies in administrative and on-the-spot controls in relation to area-based measures and Voluntary coupled support animals measures.</p> <p>In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2023 expenditure.</p> <p>The Member State should take targeted remedial actions to address deficiencies identified by DG AGRI audits, high error rates and findings of the Certification Body, and where relevant in the implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
<b>HR01</b>	2.29%	EUR 9.13 million	<p>The Member State reported high error rates above materiality for Greening, the Small farmers scheme, Voluntary coupled support (area and animal based) and the Young farmers scheme.</p> <p>DG AGRI audits in 2020 identified weaknesses in administrative and on-the-spot controls in respect of Voluntary coupled support animal measures.</p> <p>In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2023 expenditure.</p> <p>The Member State is requested to ensure implementation of actions undertaken last year for the VCS animal measures to the extent relevant for the CAP 2023-2027.</p>



Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
<b>IT25 Trento</b>	7.57%	EUR 1.49 million	The Member State reported high error rates above materiality for Basic payment scheme, Greening, the Small farmers scheme and the Young farmers scheme.  DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
<b>LV01</b>	2.46%	EUR 7.88 million	The Member State reported high error rates above materiality for Single area payment scheme, Greening and the Small farmers scheme.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
<b>NL04</b>	3.45%	EUR 21.26 million	The Member State reported high error rates above materiality for Greening, Voluntary coupled support and the Young farmers scheme.  Based on the Certification Body's assessment of Voluntary coupled support animals and land at disposal, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>PT03</b>	3.27%	EUR 25.35 million	The Member State reported high error rates above materiality for Voluntary coupled support measures and the Small farmers scheme.  DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls.  Based on the Certification Body's assessment an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>RO02</b>	2.12%	EUR 40.77 million	The Member State reported high error rates above materiality for Greening, the Young farmers scheme and VCS.  Based on the Certification Body's assessment an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.

Table: Annex 7 – 3.2.5-1

In addition, there is a need for a reservation for two French Paying Agencies for the POSEI expenditure under ABB03.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors/Reservation follow-up
FR05 ODEADOM	32.02%	EUR 45.01 million	The Member State has reported an error rate above the materiality level for the banana aid and the aid for the sugar cane production.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should implement an action plan to identify and address the underlying causes of the high error rates for the POSEI measures concerned.
FR19 ASP	10.95%	EUR 1.40 million	The Member State reported an error rate above materiality.  In addition, a DG AGRI audit in 2022 identified deficiencies in the checks for POSEI animal premia measures.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned.  The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 - 3.2.5-2

### 3.2.6 Conclusions as regards assurance for ABB03

**As a result of the adjustments made, an adjusted error rate has been calculated at 1.48%** with 12 out of 66 Paying Agencies having an adjusted error rate above 2% – see Table: Annex 7 - 3.2.5-1. Overall, the adjusted error rate for ABB03 increased from 1.31% to 1.48%, as compared to the previous AAR. The overall outcome of this exercise is that 12 reservations are necessary at the Paying Agency level.

For the Paying Agencies with an error rate between 2% and 5%, an examination was carried out of any risk mitigating factors which indicated that the EU budget was protected for the past (conformity clearance procedure, culminating in an ongoing financial correction) and that it is protected for the future (the deficiencies have been addressed by the Paying Agency).

Regarding Greece, the Member State should take targeted remedial actions to address deficiencies identified by DG AGRI audits, the findings of the Certification Body and the high error rates, especially, where relevant in the implementation of the CAP Strategic Plan for the CAP 2023-2027 (refer also to part 3.4).

Seven reservations from 2022 AAR Germany (1 Paying Agency), Spain (2 Paying Agencies), Hungary, Italy (2 Paying Agencies) and Slovakia) are not carried forward in the 2023 AAR due to error rates in 2023 below 2% and remedial actions taken or no longer necessary. Part D of Annex 9 provides details on the reservations not carried forward. New

reservations are introduced for Bulgaria, Germany (1 Paying Agency), Italy (1 Paying Agency), Latvia and Romania.

For Direct payments, the adjusted error rate of 1.48% <sup>(206)</sup> is higher compared to 2022. The number of Paying Agencies under reservation for 2023 is lower (12 in 2023 and 14 in 2022). The overall result with an error rate below materiality continues to confirm that the Integrated Administration and Control System (IACS), when implemented in accordance with applicable rules and guidelines, limits effectively the risk of irregular expenditure.

**The error rate for ABB03 is 1.48% with an amount at risk of EUR 562.92 million.**

**It is noted that the average amount of net financial corrections per year for the five-year period 2019-2023 (excluding corrections made for cross-compliance) is EUR 377.28 million for ABB03 <sup>(207)</sup>.**

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<sup>(206)</sup> The adjusted error rate also includes the reimbursement of financial discipline to the UK, to which the error rate from financial year 2021 was applied.

<sup>(207)</sup> See sub-section 2.1.1.3.1 and 2.1.1.3.3 of the main body of the report on "corrective capacity".

## Part 3.3: ABB04 – Rural Development

### Index for Part 3.3 – ABB04: Rural Development

#### 3.3.1 Introduction

#### 3.3.2 ABB04 expenditure

#### 3.3.3 What assurance does the Director-General have regarding the expenditure under ABB04 – Rural Development?

#### 3.3.4 The information used to assess the error rate reported in Member States' control data

#### 3.3.5 Reservations for financial year 2023

#### 3.3.6 Conclusions as regards assurance for ABB04

#### 3.3.7 CAP 2023-2027 – expenditure and assurance

#### 3.3.1 Introduction

One of DG AGRI's key objectives is to contribute to the sustainable development of rural areas. DG AGRI does this through its rural development policy which is funded under the European Agricultural Fund for Rural Development (EAFRD).

While the EAFRD bears many similarities to the European Structural and Investment Funds (ESIF) of DGs REGIO, EMPL and MARE, there are also a number of differences.

- In particular, the EAFRD has been increasingly aligned with the EAGF management system dealing with Direct Payments to farmers, in relation to application, payment dates, penalties and the maximum eligible area for area-based measures.
- Another difference is that, to protect the EU budget, the main instrument used by DG AGRI is the conformity clearance procedure, which resulted in net financial corrections being clawed back to the EU budget, tightened up by the use of its interruption and reduction/suspension mechanisms. For further information on the use of these mechanisms in 2023, see sub-section 2.1.1.3.2 of the main report and Annex 7, Part 10 to the report.

Member States and regions draw up their Rural Development Programmes (RDPs) based on the needs of their territories and addressing the common EU priorities.

Within their RDPs, Member States or regions set quantified targets against the EU priority “focus areas”. They then set out which of the measures applied they will use to achieve these targets and how much funding they will allocate to each measure. At least 30% of

funding for each RDP must be dedicated to measures relevant for the environment and climate change and at least 5% to Leader.

The programming period 2014-2020 was extended until 2022. The rules for rural development spending during 2021-2022 are laid out in the CAP transitional Regulation (EU) No 2020/2220, adopted on 23 December 2020. The regulation largely extends the existing rules (initially in place for the 2014-2020 period), with some additional elements to ensure a smooth transition to the new CAP, which started on 1 January 2023.

As of financial year 2023, the 22 proposed measures are either area- and animal-related measures or non-area- and non-animal-related measures. The last payments for Measure M21- *Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis* <sup>(208)</sup> were in financial year 2022, so it is not relevant anymore for financial year 2023. A new measure 22 <sup>(209)</sup> was introduced to provide *exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine*. In the 2014-2022 programming period, Member States have the opportunity to implement simplified cost options ('SCO') for investment measures of their Rural Development Programmes.

#### **Why implementing a simplified cost option ('SCO') for investment measures?**

Using simplified costs means that the human resources and administrative effort involved in management of the Funds can be focused on achieving policy objectives rather than being concentrated on collecting and verifying financial documents. It also gives small beneficiaries easier access to the funds thanks to the simplified management process.

**Explanatory Box: Annex 7 – 3.3.1-3**

To speed up execution of programmes and contribute to sound financial management, the Commission makes automatic de-commitments for Rural Development Programmes.

#### **What are automatic de-commitments?**

Article 38 of Regulation (EU) No 1306/2013 provides that the Commission must automatically de-commit any portion of a budget commitment for a rural development programme that has not been used for the purpose of pre-financing or making intermediate payments. The Funds must be used by 31 December of the third year (in accordance with Regulation (EU) No 1306/2013) following that of the budget commitment (the so-called N+3 rule).

**Explanatory Box: Annex 7 – 3.3.1-3**

<sup>(208)</sup> Regulation (EU) 2020/872 of 24 June 2020 introduced the new Measure 21, which provides "Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis", encompassed in Regulation (EU) No 1305/2013 as Article 39, point (b).

<sup>(209)</sup> Regulation (EU) 2022/1033 of 29 June 2022 introduced the new Measure 22, which provides "Exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine", encompassed in Regulation (EU) No 1305/2013 as Article 39, point (c).

### 3.3.2 ABB04 expenditure

Expenditure paid and financed under the 2014-2022 programming period, amounted to EUR 15 725 306 362, of this, EUR 15 706 464 334 was paid as interim payments and expenditure reimbursed by DG AGRI to Member States in 2023 following Court cases amounted to EUR 18 842 028. An amount of EUR 15 813 164 was paid in respect of technical assistance. The majority (95.9%) was still claimed under the CAP 2014-2022. Details of spending under new CAP 2023–2027 under the CAP Strategic Plans are shown in section 3.3.7 below.

Payments reimbursed by DG AGRI to the Member States and the UK in 2023				
Management type	Chapter	Budget item	Description	Payments (EUR)
Shared Management	0803	080301	Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector	15 725 306 362
			Interim payments for promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector 2014-2020	15 706 464 334
			Reimbursements following Court cases	18 842 028
		08030101	CAP Strategic Plans expenditure (2023-2027)	670 816 820
		<b>Sub-Total Shared Management</b>		16 396 123 182.42
Direct management	0803	08 03 02	Operational technical assistance	15 118 257
		08 03 03	Operational technical assistance prior to 2021	694 907
			<b>Sub-Total Direct Management</b>	15 813 164
<b>Grand Total 0803</b>				<b>16 411 936 346</b>

Table: Annex 7 – 3.3.2-1

### 3.3.3 What assurance does the Director-General have regarding expenditure under ABB04 – Rural Development?

The assurance of the Director-General derives from the various levels of management and controls that are in place, and the results that can be obtained from them. In the first place, the Member States and the United Kingdom, through 72 accredited Paying Agencies for Rural Development, are responsible for managing and checking the aid applications received from around 3.4 million beneficiaries and for paying them.

By 15 July of year N+1, the Paying Agencies are required to send to the Commission data on the outcome of the controls carried out for year N. These control data contain information on amounts claimed, errors corrected as a result of administrative checks, risk and random on-the-spot checks and the resulting reductions applied, based on which the reported error rate and further the adjusted error rate is calculated.

As described in Annex 7, Part 2, the Certification Bodies are required to give an opinion on the completeness, accuracy and veracity of the annual accounts of the Paying Agencies, on the proper functioning of their internal control system and on the legality and regularity of the expenditure. Depending on whether a qualified or unqualified opinion was received and any other information available in the opinion, an adjustment is made by DG AGRI to the error rate reported by the Member State, process described in detail in Annex 5.

The control statistics (aggregated figures at Paying Agency level) and control data (at claimant level) received in 2023 by DG AGRI correspond to the claims introduced by the claimants in 2022 for IACS measures (claim year 2022), and to the payments made in 2022 for Non-IACS measures.

### 3.3.3.1 Assessment of findings from the European Court of Auditors (ECA)

Where relevant findings in the annual reports of the European Court of Auditors (ECA) and in Special Reports of the ECA are also taken into account in the final assessment of the adjustments to be made.

### 3.3.3.2 Assessment of findings from DG AGRI audits carried out in 2021-2023

In 2023, a total of 18 audits were carried out in the Rural Development sector; these audits were selected mainly on the basis of DG AGRI's central risk analysis. In addition, 2 desk audits were also performed.

#### 3.3.3.2.1 Audits carried out on IACS and Forestry measures

##### a) Audit plan and coverage

In 2023, based on the results of the central risk analysis and on reservations made in the 2022 Annual Activity Report (AAR), the following audits on IACS-related measures and/or on Forestry measures were carried out:

1. Five single audit approach audits were performed on the spot, during the financial year 2023 to assess the work carried out by the Certification Bodies on legality and regularity, related to the IACS measures: ES01, IT26, HU02, DE03, RO01; in addition, one more audit was performed remotely, with the same scope: FR18.
2. One umbrella audit (SI) was carried out, covering the IACS and non-IACS related measures, along with other sectors.
3. One desk audit was carried out for FR19, to follow up on a DAS-2022 finding and also to further assess the risk for financial year 2023 following an older DG AGRI finding, related to the degressive payments applied for measure 13 (areas with natural handicap).

The audits assessed the management and control systems set up by Member States to ensure that they complied with EU and national rules. Their objective was also to assess whether the controls were effectively applied, if appropriate reductions and penalties have been imposed for non-compliance and if the control data sent by the Member States were consistent and reliable. These enquiries also helped to detect the root causes for the high error rate communicated by the Member States by 15 July in their control data under Article 9 of Regulation (EU) No 809/2014 as well as possible actions to remedy the deficiencies. In addition, the audits enabled the assessment of the implementation of the recommendations made by DG AGRI during the previous audits.

In addition, five preventive system audits were also carried out (CY, MT, EE, RO01, IT07) in order to assess if the governance systems put in place by the Member States authorities are in line with the Basic Union requirements and if they provide assurance on the correct spending of the CAP expenditure from claim year 2023 onwards.

## b) Results and possible improvements

The control systems in the Paying Agencies audited in 2023 were not always found to be effective, and there was scope for significant improvement in a number of cases. The audits carried out in 2023 revealed scope for improving the following issues in relation to audits on IACS-related measures (similar to those found in previous years):

- for organic farming, weaknesses in the quality of on-the-spot checks were identified; administrative checks used incorrect data for the verification of commitments related to livestock density;
- continued efforts are required to reduce the high error rate found in some Paying Agencies on the basis of simple and clear eligibility criteria and commitments that must be respected by the farmers and more information to the farmers;
- additional procedures need to be put in place to assess and prevent the risk of double financing between the agri-environment-climate measures (AECM) payment and the greening payment and between afforested areas that receive the annual premium to cover the loss of income under the afforestation measure of rural development and are, at the same time, declared as Ecological focus areas (EFA) in order to receive the greening payment; some audits carried out in 2023 identified shortcomings in the procedures to detect and deal with potential creation of artificial situations to receive the aid. In some cases, an adequate system was missing, in other cases the system was not well implemented;
- additional improvements in assessing the maximum eligible area for IACS measures to ensure that payments are only made for land falling within the delimited area in order to be fully in line with the EU rules and in the updates of the LPIS;
- administrative checks did not include the verification of the compliance with long-term commitments to guarantee that payments made under the previous years, corresponding to the part of area no longer maintained under commitment, are recovered;
- additional procedures to ensure the correct calculation of the payment for measures where a different level of payment is granted based on the size of the declared area.

### 3.3.3.2.2 Audits carried out on Non-IACS-related measures

#### a) Audit plan and coverage

In 2023, based mainly on the results of DG AGRI's central risk analysis, 6 audits were carried out on Non-IACS related measures to assess the work carried out by the Certification Bodies on legality and regularity, related to the Non-IACS measures: ES01, LT01, RO01, GR01, EE01, IT01. These audits covered private investments measures (including measures implemented by financial instruments), Leader measure, the audit field RD-FLAT-RATE, knowledge and innovation measures, and the audit field public investment (the same audit may cover more than one audit-field). As part of the single audit approach, additional measures/audit fields than those selected by the central risk analysis it has been



possible to add to the audits, on a case by case, based on the audit work of the Certification Bodies. One umbrella audit (SI01) was also carried out covering the Non-IACS-related measures. In addition, one desk audit was opened for DE19 covering the Leader measure.

### **Identification of links between applicants and other stakeholders**

The identification of links between applicants and other stakeholders can play an important role in establishing the eligibility of the beneficiary or the eligibility of the operation.

Article 48(2) of Regulation (EU) No 809/2014 states that administrative checks should be made to check (among others) the eligibility of the beneficiary and of the operation following applicable obligations established by Union law or by the Rural Development Programme.

Member States have, in their Rural Development Programmes, opted for several measures to restrict the eligibility, to give more priority points in the project selection process, or to give higher aid intensity to applicants of a certain size (e.g. small and medium enterprises – SMEs, semi-large enterprises – SLEs). The way in which the Member States check compliance with the size criteria (in particular the existence of linked and partner enterprises) differs significantly. For example, some Member States rely on a self-declaration by the applicant; others check the companies' shareholdings on the basis of extracts from chambers of commerce, consolidated accounts, etc. (non-exhaustive list).

Commission Recommendation 2003/361/EC of 06/05/2003, concerning the definition of micro, small and medium sized enterprises, highlights that linked and partner enterprises should be taken into account when determining the size of the applicant. Therefore, Member States should include the linked and partner enterprises (in their country and abroad) in their checks, also in cases where shareholders are natural persons. Member States should therefore set up a system allowing them to assess these obligations and to keep an audit trail of these checks.

In other cases, Member States decided to impose ceilings for the size of the project. In such situations they have to implement appropriate controls to detect the creation of artificial situations to receive the support, including checking the links between the applicants and other stakeholders.

Finally, when assessing the reasonableness of the cost proposed for projects via comparison of different offers, Member States shall verify the absence of links between the applicant and the providers, and of the different providers among them. The existence of such links may in fact put into question the independence and authenticity of the offers.

Since the detection of such links proves to be difficult, DG AGRI provides guidance and plans to disseminate best practices among national authorities and makes the use of Arachne IT tool available for the Structural Funds.

**Explanatory Box: Annex 7 – 3.3.3.2.2-1**

## b) Results and possible improvements

The control systems in the Paying Agencies visited in 2023 were generally found to be effective, albeit with scope for improvement in several cases. DG AGRI recommended actions to increase the robustness of the control system for some specific issues and in most cases requested the Certification Bodies to report on these issues in the subsequent annual reports or in some cases ensured the monitoring of the implementation in subsequent DG AGRI audits.

The audits carried out in 2023 found scope for improving the following elements of the management and control system for investment and/or flat-rate measures, including when they were implemented under Leader (non-exhaustive list) (similar to those found in 2020-2022):

- checks on the eligibility of the applicant/application/project/investment:
  - additional improvements are required to include verification of the linked and partner enterprises when assessing the SME status and to keep an audit trail of these checks (see explanatory box Annex 7 – 3.3.3.2.2-1 above);
  - implementation of appropriate procedures to detect and deal with the creation of artificial conditions to receive the aid (see explanatory box Annex 7 – 3.3.3.2.2-2 below);
- check on the eligibility of costs to ensure that the costs claimed in the application for support are congruent with the project scope;
- assessment of cost reasonableness: additional improvements are required to effectively assess the reasonableness of costs including checks on the independence and authenticity of the offers received and to keep an audit trail of these checks;
- public procurement verifications – (see explanatory box Annex 7 – 3.3.3.2.2-3 below);
- quality of the on-the-spot checks, including verifications to establish that no artificial situations were created;
- checks of the payment claims to verify that the completed operation corresponds with the operation for which support was granted (in terms of number of items and output); lack of an adequate audit trail of the checks carried out.

### **Creation of artificial conditions**

Article 60 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council states that "Without prejudice to specific provisions, 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".

Paying Agencies are recommended to have a system of "red flags" for the possible creation of artificial situations to receive the aid. Red flags are indicators (not evidence) of fraud / irregularity, meaning elements that indicate something unusual, create suspicion and generate the necessity of making further checks. The redder flags - the greater the suspicion.

Audits carried out in 2023 identified shortcomings in the procedures to detect and deal with potential creation of artificial situations to receive the aid.

**Explanatory Box: Annex 7 – 3.3.3.2.2-2.**

### **Respect of Public Procurement rules: key control elements**

The respect of public procurement EU rules is considered as a key element amongst the controls to be carried out by the Paying Agencies for Rural Development investment measures where the beneficiaries are public authorities.

In 2023, non-compliances at different stages of the public procurement procedure were detected.

**Explanatory Box: Annex 7 – 3.3.3.2.2-3**

### **3.3.3.2.3 Audits of Financial instruments**

Two audits on the spot have been carried out in respect of financial instruments (i.e. investment measures implemented via financial instruments supported by the Rural Development Programmes). The management and control system of the financial instruments was also assessed in three other desk audits. The audit assessed the audit work of the Certification Bodies over this expenditure, as well as the management and control system implemented by the paying agencies and the financial intermediaries.

The financial instruments implementation differs from the traditional measures as they are considered as advance payments until the closure of the programming period and the same budget can be reused several times. The systems audited in 2023 were considered as partially effective as the minimum control rate and the representativeness of the sample was not always ensured. Due to the advance nature of this expenditure, the potential risk is mitigated by the fact that controls can be carried out until the end of the programming period covering the total of the expenditure and non-eligible expenditure can be replaced by other eligible expenditure.

### **What are financial instruments?**

Financial instruments are measures of financial support provided on a complementary basis from the EU budget in order to address one or more policy objectives. Such instruments may take the form of loans, guarantees, equity or quasi-equity investments, or other risk-sharing instruments and may, where appropriate, be combined with grants.

**Explanatory Box: Annex 7 – 3.3.3.2.3-1**

### 3.3.4 The information used to assess the error rate reported in Member States' control data

Adjustments have been made by DG AGRI to the reported error rates calculated on the basis of the Member States' control data. These adjustments or top-ups have been established in line with the criteria set out in Annex 5 to this AAR and have been made where there were indications of error arising notably from the findings of the Certification Bodies and DG AGRI's own audits.

Where the work carried out by the Certification Bodies resulted in an Incompliance Rate (IRR) and/or known errors being established, this was considered for the error rate adjustment. Depending on whether the deficiencies detected by the Certification Body and DG AGRI's auditors were similar and/or covered the same population, the adjustment applied ensured that the risk to the Fund is appropriately evaluated.

The following table summarises the information for all Paying Agencies for relevant expenditure in financial year 2023 for the 2014-2022 rural development programmes:

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2023 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
AT01	AMA	639 819 127	2.02%	2.33%	14 906 411
BE02	ALV	81 225 328	1.06%	1.13%	919 812
BE03	SPW-DGARNE	40 257 271	1.05%	2.56%	1 031 754
BG01	DFZ [SFA]	277 386 717	2.35%	5.65%	15 662 844
CY01	KOAP [CAPO]	20 988 578	2.31%	2.34%	491 114
CZ01	SZIF [SAIF]	373 485 851	5.29%	5.30%	19 808 846
DE01	BLE	68 457	0.00%	0.00%	0
DE03	Baden-Württemberg MLR	143 638 516	1.13%	1.39%	1 998 820
DE04	Bayern StMLF	308 695 392	0.92%	1.69%	5 211 540
DE07	Brandenburg MLUV	156 843 768	0.49%	0.86%	1 356 352
DE11	Mecklenburg-Vorpommern MELFF	153 056 583	1.18%	1.54%	2 355 291
DE12	Niedersachsen	194 629 532	0.76%	0.88%	1 722 245
DE15	LWK Nordrhein-Westfalen	127 397 855	1.22%	1.62%	2 070 102
DE17	Rheinland- Pfalz	62 875 833	0.44%	0.59%	370 886
DE18	Saarland	4 920 024	0.00%	0.34%	16 860
DE19	Sachsen	152 865 585	0.44%	1.01%	1 549 760
DE20	Sachsen-Anhalt	153 977 751	0.97%	0.99%	1 529 884
DE21	Schleswig-Holstein	61 043 318	0.48%	0.51%	309 826
DE27	Thüringen	100 284 752	3.68%	3.76%	3 772 535
DE26	Helaba	62 936 799	0.57%	0.65%	409 476
DK02	DAFA	117 931 276	2.24%	2.76%	3 255 592
EE01	PRIA	125 155 574	1.01%	2.00%	2 503 976
ES01	Andalucía	288 832 145	2.40%	2.52%	7 276 205
ES02	Aragón	73 166 430	0.27%	0.46%	339 180
ES03	Asturias	63 597 485	0.33%	7.86%	5 001 442

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2023 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
ES04	FOGAIBA	8 218 163	2.36%	3.67%	301 856
ES05	Islas Canarias	24 425 676	0.51%	1.27%	309 040
ES06	Cantabria	19 947 528	0.29%	0.29%	56 984
ES07	Castilla La Mancha	211 678 623	1.81%	1.81%	3 839 614
ES08	Castilla y León	183 166 573	2.03%	2.21%	4 045 964
ES09	Cataluña	54 615 652	1.23%	1.32%	723 347
ES10	Extremadura	122 570 468	0.36%	0.38%	464 398
ES11	FOGGA	149 239 931	0.23%	0.23%	349 834
ES12	Madrid	20 012 019	5.66%	5.66%	1 132 693
ES13	Murcia	38 624 587	0.64%	0.70%	270 544
ES14	Navarra	23 151 617	1.21%	1.21%	279 075
ES15	País Vasco	8 347 825	0.20%	0.23%	19 500
ES16	La Rioja	10 690 619	0.93%	1.53%	163 269
ES17	AVFGA	38 388 890	0.19%	0.30%	114 723
ES18	FEGA	45 684 101	0.74%	0.89%	405 779
FI01	MAVI	206 275 011	2.40%	2.44%	5 040 513
FR18	ODARC	23 018 927	1.91%	3.00%	689 916
FR19	ASP	1 967 968 619	6.02%	7.32%	143 990 403
GB05	DARD	3 610 562	0.55%	1.33%	47 985
GB06	SGRPID	0	0.63%	0.66%	0
GB07	WG	67 617 012	0.66%	2.64%	1 782 561
GB09	RPA	0	1.73%	2.18%	0
GR01	Ο.Π.Ε.Κ.Ε.Π.Ε. [O.P.E.K.E.P.E.]	904 908 619	0.29%	2.81%	25 403 173
HR01	PAAFRD	340 751 960	3.57%	4.81%	16 383 166
HU02	HST	865 967 262	1.28%	2.70%	23 357 261
IE01	DAFM	305 465 971	0.55%	0.57%	1 737 431
IT01	AGEA	1 122 037 465	0.48%	0.97%	10 907 756
IT05	AVEPA	75 970 412	0.42%	0.76%	578 357
IT07	ARTEA	71 367 528	0.59%	1.21%	861 290
IT08	AGREA	62 888 249	0.72%	1.12%	706 565
IT10	ARPEA	79 973 532	0.51%	1.04%	828 582
IT23	OPR Lombardia	104 128 080	0.57%	0.91%	948 808
IT24	OPPAB	27 947 515	0.67%	1.21%	336 974
IT25	APPAG	19 251 927	2.79%	3.32%	638 378
IT26	ARCEA	72 343 672	1.98%	2.68%	1 939 833
IT27	ARGEA	104 739 666	0.50%	1.12%	1 178 017
LT01	NMA [NPA]	237 842 049	0.66%	0.72%	1 722 656
LU01	Ministère de l'Agriculture	9 054 997	1.53%	1.85%	167 369
LV01	RSS	150 297 090	0.82%	0.82%	1 227 098
MT01	MRRA PA	13 832 616	1.03%	1.08%	149 353
NL04	ELFPO	164 462 421	0.14%	0.42%	697 551
PL01	ARiMR [ARMA]	1 548 300 555	1.04%	1.27%	19 598 561
PT03	IFAP	617 499 537	2.34%	3.42%	21 119 063

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2023 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
RO01	PARDF	1 207 857 712	1.13%	2.81%	33 884 154
SE01	SJV	282 581 165	2.79%	3.15%	8 910 408
SI01	ARSKTRP	146 195 876	0.55%	0.56%	820 954
SK01	APA	158 466 106	1.78%	2.47%	3 906 668
<b>ABB04</b>	<b>Rural Development Programmes</b>	<b>15 706 464 334</b>	<b>1.93%</b>	<b>2.78%</b>	<b>435 908 178</b>

Table: Annex 7 – 3.3.4-1

In a number of cases, top-ups, based on the Certification Bodies' work or DG AGRI audits, were made to the reported error rate but the resulting adjusted error rate was not above the materiality threshold of 2% and therefore a reservation was not considered.

### 3.3.5 Reservations for financial year 2023

The following table sets out the situation for all Paying Agencies where the adjusted error rate is above 2% for relevant expenditure for the 2014-2022 rural development programmes. It indicates if reservations are required and mitigating factors are examined in order to determine if a reservation is required and if so, an indication is given of the follow-up action required. While some Paying Agencies have already spent their 2014-2022 rural development envelopes, they must continue implementing any ongoing actions and in addition, take remedial actions if the issues encountered in financial year 2023 continue to be relevant under the respective CAP Strategic Plan.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
AT01	2.33%	EUR 14.91 million	The Member State reported high error rate for IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
BE03 Wallonie	2.56%	EUR 1.03 million	DG AGRI audit in 2023 found deficiencies in the checks for Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rate.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State take remedial actions to address the findings of DG AGRI in Non-IACS measures and findings of Certification Body concerning IACS and Non-IACS measures.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
BG01	5.65%	EUR 15.66 million	The Member State reported high error rate for IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and reinforce the Action Plan to address the underlying causes for the high error rates in IACS measures and the findings from the Certification Body for the IACS and Non-IACS measures.
CY01	2.34%	EUR 0.49 million	The Member State reported high error rate for IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required.  Nevertheless, the Member State should address the deficiencies identified by the Certification Body for Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.
CZ01	5.30%	EUR 19.81 million	The Member State reported very high error rate IACS measures.  Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rate.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take remedial actions to address the underlying causes for the high error rates in IACS measures and the findings of the Certification Body for Non-IACS measures.
DE27 Thüringen	3.76%	EUR 3.77 million	The Member State reported very high error rate for IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take remedial actions to address the underlying causes for the high error rates in IACS measure and deficiencies identified by the Certification Body for IACS and Non-IACS measures.
DK02	2.76%	EUR 3.26 million	The Member State reported high error rates for IACS measures.  DG AGRI audit in 2021 found deficiencies in several IACS and Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for IACS and Non-IACS measures as well as the causes underlying the high error rates for IACS measures.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
ES01 Andalucia	2.52%	EUR 7.28 million	The Member State reported high error rates for IACS measures.  A DG AGRI audit in 2023 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take remedial actions to address the high error rates for IACS and the findings from DG AGRI and by the Certification Body in Non-IACS measures.
ES03 Asturias	7.86%	EUR 5.00 million	Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rates reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and update the action plan to address the findings from the Certification Body on Non-IACS measures.
ES04 FOGAIBA	3.67%	EUR 0.30 million	The Member State reported high error rate for IACS measures.  A DG AGRI audit in 2021 identified deficiencies in Non-IACS measures.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required.  Nevertheless, the Member State should take remedial actions addressing the causes of high error rate in IACS measures and deficiencies identified by DG AGRI in Non-IACS measures.
ES08 Castilla y Leon	2.21%	EUR 4.05 million	The Member State reported high error rate for IACS measures.  A DG AGRI audit in 2021 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue the action plan to address the deficiencies identified by DG AGRI and from the Certification Body on IACS and Non-IACS measures, as well as the underlying causes of high error rate for IACS measures.
ES12 Madrid	5.66%	EUR 1.13 million	The Member State reported high error rate for IACS and Non-IACS measures.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take remedial actions to address the underlying causes of the high error rates in IACS and Non-IACS measures.
FI01	2.44%	EUR 5.04 million	The Member State reported high error rate for Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.



Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
FR18 ODARC	3.00%	EUR 0.69 million	The Member State reported high error rate for IACS measures.  DG AGRI audit in 2020 and 2023 found deficiencies in IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS error rate.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required.  The Member State should address the findings of DG AGRI audits and Certification Body for IACS measures and IACS high error rate.
FR19 ASP	7.32%	EUR 143.99 million	The Member State reported very high error rate for Non-IACS measures.  DG AGRI audits in 2023 found deficiencies in IACS measures.  DG AGRI audits in 2019, 2021 and 2023 found deficiencies in Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State needs to continue and reinforce the ongoing action plan to address the findings from DG AGRI audits and Certification Body for IACS and Non-IACS measures, as well as the high error rates in Non-IACS measures. Moreover, the Member State should ensure a follow-up of the causes of the errors found, where relevant, in implementation of the CAP Strategic Plan for the CAP 2023-2027.  The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
GB07 Wales	2.64%	EUR 1.78 million	DG AGRI audit in 2023 identified deficiencies in IACS measures.  Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure <sup>(210)</sup> .
GR01	2.81%	EUR 25.40 million	DG AGRI audit in 2022 identified deficiencies having impact on EAFRD IACS measures.  DG AGRI audit in 2023 found deficiencies in non-IACS measures.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take targeted remedial actions addressing deficiencies found in IACS and Non-IACS measures. Moreover, the Member State should ensure a follow-up of the causes for deficiencies, where relevant, in implementation of the CAP Strategic Plan for CAP 2023-2027.

<sup>(210)</sup> Remedial actions are not requested since the Welsh Rural Development programme will be closed in 2024.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
HR01	4.81%	EUR 16.38 million	The Member State reported very high error rates for IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The ongoing action plan should be continued and reinforced to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
HU02	2.70%	EUR 23.36 million	DG AGRI audits in 2017 and 2022 identified deficiencies in one IACS measure.  DG AGRI audits in 2020, 2022 and 2023 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and reinforce the ongoing Action Plan to address the findings from DG AGRI audits and from the Certification Body for the IACS and Non-IACS measures.
IT25 Trento	3.32%	EUR 0.64 million	The Member State reported high error rates for IACS and Non-IACS measures.	No	As the amount at risk is below <i>de minimis</i> threshold established by DG AGRI's materiality criteria (see Annex 5), no reservation is required.  The Member State should address the underlying causes for the high error rate in IACS and Non-IACS measures.
IT26 Calabria	2.68%	EUR 1.94 million	The Member State reported slightly high error rate for IACS measures.  DG AGRI audit in 2022 identified deficiencies in IACS measures.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member state should take remedial actions to address higher error rate and deficiencies found in DG AGRI audits for IACS measures.
PT03	3.42%	EUR 21.12 million	The Member State reported high error rates for IACS measures.  DG AGRI audit in 2022 identified deficiencies in IACS measures.  Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates reported by the Member State.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should take remedial actions to address the deficiencies identified by DG AGRI in IACS measures, as well as weaknesses found by the Certification Body in IACS and Non-IACS measures and the underlying causes of the high error rates for IACS measures.  The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
RO01	2.81%	EUR 33.88 million	The Member State reported high error rate for IACS measures.  DG AGRI audit in 2022 identified deficiencies in IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue the action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for the IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.
SE01	3.15%	EUR 8.91 million	The Member State reported high error rate for IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and reinforce the ongoing action plan to address the causes underlying the high error rates for IACS measures and deficiencies identified by the Certification Body for IACS and Non-IACS measures.
SK01	2.47%	EUR 3.91 million	The Member State reported high error rates for IACS and Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rate.	Yes	A reservation is entered in respect of 2023 expenditure.  The Member State should continue and reinforce the action plan to address the findings of the Certification Body for the Non-IACS measures, as well as the underlying causes for the high error rates in IACS and Non-IACS measures.

Table: Annex 7 – 3.3.5-1

### 3.3.6 Conclusions as regards assurance for ABB04

**As a result of adjustments made, an adjusted error rate for financial year 2023 has been calculated at 2.78%** and increased from 2.68% as compared to the AAR 2022.

25 out of the 72 Paying Agencies have an adjusted error rate above 2%, of these 5 are above 5%: Bulgaria, Czechia, Spain (2 Paying Agencies) and France (1 Paying Agency). In case of all those Paying Agencies, the amount at risk is above DG AGRI *de minimis* threshold of EUR 1 million, and they were automatically subject to a reservation. Furthermore, the high adjusted error rate was determined by further adjustment of the error rate by DG AGRI, based on the assessment of the Certification Bodies and DG AGRI own audits except Czechia and Spain.

For the remaining 20 Paying Agencies with an error rate between 2% and 5%, DG AGRI examined the situation for each Paying Agency concerned to determine if risk mitigation conditions existed rendering it unnecessary to make a reservation. For 4 Paying Agencies (Cyprus, Spain (1 Paying Agency), France (1 Paying Agency) and Italy (1 Paying Agency)), the amount at risk is below DG AGRI's *de minimis* threshold of EUR 1 million therefore no reservation was necessary. For the remaining 16 Paying Agencies, a reservation was deemed necessary.

The overall outcome of this exercise is that 21 reservations are necessary at Paying Agency level.

Regarding Greece, the Member State should take targeted remedial actions addressing the deficiencies found in IACS and deficiencies in Non-IACS measures. Moreover, the Member State should ensure a follow-up of the causes for deficiencies, where relevant, in implementation of the CAP Strategic Plan for CAP 2023-2027 (refer also to part 3.4).

Additionally, in case of one Paying Agency (GB09- England), the error rate is between 2% and 5% yet there were no payments disbursed from the EU budget in financial year 2023 at the programme reached 95% of spending and the balance will be settled at the closure in 2024. Therefore, there is no expenditure at risk and a reservation is not necessary.

Ten reservations (Germany (6 Paying Agencies), Estonia, Spain (2 Paying Agencies) and Italy (1 Paying Agency)) from 2022 AAR are not carried forward in the 2023 AAR due to error rates in 2023 below 2% and remedial actions taken. Part D of Annex 9 provides details on the reservations not carried forward. The following table sets out the budget items and the error rates, which have been used to assess the amounts at risk. The overall adjusted error rate of 2.77% represents an increase compared to 2022.

Payments reimbursed by DG AGRI to the Member States and the UK in 2023						
Management type	Chapter	Budget item	Description	Payments (EUR)	Error rate (%)	Amount at risk (EUR)
Shared Management	0803	080301	Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector	15 725 306 362	2.77%	435 908 178
			Interim payments for promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector 2014-2020	15 706 464 334	2.78%	435 908 178
			Reimbursements following Court cases	18 842 028	0.00%	-
			<b>Sub-Total Shared Management</b>	15 725 306 362.13	2.77%	435 908 178
Direct management	0803	08 03 02	Operational technical assistance	15 118 257	1.00%	151 183
		08 03 03	Operational technical assistance prior to 2021	694 907	1.00%	6 949
			<b>Sub-Total Direct Management</b>	15 813 164	1.00%	158 132
<b>Grand Total 0803</b>				<b>15 741 119 526</b>	<b>2.77%</b>	<b>436 066 310</b>

Table: Annex 7 – 3.3.6-1

**The adjusted error rate for payments made for ABB04 is 2.77% and the total amount at risk is EUR 436.07 million.**

**The assessment of the risk for the entire chapter 0803 covers all payments to Member States in 2023 including pre-financing.**

**The average amount of net financial corrections per year for the five-year period 2019-2023 (excluding corrections made for cross-compliance) is EUR 138.52 million for ABB04 <sup>(211)</sup> while recoveries from Member States from beneficiaries amounted to EUR 111.97 million.**

### 3.3.7 CAP 2023-2027 – expenditure and assurance

As mentioned above, a small percentage of the ABB04 expenditure in financial year 2023 (4.1% of all ABB04 expenditure) has been spent under the new CAP 2023-2027 under the CAP Strategic Plans. The table below shows details of expenditure paid by DG AGRI in 2023 for the Member States: EUR 660 million paid as pre-financing to Member States and EUR 11 million already paid to beneficiaries.

Article	Sector/measure	Expenditure (EUR)
<b>EAFRD CSP</b>		
08030101	EAFRD CSP expenditure - prefinancing	660 018 401.32
08030101	EAFRD CSP expenditure payments	10 798 418.97

Table: Annex 7 – 3.3.7-1

For the payments of EUR 11 million as presented in the table above, some Member States reported deviations between the realised and planned unit amounts for the generated outputs. The justifications for the deviations of EUR 1.3 million (12%) are analysed by DG AGRI. Where the justification provided at this stage are not conclusive, DG AGRI will request additional information from the Member State concerned <sup>(212)</sup> before adoption the performance clearance decision pursuant to Article 54 of Regulation (EU) 2021/2116.

<sup>(211)</sup> See sub-section 2.1.1.3.1 and 2.1.1.3.3 of the main body of the report on "corrective capacity".

<sup>(212)</sup> Article 36(2) of Regulation (EU) 2022/128.

### Part 3.4: Paying Agency GR01-OPEKEPE

There are several cross-cutting issues in Paying Agency GR01- OPEKEPE that merit attention.

As described in section 2.1.4 there have been serious issues with the Paying Agency's compliance with accreditation criteria, which are still not remedied according to the Certification Body. In addition, the Certification Body reported a number of findings linked to the legality and regularity of expenditure under section 2.3.2 above.

As regards ABB03, the Paying Agency GR01- OPEKEPE reported high error rates for direct payments for financial year 2023. In addition, there are significant adjustments based on findings from DG AGRI audits and the Certification Body. Overall, for direct payments (ABB03), Greece is at 6.38% adjusted error rate, which is far above the materiality level.

As regards ABB04, a direct payments DG AGRI audit in 2022 identified deficiencies having impact on also on EAFRD IACS measures. DG AGRI audit in 2023 found deficiencies in non-IACS measures. As a result, the adjusted error rate is 2.81%.

As regards ABB02, the Member State reported an error rate above materiality for wine investment. In addition, DG AGRI audits in 2023 in wine investment concerning the administrative checks. While the amount at risk is below the *de minimis* threshold, the adjusted error rate for Wine measures is at 3.77%.

Since there are a number of cross-cutting issues and several measures in OPEKEPE with very high error rates, the Member State should put in place targeted remedial actions to address the deficiencies identified by DG AGRI audits, high error rates in several measures and findings of the Certification Body. In addition, the Member State should ensure a follow-up of the causes for the deficiencies, where relevant in the implementation of the CAP Strategic Plan for the CAP 2023-2027.

## Part 3.5 Root causes of the error rates in the CAP – what is DG AGRI doing about it?

### Communication on the root causes of errors

Since 2017, when the Commission Communication to the Council and the European Parliament on the root causes of errors and actions taken (COM (2017) 124 final) was published, the error rate level for EAGF has been further decreasing. As regards the EAFRD, the error rate has been decreasing and is consistently below 3% since 2019.

The Communication explained the main root causes of errors under the EAGF and EAFRD, acknowledging the relatively low level and stability of the former and the decreasing although still high level of the latter.

### Simplification and other Commission initiatives

In the last six years several legal simplification initiatives have been proposed by DG AGRI, affecting a number of implementing and delegated acts. Thanks to these amendments, the management and control system was simplified and new possibilities were introduced, such as the "yellow card" system for penalties, possibility to do "Checks by Monitoring" and the simplification of controls for financial instruments.

### Conferences, workshops and networking

In 2023, DG AGRI participated in two conferences with the Heads of the Paying Agencies chaired, respectively, by Swedish and the Spanish Presidencies. These conferences allow for the sharing of good practices in the implementation of the CAP and inform about strategic issues as regards assurance and audit.

Meetings are also regularly organised with representatives of the Learning Network of the Paying Agencies, in which strategic issues and implementation challenges of the in-force CAP, in particular, the draft guidelines on Certification reports and on the opinions to be prepared by Certification Bodies and on the Management Declaration to be provided by the Director of the Paying Agency; the implementation of the Area Monitoring System (AMS); and the Preventive Systems' Audits. In 2023, the Learning Network has created working groups concerning the topics of the Area Monitoring System (AMS) and the Annual Performance Report (APR), in addition to the continued operation of the Working Group on Anti-Fraud already established in the previous year. The increase of number of delegations attending the Plenaries improved the discussions and fostered active participation and established the Learning Network as a precious forum for the exchange of experiences and best practices.

The European (EU) CAP Network, launched on 6 October 2022, played a role in knowledge exchange and dissemination of good practices related to the implementation of the CAP strategic plans (CSPs). In 2023, the EU CAP network events continued to focus on drawing

lessons from the 2014-2022 programming period and supporting Member States' representatives, including Managing Authorities and Paying Agencies, and other stakeholders in the implementation of the CSPs and the shift to the new performance-based delivery model. They covered topics such as: durability of CAP-funded investments, assessing direct payment interventions in the new CAP, assessing LEADER added value, LEADER and multi-funded CLLD <sup>(213)</sup>, green and digital transition in the agri-food chain, design and implementation of eco-schemes in the CSPs, role and functioning of CSPs' Monitoring Committees, designing good evaluation plans for CAP, animal welfare and innovation, agricultural skills, rural youth employment, innovative arable crop protection and enhancing food security under changing weather patterns.

Finally, a number of expert group meetings took place in 2023, notably dedicated to the implementation of the new Area Monitoring System, compulsory as of 2023 and its Quality assessment to be performed by the Member States.

### **Action plans**

As from 2015, DG AGRI has continuously improved the system of action plans reporting by Member States concerned by, including a reinforcing focus on audit findings as well as improving indicators and milestones for monitoring purposes. The request for action plans is normally triggered by serious deficiencies identified in the framework of conformity procedures. Once approved, the action plans are expected to address the identified deficiencies by describing, for each of them, the corrective actions to be taken and the established benchmarks and timetable for implementing their actions.

For Direct payments and market measures, DG AGRI monitors the implementation progress of each established action plan based on the progress reports that are sent regularly by the Member States and reacts in case of inconsistencies or delays in the implementation of the necessary remedial measures.

For Rural Development, action plans are normally requested when there are serious deficiencies: 1) in the management and control system or 2) in the implementation of the Rural Development Programmes identified by audit findings and which cannot or should not be resolved by a modification of the programmes. The concerned Member States are asked to report on the progress of their established action plans on a regular basis, normally twice a year, in September and in January; however, the frequency may be adapted depending on the gravity of the audit findings and urgency of the actions to be taken.

The regulatory quality assessment (QA) which Member States must carry out of their LPIS is actively followed-up by DG AGRI to ensure that Member States take the remedial actions required to meet the quality standards that are considered appropriate, in view of the fundamental role played by the LPIS in ensuring correct claims and payments. With the help of the JRC, DG AGRI carries out a number of LPIS QA advisory missions or dedicated

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<sup>(213)</sup> Community Led Local Development.



bilateral meetings, organised every year to support Member States with their quality assessments.

As regards market support measures within the CMO Regulation: (1) sectoral support programmes and (2) the EU school scheme, DG AGRI, based on major audit findings, also requests Member States to set up remedial action plans and to report on their progress.

## Part 4: Conformity Clearance Procedure and Net Financial Corrections

### 4.1 Definition of "Clearance"

While Member States have the responsibility for managing and controlling the various aid schemes provided for by the CAP legislation, there must be a mechanism in place which enables the Commission to ensure that they carry out their work properly and, if they fail to do so, draw the necessary financial consequences. This mechanism consists of the clearance procedures operated by the Commission, which include an annual financial clearance of the accounts of each Paying Agency and a multi-annual conformity clearance covering the conformity of the expenditure with EU rules, and as regards the EAFRD in conformity with the applicable EU and national rules.

The legal basis for the Clearance of Accounts procedures in place is provided by Regulation (EU) No 1306/2013 <sup>(214)</sup>, Commission Delegated Regulation (EU) No 907/2014 <sup>(215)</sup> and Commission Implementing Regulation (EU) No 908/2014 <sup>(216)</sup>. Since the vast majority of expenditure in financial year 2023 is still under the CAP 2014-2022 legal basis, the following sections cover predominantly the clearance procedure and financial correction mechanisms under the CAP 2014-2022.

#### 4.1.1 Financial clearance of accounts – Completeness, accuracy and veracity of the annual accounts

The financial clearance is based on an examination by the Certification Body, an audit body which is independent from the Paying Agency. This body draws up a certificate stating whether it has reasonable assurance that the accounts of the Paying Agency are true, complete and accurate, that the internal control procedures have operated satisfactorily and whether the expenditure for which reimbursement has been requested from the Commission have been in conformity with the applicable rules (see above Part 2). They also give an opinion on the Management Declaration signed by the head of the Paying Agency, i.e. stating whether the examination puts in doubt the assertions made in the Management Declaration.

The financial clearance covers the annual accounts of each Paying Agency and the control systems set up by these for payment, accounting, and debt management. Within this framework, particular attention is paid to the Certification Bodies' conclusions and recommendations (where weaknesses are found), following their reviews of the Paying

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<sup>(214)</sup> Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy (OJ L 347 of 20.12.2013).

<sup>(215)</sup> Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 with regard to Paying Agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 255 of 28.08.2014).

<sup>(216)</sup> Commission Implementing Regulation (EU) No 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 with regard to Paying Agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency (OJ L 255 of 28.08.2014).

Agencies' management and control systems. This review also covers aspects relating to the relevant accreditation criteria for the Paying Agencies. Commission's audits under the annual financial clearance procedure may lead to opening a conformity clearance procedure when errors are found in the annual accounts and/or findings from certification/accreditation missions require that a financial correction is proposed.

The Commission adopts an annual clearance of accounts decision per Fund <sup>(217)</sup>, by which it conveys that it accepts the Paying Agencies annual accounts on the basis of the certificates and reports from the Certification Bodies, but without prejudicing any subsequent decisions to recover expenditure which proves not to have been effected in conformity with the applicable rules (this is reserved for the conformity clearance). The Commission must adopt these decisions by 31 May of the year following the financial year in question (for agricultural expenditure a financial year starts on 16 October of one year and ends on 15 October of the next year).

#### 4.1.2 Conformity clearance – checking the system

In contrast to the financial clearance, the conformity clearance is designed to exclude expenditure from EU financing which has not been paid in conformity with EU rules, thus shielding the EU budget from expenditure that should not be charged to it. These "net financial corrections" are recovered from the Member States. The conformity clearance is, therefore, not a mechanism by which irregular payments are recovered from the final beneficiaries, which according to the principle of shared management is the sole responsibility of the Member States.

However, net financial corrections are a strong incentive for the Member States to improve their management and control systems and thus to prevent or detect and recover irregular payments to final beneficiaries. The conformity clearance thereby contributes to the legality and regularity of the transactions at the level of the final beneficiaries.

#### Financial corrections

Financial corrections relate to expenditure which as regards the EAGF has not been spent by the Member States in conformity with EU rules or as regards the EAFRD has not been spent in conformity with the applicable EU and national rules, and which are therefore recovered to the EU budget. Financial corrections are not "penalties" or "fines". A penalty or fine implies a sanction over and above the undue expenditure, which is not the case for DG AGRI's financial corrections.

**Explanatory Box: Annex 7 - 4.1.2-1**

While the financial clearance is an annual exercise, conformity clearance does not follow an annual cycle. It covers expenditure incurred in more than one financial year, with the

<sup>(217)</sup> Separate decisions are adopted for the accounts of the 27 Member States and that of the Paying Agencies in the United Kingdom.

exception of expenditure made more than 24 months before the Commission officially notifies the Member State of its audit findings.

The Commission's Directorate General for Agriculture and Rural Development carried out around 156 audits in the past 3-year period to the Paying Agencies and/or Certification Bodies in the Member States. The Paying Agencies and Certification Bodies to be visited are selected on the basis of a detailed risk analysis, and the audit work normally concentrates on the work of the Certification Bodies on legality and regularity and the functioning of the Paying Agencies' management and control systems.

#### 4.1.3 Conformity procedure in practice

If an audit (including DG AGRI audits, Certification Body audits and occasionally ECA audits) reveals deficiencies in the functioning of the national systems, the Commission initiates a conformity clearance procedure with a view to determining whether to impose a net financial correction on the Member State in question and, if so, what the amount of that correction that needs to be excluded from Union financing should be. Such a procedure comprises the following steps:

- **The Commission officially notifies the Member State of the audit findings** and indicates the corrective measures, which the Member State should take to remedy the deficiencies found. The Member State then has two months to reply to the Commission's findings.
- **The Commission arranges a bilateral meeting with the Member State** where both parties shall endeavour to reach an agreement on the corrective measures to be taken as well as on the gravity of the infringement and the financial damage caused to the EU budget. The Member State has fifteen working days after having received the minutes of the meeting to react and 2 months to provide further.
- **The Commission formally communicates its conclusions to the Member State**, including the financial correction, which it envisages to impose on the Member State.
- Within 30 working days following receipt of these conclusions, **the Member State may submit the case for conciliation** to the "Conciliation Body" (see Explanatory Box below). The Conciliation Body has four months to try to reconcile the positions of the Commission and the Member State and, at the end of this period, to draw up a report on the results of its efforts and any recommendations it may wish to make to the parties.
- After having examined the Conciliation Body's report, **the Commission notifies the Member State of its final conclusions**.

#### What is the role of the Conciliation Body?

The conciliation procedure was set up in order to reconcile the divergent positions of the Commission and the Member State, occurring during the conformity clearance procedure.

The Conciliation Body is composed of five members, who are highly qualified in matters regarding the financing of the CAP or in the practice of financial audit and originate from different Member States. The chairman and the four other members are nominated by the Commission, after having consulted the Committee on the Agricultural Funds. They are appointed for three years (renewable for a year at a time only). The secretariat of the Body is provided by the Commission.

Only reasoned requests from the Member States are accepted by the Conciliation Body. A request for conciliation is only admissible when the correction proposed by the Commission services either exceeds EUR 1 million or accounts for more than 25% of the Member State's total annual expenditure under the budget headings concerned or, if these thresholds are not reached, if the request concerns a matter of principle relating to the application of EU rules.

The Conciliation Body has four months to reconcile the positions of the Commission and the Member State. At the end of its work – which takes place as informal and rapid as possible – the results are to be reported to the Member State concerned, to the Commission and to the other Member States through the Committee on the Agricultural Funds.

The Conciliation Body is completely independent; it carries out its duties neither seeking nor accepting any instructions from Member States or other body.

**Explanatory Box: Annex 7 - 4.1.3-1**

Once this procedure has been completed, any resulting financial correction is included in a formal decision adopted by the Commission (referred to as *ad-hoc* decision) after having consulted the Member States through the Committee on the Agricultural Funds. Such a conformity decision can then be challenged by the Member States before the Court of Justice of the European Union.

Throughout the procedure, Member States have the right to a fair contradictory procedure. This is also because Member States have the right (which they regularly exercise) to challenge the conformity decisions in the Court of Justice of the European Union, the Commission is very vigilant that it fully respects the Member States' rights under the conformity procedure. Failure to do so would expose the EU budget to the risk that financial corrections would have to be reimbursed to the Member States.

#### **4.1.4 Shortening of the conformity clearance procedure**

Carrying out a contradictory procedure is legally indispensable before making financial corrections. Prior to implementing any net financial correction, the Commission must therefore offer the Member States the opportunity to provide evidence and arguments that may contradict its initial findings. The CAP Horizontal Regulation, Regulation (EU) No 1306/2013, provide that "*Member States shall be given the opportunity to demonstrate that the actual extent of the non-compliance is less than the Commission's assessment*". The principle of a contradictory process between the auditor and the auditee is also an essential element of audit quality standards.

In addition to the contradictory procedure, Article 52(3) of the CAP Horizontal Regulation provides for a "procedure aimed at reconciling each party's position" if an agreement is not reached at the end of the contradictory procedure. The duration of the conciliation as such is limited to four months. But the whole process from the request of the Member State concerned to the final result of the analysis by the Commission of the recommendations of the Conciliation Body takes at least six months <sup>(218)</sup>.

The Commission has streamlined the procedure to the extent possible. Firstly, the CAP Horizontal Regulation describes precisely the nature, scope and sequence of the successive steps, as well as the different types of financial corrections. Secondly, the legal provisions of the Delegated Act (method and criteria for calculating the financial correction) and Implementing Act (details of the conformity procedure, with deadlines for each step of the procedure) are intended to further streamline the legal framework and limit the risk of unnecessary delays. Thirdly, on that stronger basis, DG AGRI intensified its monitoring of the progress of the conformity procedures to ensure a strict respect of the deadlines.

## 4.2 Net financial corrections and corrective capacity

### 4.2.1 Calculation of net financial corrections

Financial corrections are determined on the basis of the nature and gravity of the infringement and the financial damage caused to the EU budget. Where possible, the amount is **calculated on the basis of the loss actually caused** (Article 12(2) of Commission Delegated Regulation (EU) No 907/2014) **or** on the **basis of an extrapolation** (Article 12(3) of Commission Delegated Regulation (EU) No 907/2014).

Where this is not possible, **flat-rates** (Article 12(6) of Commission Delegated Regulation (EU) No 907/2014) are used which take account of the severity of the deficiencies in the national management and control systems in order to reflect the financial risk for the EU budget. In order to ensure equal treatment of all cases of this kind, the Commission has adopted guidelines <sup>(219)</sup>, which provide for standard correction rates of 2%, 3%, 5%, 7%, 10% or 25% of the expenditure at risk, depending on whether the deficiencies concern key or ancillary control requirements, which are determined for each aid schemes.

#### What are key and ancillary controls?

- **Key controls** are the administrative and on-the-spot checks necessary to determine the eligibility of the aid and the relevant application of reductions and penalties. It concerns those physical and administrative checks required to verify substantive elements, in particular the existence of the subject of the claim, identification of duplicate claims for the same subject, the quantity, the qualitative conditions including the respect of time limits,

<sup>(218)</sup> It can take even longer if the whole case has to be re-examined.

<sup>(219)</sup> Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures C(2015) 3675 final.

harvesting requirements, retention periods, etc. in order to ensure the accurate calculation of the amount due to the beneficiary. They are performed on-the-spot, and by administrative cross-checks with independent data (such as a land parcel identification system).

- **Ancillary controls** involve all other administrative operations required to correctly process claims, such as a risk analysis and appropriate supervision of the procedures.

When assessing the internal control systems in the Paying Agencies - administrative and on-the-spot checks (OTSC) for a given population, the Certification Body's assessment should be based on the key and ancillary controls. The Certification Bodies are also using the key and ancillary controls when they assess the legality and regularity of the expenditure (under their compliance and substantive testing).

**Explanatory Box: Annex 7 - 4.2.1-1**

On this basis, the guidelines provide that:

- When a Member State has adequately performed the key controls, but completely failed to operate one or two ancillary controls then a correction of 2% is justified in view of the lower risk of financial damage to the Union's budget, and in view of the lesser gravity of the infringement;
- When one or two key controls are not applied, in the number, frequency, or depth required by the regulations, then a correction of 5% is justified, as it can reasonably be concluded they do not provide sufficient level of assurance of the regularity of claims, and that the risk to the Funds was significant;
- When one or more key controls are not applied or applied so poorly or so infrequently that they are completely ineffective in determining the eligibility of the claim or preventing irregularities, then a correction of 10% is justified, as it can reasonably be concluded that there was a high risk of wide-spread financial damage to the Union's budget;
- When three or more deficiencies are detected with respect to the same control system, a financial correction of 3% is justified if the deficiencies concern only ancillary controls, which have completely failed;
- When three or more deficiencies are detected with respect to the same control system, a financial correction of 7% is justified if these deficiencies include maximum two key controls not being carried out in the number, frequency, or depth required by the Regulations;
- When a Member State's application of a control system is found to be absent or gravely deficient, and there is evidence of wide-spread irregularity and negligence in countering irregular or fraudulent practices", then a correction of 25% is justified as it

can reasonably be assumed that the freedom to submit irregular claims with impunity will occasion exceptionally high financial damages to the Union's budget.

The rate of correction may be fixed at an even higher rate to exclude all expenditure when weaknesses are so serious that they constitute a complete failure to comply with EU rules.

### **Is the amount executed in a given year the same as the amount adopted in the same year?**

For EAGF, financial corrections are executed by deducting the amounts concerned from the monthly payments made by the Commission in the second month following the Commission decision on a financial correction to the Member State concerned. For EAFRD, the financial corrections are executed through a recovery order requesting the Member State concerned to reimburse these amounts to the EU budget, mostly executed by set-off in the reimbursement in the following quarter. It therefore occurs that decisions adopted at the end of year N are only executed at the beginning of year N+1.

Furthermore, the execution of the decision may be delayed due to instalment and deferral decisions.

This is particularly the case since 2010 when, due to the financial and economic crisis, Member States requested more frequently the benefit of an existing provision in the legislation allowing reimbursement of financial corrections via annual instalments (rather than a one-off payment): if the amount to be reimbursed by the Member State is more than 0.01% of its GDP, it may request that the deductions are made in annual instalments (maximum 3) instead of all at once. **In 2023, two instalment decisions have been adopted in respect of EUR 33.929 million of financial corrections** (see Annex 7 – 4.2.2-1 for details).

In order to ensure comparability with previous years, DG AGRI continues to use the **executed amounts**, and not those decided, in the calculation of the corrective capacity as the executed amounts are those best reflecting the actual protection of the EU budget.

#### **4.2.2 Instalments**

Net financial corrections do put a real strain on the national budgets of Member States. Therefore, an option was introduced according to which corrections of a certain volume can be executed in three **annual instalments** on request of the Member State concerned.

The following table, sets out the financial impact of the instalment decisions applicable in 2023, showing when they were adopted and when the various instalments are actually reimbursed by the Member States.



### Corrections adopted for which payment was postponed via instalments decision (in million EUR)

			Year of reimbursement					
Ad hoc decision	Year of adoption	Amount in instalments	2021	2022	2023	2024	2025	2026
64	2020	82.035	27.345	27.345	27.345			
65	2021	7.657	2.552	2.552	2.552			
67	2021	223.056		74.352	74.352	74.352		
69	2022	137.020		45.673	45.673	45.673		
70	2022	74.111			24.704	24.704	24.704	
71	2023	13.132			4.377	4.377	4.377	
72	2023	20.797			5.986	6.932	6.932	0.946
<b>Total</b>		<b>557.808</b>	<b>29.897</b>	<b>149.922</b>	<b>184.989</b>	<b>156.038</b>	<b>36.013</b>	<b>0.946</b>

Table: Annex 7 – 4.2.2.-1

#### 4.2.3 Amounts of financial corrections decided each year

Sub-section 2.1.1.3 of the main body of this report provides further information on of the net financial corrections and how they protect the EU budget. Three conformity clearance decisions were adopted by the Commission in 2023:

Financial corrections decided in 2023 (and net amount <sup>220</sup> )				
Commission Conformity Decisions		EAGF	EAFRD	Total
ad hoc 71	EU 2023/1408	38.531 (37.953)	72.584 (60.748)	111.115 (98.702)
ad hoc 72	EU 2023/2494	90.792 (89.599)	50.729 (50.603)	141.521 (140.201)
ad hoc 72 UK	EU 2023/2492	0 (0)	0.895 (0.895)	0.895 (0.895)
<b>Total</b>		<b>129.323 (127.552)</b>	<b>124.209 (112.247)</b>	<b>253.532 (239.798)</b>

Table: Annex 7 – 4.2.3-1

#### Impact of net financial corrections on Member States

In all Member States the national and regional authorities responsible for implementing the CAP are directly affected by EU net financial corrections. Such corrections which relate to expenditure made by Member States in previous budget years lead to a reduction of EU financing in the current budget year. This requires Member States in many cases to find the financial means necessary to fill the gap by making budget transfers or amending budgets.

Explanatory Box: Annex 7 - 4.2.3-2

<sup>220</sup> The net amount is after taking account of other financial corrections on the same expenditure.

Apart from the financial corrections in favour of the EU budget, the conformity decisions contain reimbursements to Member States, following judgements of the European Court of Justice, partially or fully in their favour.

In 2023, EUR 86.09 million was reimbursed in the ad hoc decisions listed above (the financial impact of the reimbursements is already reflected in the total corrections).

Reimbursements following judgements of the European Court of Justice in 2022				
				million EUR
Case number	Commission Conformity Decisions		Member State	Reimbursed amount
T-221/21	ad hoc 71	EU 2023/1408	IT	67.368
T-33/21	ad hoc 71	EU 2023/1408	RO	18.717
<b>Total</b>				86.086

Table: Annex 7 – 4.2.3-3

## 4.2.4 Mechanisms for net financial corrections

### 4.2.4.1 Focus on more risky expenditure

DG AGRI audit activities are driven by risk analysis, i.e. more audits focus on Member States, measures and programmes affected by higher risks and where the work of the Certification Body is not reliable for assurance purposes. In line with its audit strategy, DG AGRI developed a rolling two-year audit programme. The risk assessment, which also takes into account the work of the Certification Bodies for this multi-annual plan was complemented by risk mapping (see Part 1 of this Annex). This approach ensures sufficient audit coverage of the overall expenditure while taking into account DG AGRI's audit capacity. Where the risk is considered to be high especially if there is insufficient assurance from the work of the Certification Body, the Paying Agency concerned will continue to be subject to intense audit supervision by DG AGRI in order to ensure that remedial actions are undertaken in line with an agreed schedule of work.

### 4.2.4.2 The Commission's legal obligation to correct

Any identified risk to the EU budget systematically triggers a net financial correction. The Commission has no discretion to not correct as it is legally bound to exclude any identified illegal expenditure from EU financing.

The CAP legislation frames the procedure even more tightly with the method and the criteria for fixing the amount of financial corrections set out in the delegated act. In the case of flat-rate corrections, it is specified how the severity of deficiency shall be assessed, taking into account its nature (key or ancillary control) but also its recurrence (repetition from a previous year without improvement) and the accumulation with other deficiencies (the risk of errors is likely to be higher when there are several deficiencies). The

Commission guidelines <sup>(221)</sup> on how it determines financial corrections fully reflect these provisions. The implementing act sets out mandatory legal deadlines for both Member State and Commission for the various steps of the conformity clearance procedure.

#### 4.2.4.3 Less recourse to flat-rate corrections

Both the Financial Regulation and the CAP Horizontal Regulation provide for a ranking of types of financial corrections where flat-rate corrections may only be used if calculated or extrapolated corrections cannot be established with proportionate efforts.

#### 4.2.5 DG AGRI estimated future corrections for the corrective capacity based on financial corrections executed 2018-2022

As explained in part 2.1.3 of the report body, the corrective capacity represents the Commission's capacity to prevent errors before payments are made as well as to correct errors after payment. In this context, recoveries and net financial corrections are effective mechanisms for correcting the errors made by the Member States and protecting the EU budget and should be considered in any comprehensive assessment of the overall control system.

Table Annex 7 – 4.2.5-1 below sets out the net financial corrections executed (except cross-compliance, reimbursements following court judgments, individual corrections for market measures ABB02 that are no longer relevant, late payments and overshooting of ceilings) reimbursed to the EU budget for ABB02, ABB03 and ABB04 over the past five years.

DG AGRI corrective capacity from financial corrections executed 2019-2023				
	net financial corrections, million EUR			
	ABB02	ABB03	ABB04	Total
2019	51.822	506.832	170.883	729.537
2020	30.052	178.095	147.640	355.787
2021	33.147	448.828	99.310	581.285
2022	30.264	447.787	136.451	614.502
2023	53.864	304.840	138.318	497.022
Total	199.149	1 886.382	692.602	2 778.133
<b>5-year average</b>	<b>39.830</b>	<b>377.276</b>	<b>138.520</b>	<b>555.627</b>

Table: Annex 7 – 4.2.5-1

As mentioned in the main body of the report (under sub-section 2.1.1.3.1 and 2.1.1.3.3), DG AGRI uses a historical average of the net financial corrections **executed** (not decided) for calculating its estimated future corrections for the corrective capacity. In 2023, DG AGRI used five-year average for all ABBs. It results in the best but conservative estimate of the expected corrective capacity average to be applied to the reporting year's relevant expenditure, so as to get the related estimated future corrections. The corrections excluded refer exclusively to ABB02 (market measures) and are those concerning aid schemes which

<sup>(221)</sup> Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures C(2015) 3675 final.

no longer exist, notably, export refunds, food for the most deprived, sugar restructuring and historic wine plantation right.

Thus, as the resulting estimated future corrections for the corrective capacity are based on executed amounts and exclude some financial corrections as explained, the resulting estimated amount of EUR 555.627 million is lower than the net decided financial corrections adopted in 2023 of EUR 603.423 million.

As in previous years, in its calculation of corrective capacity for net financial corrections, DG AGRI excludes corrections in respect of cross-compliance infringements as these are not considered to be “errors” as regards eligibility and therefore are not included in the estimates of the error rates. These amounts are, however, significant, and are therefore disclosed separately in the table below:

Cross-compliance corrections executed in 2022 and 5-year average				
				million EUR
	<b>ABB02</b>	<b>ABB03</b>	<b>ABB04</b>	<b>Total</b>
2023	0.091	44.178	10.204	54.473
<b>5-year average</b>	<b>0.144</b>	<b>40.849</b>	<b>7.117</b>	<b>48.110</b>

**Table: Annex 7 – 4.2.5-2**

## Part 5: Debt management by the Member States

### 5.1 Legal Framework

Regulation (EU) No 1306/2013 on the financing of the CAP requires the Member States to recover sums lost as a result of irregular payments detected. However, the recovery procedures, in accordance with the principle of subsidiarity, are the full responsibility of the Member States concerned and, thus, subject to their individual administrative and judicial procedures. Therefore, while some procedures deliver rapid results, others take more time.

In order to address delays by some Member States in recovering undue payments, the legislator introduced in Regulation (EU) No 1306/2013 an automatic clearing mechanism under which 50% of any undue payments which the Member States have not recovered from the beneficiaries within 4 years or, in the case of legal proceedings, 8 years, would be charged to their national budgets (50/50 rule). This mechanism is applicable to any undue payments following the occurrence of irregularity or negligence arising from expenditure related to 2007-2013 and 2014-2022 programming periods.

Even after the application of this mechanism, Member States are still obliged to pursue their recovery procedures and, if they fail to do so with the necessary diligence, the Commission may decide to charge the entire outstanding amounts to the Member States concerned. Moreover, pursuant to Article 28 of Regulation (EU) No 908/2014, Member States are required to off-set any outstanding debts against future payments to the debtor (compulsory compensation).

From financial year 2014, the 50/50 rule is applied to EAFRD in the financial year when it occurs and not at the closure of the programme. Consequently, the Member States are required to indicate amounts to be charged under the 50/50 rule also for EAFRD 2007-2013 as well as for EAFRD 2014-2022 programmes <sup>(222)</sup>.

Undue payments that are the result of administrative errors committed by the national authorities also have to be deducted from the annual accounts of the Paying Agencies concerned and, thus, excluded from EU financing.

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<sup>(222)</sup> Article 54(2) of Regulation (EU) No 1306/2013.

## 5.2 Amounts recovered by the Member States in financial year 2023 for the EAGF

Table Annex 7 – 5.2-1 below sets out the amounts recovered in 2023 from the beneficiaries by the Member States as reported in their debtors' ledger for the EAGF <sup>(223)</sup>.

MS	EAGF recoveries	EAGF recoveries cross-compliance	EAGF recoveries Total
AT	428 077	614 343	1 042 421
BE	719 959	2 439 938	3 159 897
BG	1 008 697	3 029 244	4 037 941
CY	407 702	147 278	554 980
CZ	390 924	2 211 505	2 602 429
DE	7 498 729	4 969 326	12 468 055
DK	830 330	350 177	1 180 507
EE	33 047	350 557	383 604
ES	17 994 599	6 971 971	24 966 570
FI	558 042	733 691	1 291 734
FR	9 827 215	16 378 489	26 205 705
GB	378 417	15 910	394 327
GR	3 080 313	933 512	4 013 825
HR	1 011 769	4 004 840	5 016 609
HU	933 131	2 255 137	3 188 268
IE	2 146 506	3 417 104	5 563 610
IT	7 941 863	25 760 501	33 702 364
LT	1 032 763	1 235 285	2 268 047
LU	30 261	76 802	107 063
LV	332 817	555 167	887 984
MT	9 170	36 963	46 132
NL	377 580	1 407 511	1 785 091
PL	3 940 588	1 185 192	5 125 780
PT	1 903 335	1 774 502	3 677 837
RO	7 561 906	7 609 125	15 171 032
SE	197 763	496 020	693 783
SI	29 622	133 259	162 880
SK	1 981 874	892 888	2 874 762
<b>Total</b>	<b>72 586 999</b>	<b>89 986 237</b>	<b>162 573 235</b>

**Table: Annex 7 – 5.2-1**

For the purpose of calculating estimated future corrections, including recoveries for the purposes of the corrective capacity (see Table Annex 7 – 5.2-2 below and sub-section 2.1.1.3.3 of the main body of the report), amounts recovered from the beneficiaries by the Member States and reimbursed to the Commission as assigned revenue (67 02) for the EAGF in 2022 are taken into account. These amounts slightly differ from the debtors' ledgers as reported by the Member State as it accounts for recovered amounts subject to

<sup>(223)</sup> Since the entry into force of the Commission Implementing Regulation (EU) No 908/2014 laying down rules for the application of Regulation (EU) No 1306/2013, Paying Agencies are required to record the budget code of the amounts recovered. However, this requirement is only applicable to new debt cases (as per Article 41(5) of Regulation (EU) No 907/2014). Consequently, since Paying Agencies are still presently reporting old debts cases, it is still not possible to provide a breakdown of recovered amounts at ABB level and this is why the corrective capacity is still reported at Fund level.

the retention of a 20% flat rate recovery cost, as well as recovered amounts of recovery cases that were subject to the 50/50 rule in the financial clearance of accounts for financial year 2023 and assigned revenue from (disjoined) financial clearance decisions of previous financial years.

The total amount recovered and reimbursed to the EU budget is EUR 134.51 million. This corresponds to the amount declared by DG AGRI in the consolidated accounts for 2023. Amounts recovered in respect of cross-compliance infringements (i.e. EUR 39.11 million) are indicated separately and deducted to show the amount of recoveries for 2023 which DG AGRI considers to be relevant for its corrective capacity, i.e. EUR 95.40 million for 2023.

MS	EAGF recoveries	EAGF recoveries cross-compliance	EAGF recoveries Total
AT	468 594	474 962	943 556
BE	769 072	1 255 067	2 024 138
BG	2 850 003	494 004	3 344 007
CY	56 159	103 042	159 201
CZ	573 089	1 531 931	2 105 020
DE	6 785 345	6 345 903	13 131 248
DK	758 817	526 531	1 285 348
EE	95 008	208 522	303 531
ES	17 646 876	2 813 822	20 460 698
FI	554 404	436 796	991 200
FR	18 694 080	4 171 383	22 865 463
GB	0	0	0
GR	3 448 843	6 308	3 455 152
HR	1 312 850	3 698 423	5 011 273
HU	2 481 955	1 112 328	3 594 283
IE	2 041 546	3 016 174	5 057 719
IT	17 979 928	2 779 537	20 759 465
LT	1 060 243	717 014	1 777 257
LU	30 261	122 814	153 074
LV	561 181	194 747	755 929
MT	9 170	27 721	36 890
NL	671 400	727 320	1 398 720
PL	3 937 031	1 646 541	5 583 573
PT	1 843 195	1 441 002	3 284 197
RO	8 562 934	3 683 204	12 246 138
SE	172 669	874 511	1 047 180
SI	22 743	133 480	156 223
SK	2 010 001	568 124	2 578 125
<b>Total</b>	<b>95 397 398</b>	<b>39 111 209</b>	<b>134 508 607</b>

Table: Annex 7 – 5.2-2

In addition, an amount of EUR 23.27 million was recovered by the Commission from the Member States and the UK from the so-called 50/50 for EAGF in 2023.

### 5.3 Amounts recovered by the Member States and the UK in financial year 2023 for the EAFRD

Table Annex 7 – 5.3-1 below sets out the amounts recovered in 2023 from the beneficiaries by the Member States and the UK as reported in their debtors' ledger for the EAFRD <sup>(224)</sup>.

MS	EAFRD recoveries	EAFRD recoveries cross-compliance	EAFRD recoveries Total
AT	1 890 170	69 520	1 959 690
BE	696 895	203 801	900 696
BG	4 452 628	780 048	5 232 675
CY	36 760	60 644	97 404
CZ	1 413 810	765 872	2 179 682
DE	4 517 991	608 138	5 126 128
DK	690 646	2 996	693 642
EE	1 686 420	192 251	1 878 671
ES	35 577 793	724 031	36 301 824
FI	1 068 029	212 567	1 280 596
FR	6 568 279	805 495	7 373 773
GB	4 993 436	41 451	5 034 887
GR	3 434 702	540 729	3 975 431
HR	2 707 638	6 092 458	8 800 096
HU	7 282 445	8 350 485	15 632 931
IE	1 281 523	443 031	1 724 554
IT	5 780 535	19 018 392	24 798 927
LT	1 620 634	408 614	2 029 248
LU	33 266	32 401	65 668
LV	925 531	192 278	1 117 809
MT	704 613	44 664	749 277
NL	111 021	2 984	114 005
PL	16 960 040	1 783 033	18 743 073
PT	11 576 107	809 659	12 385 766
RO	26 884 818	3 324 676	30 209 494
SE	1 389 697	2 955	1 392 652
SI	353 061	114 177	467 238
SK	4 574 816	280 881	4 855 697
<b>Total</b>	<b>149 213 301</b>	<b>45 908 232</b>	<b>195 121 534</b>

Table: Annex 7 – 5.3-1

For the purpose of calculating the estimated future corrections, including recoveries for the purposes of the corrective capacity, recovered amounts in respect of cross-compliance infringements are deducted. The resulting amount of recoveries for 2023 which DG AGRI considers relevant for its corrective capacity is EUR 149.21 million.

<sup>(224)</sup> Including other penalties and sanctions.



From the above table, the total amount of EAFRD recoveries in 2023 that could be reused by Member States within the same programme amounts to EUR 194.74 million and an amount of EUR 0.38 million was recovered from the TRDI fund.

In addition, an amount of EAFRD EUR 37.76 million was recovered by the Commission from the Member States and the UK from the so-called 50/50 in 2023.

#### 5.4 Application of the 50/50 Rule

The financial consequences of non-recovery for cases dating from 2019 (4-year deadline for recovery) or 2015 (8-year deadline in case of legal proceedings) will be determined for 2023 in accordance with the 50/50 rule mentioned above by charging approximately EUR 83.6 million to the Member States concerned <sup>(225)</sup>. On the other hand, around EUR 18 million represents cases reported as fully irrecoverable during financial year 2023 <sup>(226)</sup>. The final figures will be established in May 2024 when the financial clearance decision for financial year 2023 will be adopted. Due to the application of the 50/50 rule, important non-recovered sums have already been charged to the Member States for EAGF, EAFRD and TRDI expenditure.

The overall outstanding amount still to be recovered from the beneficiaries at the end of financial year 2023 was EUR 1 498 million for all the Funds. Of this amount, EUR 1 110.9 million is outstanding to the EU budget (the difference, EUR 387.6 million, having already been charged to the Member States via the 50/50 mechanism in previous years or amounts recovered and returned to the Funds).

The clearance mechanism (50/50 rule), referred to above, provides a strong incentive for Member States to recover undue payments from the beneficiaries as quickly as possible. Even after the application of the 50/50 rule, Member States are still obliged to pursue their recovery procedures in order to recover, in full, the unduly paid amount and to return this to the EU budget. As a result, by the end of financial year 2023, 57% of the new EAGF debts, registered as from 2007, had already been recovered (the recovery rate for financial year 2022 was 58%). The detailed breakdown of this recovery rate has developed as follows:

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<sup>(225)</sup> Please note that these amounts relate to EAGF, EAFRD and TRDI.

<sup>(226)</sup> For EAFRD, from financial year 2014 the Member States have to report the irrecoverable cases as well established during the financial year in question.

		Recovery rate																
		until end of 2007	until end of 2008	until end of 2009	until end of 2010	until end of 2011	until end of 2012	until end of 2013	until end of 2014	until end of 2015	until end of 2016	until end of 2017	until end of 2018	until end of 2019	until end of 2020	until end of 2021	until end of 2022	until end of 2023
Year of discovery of the irregularity	2007	33%	47%	50%	54%	60%	60%	63%	64%	68%	71%	75%	75%	75%	75%	76%	76%	76%
	2008	-	24%	39%	46%	48%	56%	58%	59%	66%	67%	94%	95%	96%	96%	96%	96%	97%
	2009	-	-	24%	33%	42%	44%	46%	49%	52%	63%	84%	84%	85%	85%	86%	86%	86%
	2010	-	-	-	29%	39%	44%	45%	47%	49%	53%	66%	66%	66%	66%	66%	86%	86%
	2011	-	-	-	-	23%	35%	41%	45%	51%	53%	62%	62%	63%	64%	65%	89%	90%
	2012	-	-	-	-	-	34%	61%	66%	69%	72%	73%	77%	78%	78%	79%	80%	80%
	2013	-	-	-	-	-	-	23%	30%	36%	39%	41%	42%	46%	47%	64%	65%	48%
	2014	-	-	-	-	-	-	-	14%	28%	32%	33%	34%	38%	39%	39%	47%	39%
	2015	-	-	-	-	-	-	-	-	45%	61%	64%	67%	72%	73%	77%	81%	83%
	2016	-	-	-	-	-	-	-	-	-	39%	38%	41%	45%	46%	47%	48%	49%
	2017	-	-	-	-	-	-	-	-	-	-	-	21%	32%	35%	36%	38%	41%
	2018	-	-	-	-	-	-	-	-	-	-	-	-	50%	60%	66%	69%	73%
	2019	-	-	-	-	-	-	-	-	-	-	-	-	-	26%	35%	38%	46%
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37%	49%	54%
	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27%	69%
	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39%
	2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007-2023																		57%

Table: Annex 7 – 5.4-1

The recovery rates quoted in this table are based on the data communicated by the Paying Agencies in their annual accounts and only present a snapshot of the situation as on 15 October 2023 of the recovery rate of the Paying Agencies in relation to the unduly paid amounts for EAGF. This should not be confused with the financial exposure of the Fund since parts of these amounts have already been returned to the fund through the 50/50 mechanism. The recovery rate in the table above only gives an indication of the Paying Agencies' average recovery rate, over time, of the undue amounts from the beneficiaries. For most of the debt cases outstanding, national legal proceedings are on-going, the length of which varies between Member States and explains, to a large extent, the average speed of recovery. It is also noted that more recent years include new debts which have not yet been subject to the 50/50 mechanism.

Moreover, it should be noted that some of these debt amounts were already written off as unrecoverable by Member States in the period 2007-2023 (EUR 217.9 million) and therefore, in the vast majority of cases, they will not be recovered from the beneficiaries.

For more details on the recovery rates at Member State level, see table Annex 7–5.4-2 below.

## Recoveries (EUR) from beneficiaries for cases detected since 2007 – EAGF

Member State	New cases since FY2007	Adjustments since FY2007	Recoveries since FY2007	Non-recoverable since FY2007	Recovery rate
AT	- 385.962,14	2.825.508,59	-61.230.887,75	-305.188,13	93%
BE	- 11.614.634,09	-17.734.272,52	-41.891.222,73	-11.575.256,08	75%
BG	- 266.495,64	934.896,31	-4.192.648,06	-266.496,00	36%
CY	- 12.462,36	-41.917,26	-2.470.906,86	-11.675,93	82%
CZ	- 20.262,65	2.102.713,41	-4.638.192,64	-10.131,56	48%
DE	- 6.323.189,80	-6.997.519,28	-107.303.724,97	-4.265.656,53	83%
DK	- 26.149.661,91	18.857.428,02	-31.446.046,76	-26.057.574,38	95%
EE	- 189.683,37	-1.018.846,97	-1.653.086,69	-142.403,53	88%
ES	- 51.785.771,40	-61.608.581,54	-227.333.293,74	-43.509.768,99	83%
FI	- 298.039,26	-71.899,62	-13.947.306,44	-280.231,47	89%
FR	- 23.466.557,80	-101.487.353,28	-164.361.741,92	-15.914.054,13	43%
GB	- 1.079.720,19	-11.357.869,56	-51.578.923,70	-943.848,00	61%
GR	- 69.582,99	-41.272.946,33	-50.862.803,53	-37.584,40	35%
HR	- 23.827,27	-561.385,90	-4.292.004,92	-11.913,89	50%
HU	- 25.811.553,28	-72.876.053,38	-22.193.619,91	-16.896.324,46	65%
IE	- 841.981,04	-3.309.378,07	-39.065.942,52	-679.286,86	89%
IT	- 48.550.389,49	-54.634.049,36	-215.692.703,93	-38.825.338,59	61%
LT	- 204.059,97	-3.296.968,71	-13.433.618,80	-151.960,50	91%
LU	- 2.294,39	-660.284,47	-476.226,52	-2.268,94	76%
LV	- 188.102,23	-27.518,73	-3.255.399,49	-97.209,33	80%
MT	- 54.780,44	277.692,58	-758.720,74	-43.015,28	41%
NL	- 82.815.409,73	4.359.204,49	-32.202.957,31	-41.423.953,22	70%
PL	- 24.183.910,61	-591.645.377,65	-52.126.992,45	-12.494.695,63	18%
PT	- 3.513.554,17	-22.950.838,91	-54.386.910,46	-2.904.001,40	78%
RO	- 236.269,86	-8.666.276,84	-48.922.557,33	-137.549,57	35%
SE	- 251.674,87	-5.851.005,57	-21.620.444,73	-183.688,49	86%
SI	- 482.443,53	-8.777.933,32	-9.668.652,30	-241.222,22	91%
SK	- 488.515,43	-1.043.552,29	-6.377.386,80	-474.169,33	56%
<b>Total</b>	<b>- 309.310.789,91</b>	<b>-986.534.386,17</b>	<b>-1.287.384.923,99</b>	<b>-217.886.466,86</b>	<b>57%</b>

Table: Annex 7 – 5.4-2

The recovery rates quoted in this table are based on the data communicated by the Paying Agencies in their annual accounts. Similarly to the previous table, this table presents a snapshot of the situation of recoveries as at 15 October 2023.

## 5.5 DG AGRI Enquiries

Based on the annual accounts of financial year 2023, the global amount subject to debt management is approximately **EUR 1.50 billion**.

Based on the results of the audit work carried out by DG AGRI (desk audits and missions) as well as on the audit work of external audit bodies (Certification Bodies, European Court of Auditors, OLAF), the consolidated assessment of DG AGRI, at the end of 2023, as regards the effectiveness of irregularities and debt management and control systems (IDMCS) can be described as follows: the IDMCS implemented in the following Paying Agencies is partially effective and improvements are necessary: BG01, CZ01, DE03, DE17, DE21, ES01, ES03, ES07, FI01, FR19, GB06, GB07, GB09, HU02 IT01, IT10 IT27, NL04, PL01, PT03, RO01, RO02 and SK01.

In financial year 2023, remedial actions were put in place by Member State's authorities to address the deficiencies identified in the previous financial years in the debt management systems of their paying agencies. As regards IT27 – ARGEA, under probation between 10 October 2022 to 10 October 2023, the accreditation action plan that also covered debt management issues was considered as implemented by the Competent Authority.

DG AGRI is following up the adequacy and effectiveness of the accreditation and improvement plans put in place to address the deficiencies identified in the debt management control systems of the given paying agencies. The financial impact of the deficiencies identified in the audit report for financial year 2023 are followed up under a conformity enquiry unless a self-correction is planned by the concerned Member States in the financial year 2024 accounts.

## Part 6: Cross-compliance

Cross-compliance is a mechanism by which farmers are penalised when they do not respect a series of rules which stem in general from policies other than the CAP and which apply to EU citizens independently of the CAP.

The respect of cross-compliance obligations does not constitute an eligibility criterion for CAP payments and therefore the checks of these requirements do not pertain to the legality and regularity of the underlying transactions. Penalties imposed for non-compliance with cross-compliance requirements are therefore not taken into account for the calculation of the error rates for the CAP.

The control statistics referred to below do not therefore correspond to errors in underlying transactions.

The results of the checks on cross-compliance are shown in table Annex 7 – 6-1 for claim year 2022 (financial year 2023). That table shows that on average 2.02% of all claimants were checked as regards their compliance with cross-compliance requirements in claim year 2022. Thereby the minimum control rate of 0.5% set by Regulation (EU) 2022/1216 introducing derogations due to the COVID-19 pandemic for claim year 2022 (financial year 2023), was globally respected. The claim year 2022 rate of farmers checked on the spot and subsequently subject to a cross-compliance sanction was 23.58%.

According to the control statistics, total cross-compliance sanctions in respect of claim year 2022 amounted to EUR 50.7 million. Sanctions following regulatory on-the-spot checks amounted to EUR 25.2 million in total.

A further analysis allows identifying the sanctions applied in case of negligence of the farmer, i.e. excluding the sanctions for repetition and intentional non-compliance. Those sanctions amount to EUR 25.8 million (2.69% of the aid covered by on-the-spot checks). An amount of EUR 28.8 million of sanctions was applied following repetition and intentional non-compliance.

Member State	Population	Subject to on-the-spot checks		Results of on-the-spot checks	
	Total number of beneficiaries	Number of beneficiaries	As share of total number of beneficiaries	Beneficiaries sanctioned for non-compliances	As share of total number of on-the-spot-checks
	number	number	%	Number	%
	A	B	C=B/A	D	E=D/B
AT	102 031	1 667	1.63%	252	15.12%
BE	34 075	4 666	13.69%	509	10.91%
BG	60 928	909	1.49%	412	45.32%
CY	30 464	335	1.10%	58	17.31%
CZ	31 229	2 797	8.96%	110	3.93%
DE	289 170	6 820	2.36%	1 888	27.68%
DK	35 305	380	1.08%	140	36.84%
EE	17 222	323	1.88%	11	3.41%
EL	549 809	5 645	1.03%	1 660	29.41%
ES	575 572	6 366	1.11%	1 647	25.87%
FI	45 854	928	2.02%	225	24.25%
FR	304 483	7 770	2.55%	2 446	31.48%
HR	109 467	890	0.81%	126	14.16%
HU	148 132	4 403	2.97%	877	19.92%
IE	126 777	1 387	1.09%	432	31.15%
IT	663 791	19 005	2.86%	2 649	13.94%
LT	118 309	1 369	1.16%	424	30.97%
LU	1 720	250	14.53%	41	16.40%
LV	45 675	1 168	2.56%	294	25.17%
MT	6 352	129	2.03%	111	86.05%
NL	45 939	470	1.02%	58	12.34%
PL	778 864	14 008	1.80%	3 363	24.01%
PT	150 015	2 464	1.64%	1 234	50.08%
RO	601 566	15 123	2.51%	4 381	28.97%
SE	57 533	601	1.04%	269	44.76%
SI	55 503	679	1.22%	212	31.22%
SK	18 414	509	2.76%	22	4.32%
UK	24 400	496	2.03%	97	19.56%
<b>EU-27 2022</b>	<b>5 028 599</b>	<b>101 557</b>	<b>2.02%</b>	<b>23 948</b>	<b>23.58%</b>
EU-27 2021	5 048 617	90 497	1.79%	22 610	24.98%

Table: Annex 7 – 6-1

Table Y- Overview of AGRI's estimated cost of controls at Commission (EC) level

- Overview of AGRI's estimated cost of controls at Commission (EC) level								
EXPENDITURE	The absolute values are presented in EUR							
AGRI	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Shared management	45,266,340.00 €	57,555,695,920.85 €	0.08%	18,855,705.00 €	- €	0.00%	64,122,045.00 €	0.11%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
<b>OVERALL total estimated cost of control at EC level for expenditure</b>	<b>45,266,340.00 €</b>	<b>57,555,695,920.85 €</b>	<b>0.08%</b>	<b>18,855,705.00 €</b>	<b>- €</b>	<b>0.00%</b>	<b>64,122,045.00 €</b>	<b>0.11%</b>

\* if the control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc, they may be grouped

\*\* ratio possibly "Not Applicable (N/A)", e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

\*\*\* any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be reported in the ex-ante column provided that a footnote clarifies this (their nature + their cost).

Example: Member States system audits in shared management.

NB: DG AGRI operates under shared management. It does not collect the data for ex ante and ex post controls separately.

**Part 8: Assessment of the amount at risk for indirect management**

IPARD (Instrument for Pre-Accession Assistance in Rural Development) expenditure is managed by DG AGRI under the decentralised or indirect management mode <sup>(227)</sup>.

**Description of the management and control system**

For IPARD funds, assurance is obtained based on a management and control system for programmes established in line with both the principles of the agricultural funds and the relevant external aid provisions of the Financial Regulation.

In particular, the management and control system have a structure similar to the one applicable under EAGF and EAFRD, with however some more stringent conditions. The main ones are the following:

- The accreditation of the structures at national level only, is not sufficient to enable the management and control systems in the beneficiary countries to start operating. In accordance with the rules established in the Financial Regulation for indirect management, following the setup of the management and control system by the national authorities, the Commission needs to formally entrust the budget implementation tasks to the beneficiary countries, after having verified their level of preparedness;
- Once budget implementation tasks have been entrusted, substantial changes to the management and control procedures need the prior approval of DG AGRI before they can be put into operation;
- More extensive control procedures and stricter conditions for payments to the recipients apply, compared to the same measures in EAFRD.

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<sup>(227)</sup> Chapter 2, Section 1 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 30 July 2018 on the financial rules applicable to the general budget of the Union.



**Audit work by DG AGRI**

The Framework and Sectoral Agreements for IPARD provide for financial and conformity audits. Following the above agreements, principles and procedures similar to EAGF and EAFRD apply with however some important differences as described above.

The audit work by DG AGRI focuses on the verification of compliance with the conditions laid down in the legal framework, as set out in the applicable regulations and agreements signed between each beneficiary country and the Commission.

The audit work is about assessing the procedures and structures of the entities in charge of the implementation of the IPARD policy area/component prior to entrustment (entrustment audits), ex-post audits (conformity audits) and the audit work conducted by independent Audit Authorities<sup>(228)</sup> at national level (whose results are used in the financial clearance) as well as audit work to verify the proper functioning of the said Audit Authorities (Verifications audits).

Explanatory box: Annex 7 - 8-1

**IPARD II (2014-2020)**

Albania had expenditure of EUR 8 289 503.87 in 2023. An extension from n+3 to n+4 for the financial year 2020 was granted (expenditure deadline 31/12/2024).

Montenegro had expenditure of EUR 6 864 927.33 in 2023. An extension from n+3 to n+4 for the FY 2020 was granted (expenditure deadline 31/12/2024).

North Macedonia had expenditure of EUR 9 453 826.48 in 2023. An extension from n+3 to n+4 for the FY 2020 was granted (expenditure deadline 31/12/2024).

Serbia had expenditure of EUR 32 841 431.69 in 2023. An extension from n+3 to n+4 for financial year 2020 was granted (expenditure deadline 31/12/2024).

Türkiye effected expenditure of EUR 62 242 373.71 in 2023. It reached the 95% rule, so amount of EUR 53 731 935.05 has been cleared from the pre-financing until now. An extension from n+3 to n+4 for financial year 2020 was granted (expenditure deadline 31/12/2024).

**Audit work as regards acceptance of accounts for IPARD II**

Under IPARD II, the beneficiary countries have to send the **Accounts** and the **Management Declaration** by 15 February N+1 and the **Audit Authority opinion and Annual Audit**

<sup>(228)</sup> The Audit Authorities in IPARD correspond to the Certification Bodies in EAGF/EAFRD.

**Activity Report** on the management and control system as well as on the expenditure declared to the Commission by 15 March N+1.

DG AGRI assesses the above documents and, by 15 July N+1, has to inform the countries on the result of the acceptance of accounts exercise. In case the conditions to accept the accounts are met, the Commission adopts a decision.

In 2023, DG AGRI accepted the accounts for 2022 for Montenegro, Republic of North Macedonia, Serbia and Türkiye <sup>(229)</sup>. The accounts for Albania for 2022 were not yet proposed for acceptance due to material financial errors. DG AGRI launched conformity enquiries for 4 IPARD countries as a result of the acceptance of accounts procedure for financial year 2023.

In 2023, 2 audits to IPARD countries took place: Republic of North Macedonia (bilateral meeting on the spot for the open enquiry from the acceptance of accounts for financial year 2022) and Serbia (bilateral meeting on the spot for the open enquiry from the acceptance of accounts for financial year 2022 and review of the implementation of the Action plan related to conditional entrustment). No serious issues were identified, only recommendations for improvement.

### **Conclusion for IPARD II (2014-2020)**

The IPARD agencies must carry out 100% on-the-spot controls to all projects (at least once during the lifetime of the project). In order to provide an opinion on the legality and regularity of the expenditure, the Audit Authorities carry out on-the-spot controls for a selection of transactions. For most of the countries, given the low number of payments, the Audit Authorities test a percentage (15-20%) of all payments and, consequently, any errors found are projected to the whole expenditure. On the basis of the Audit Authorities' findings, DG AGRI considers proposing financial corrections in the context of the annual acceptance of accounts.

For Albania, following allegations of fraud in the IPARD Agency, DG AGRI interrupted the payments for part of the IPARD expenditure in 2023 as a precautionary measure. Moreover, no entrustment for IPARD III is granted yet. A plan to remedy the deficiencies was drawn up, however its implementation has not yet been checked by DG AGRI. In addition, the Albanian authorities are planning a dedicated forensic audit to establish the risk to the IPARD fund since the start of the implementation of the programme. For financial year 2023 the Albanian Audit Authority calculated the risk to the IPARD fund largely above the materiality threshold described in Annex 5 (Materiality criteria) of the present AAR. Therefore, it is considered that a reservation for IPARD II expenditure (ABBO5) for financial year 2023 for Albania is necessary and that the country should continue with the implementation of the ongoing action plan to address the deficiencies identified.

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<sup>(229)</sup> The acceptance of accounts decisions were adopted in February 2024

As regards expenditure implemented under indirect management (ABB05), taking into account the results of previous DG AGRI audits and the Audit Authorities 'findings for financial year 2023' <sup>(230)</sup>, DG AGRI considers a certain part of the expenditure to be at risk.

The table below shows the amount at risk for IPARD II.

Overall adjusted error rate as regards IPARD II expenditure and cleared pre-financing (ABB 05) in 2023						
Country	Payments made (EUR)	Pre-financing paid (EUR)	Cleared pre-financing (EUR)	TOTAL relevant expenditure (EUR) (payments made - pre-financing + cleared amounts)	Adjusted error rate	Amount at risk (EUR)
AL	8 289 503.87	0	0	8 289 503.87	17.24%	1 429 425.52
ME	6 864 927.33	0	0	6 864 927.33	0.64%	43 935.53
MK	9 453 826.48	0	0	9 453 826.48	4.36%	412 186.83
RS	32 841 431.69	0	0	32 841 431.69	0.00%	985.24
TR	62 242 373.71	0	53 731 935.05	115 974 308.76	0.98%	1 136 548.23
<b>Total ABB 05</b>	<b>119 692 063.08</b>	<b>0</b>	<b>0</b>	<b>173 423 998</b>	<b>1.74%</b>	<b>3 023 081</b>

Table: Annex 7 -8-3

### IPARD III (2021-2027)

In 2023 all 5 IPARD countries submitted requests for budget implementation tasks for IPARD III for measures already entrusted under IPARD II. DG AGRI granted entrustment to North Macedonia <sup>(231)</sup> and Türkiye <sup>(232)</sup>. Conditional entrustment was granted to Montenegro (due to IT security issues) and Serbia (due to Human Resources issues at the IPARD Agency). No expenditure was declared in 2023.

### Conclusion for Indirect management

Title 15	Agriculture and rural development	Payments made (EUR)	Prefinancing paid (EUR)	Cleared prefinancing (EUR)	Relevant expenditure (EUR)	Adjusted error rate	Amount at risk (EUR)
1502	Instrument for Pre-accession Assistance	119 692 063	-	53 731 935	173 423 998	1.74%	3 023 081
<b>Total</b>		<b>119 692 063</b>				<b>1.74%</b>	<b>3 023 081</b>

Table: Annex 7 - 8-4

Taking IPARD II for the EUR 119.7 million in indirect management under the pre-accession programmes, **the maximum amount at risk is estimated at EUR 3.02 million indicating an estimated adjusted error rate for relevant expenditure of 1.74%.**

<sup>(230)</sup> The results of DG AGRI analysis of the Audit Authorities reports for financial year 2023 were not available for this report. Therefore, the error rates are provisional, as indicated by the Audit Authorities in their reports. Error rates reported by the Audit authorities for financial year 2023: AL – 17.14%, ME- 0.64%, MK – 4.36%, RS – 0.003%, TR – 0.98%.

<sup>(231)</sup> DG AGRI letter Ares(2023)5250396 of 28.7.2023.

<sup>(232)</sup> DG AGRI's letter Ares(2023) 8342554 of 6.12.2023.

## Part 9: Budget implementation tasks entrusted to other DGs and Agencies

### Research activities

REA successfully implemented the work program of the cluster 6 'Food, Bio economy, Natural Resources, Agriculture and Environment' as well as the work program related to the EU mission "A Soil Deal for Europe". REA contributed actively to the launch of various initiatives taken in relation to the soil mission.

REA performed well against its Key Performance Indicators. It reports that overall, the implementation of the planned Feedback to Policy activities in 2023 has mostly been successful.

There are no critical risks reported by the agency and no identified reservations (error rates fall within the target). The root causes of errors are identified and targeted actions are taken to address any identified weaknesses.

Based on the most relevant key indicators and the controls results, REA has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost effectiveness of controls for which it is responsible.

#### *Budget implementation:*

The agricultural research activities are implemented under a shared budget line for cluster 6. Consequently, the budgetary execution data available on the level of the clusters are not exclusively related to the agricultural research activity. The majority of the soil mission is financed under cluster 6.

Implementation of appropriations by REA for Cluster 6 (including the Soil Mission mainly financed under cluster 6) in 2023:

Commitment appropriations :	EUR	1 057 609 092.32
Payment appropriations :	EUR	561 065 909.56

Appropriations related to the agricultural research activity implemented by REA under H2020:

Payment appropriations (PA): EUR 91 968 090 (100% execution)

Within the frame of activities of DG AGRI as parent DG of the Research and Innovation family, DG AGRI is actively engaged in several *inter-service groups*:

- The Research Budget Network (RBN);
- The Legal Mechanism Issue Group (LMIG);
- The Coordination of research family Parent DGs on supervision and governance;
- The R&I audit network.

No major issues arose from the discussions within those inter-service groups that need to be raised in this report.

### **Agricultural Promotion**

As foreseen in the work program for 2023, a call has been organized for both the simple and the multi programs. While the topics for the simple programs were almost all oversubscribed, this was not the case for the multi calls where the undersubscription continues. The resulting leftover budget was reallocated to procurement activities.

As reported in Section 2.1.1, REA has included in its AAR 2023 a reputational reservation following to difficulties encountered for the multiple grant portfolio in 3 Member States. REA undertook the necessary steps to reinforce the internal control system and limit the financial impact. The Steering Committee was timely informed, and DG AGRI was timely involved in the process.

Budget execution of the agricultural promotion activity, 2023 appropriations (C1) delegated to REA:

- In commitments (CA):
 

Initial budget:	EUR 96 900 000
Transfer:	EUR 13 820 967
Execution:	EUR 83 079 033
  
- In payments (PA):
 

Initial budget:	EUR 103 791 101
Transfer:	EUR 20 045 967
Execution:	EUR 73 222 763

### **Cross sub-delegations**

When the Authorising Officer by Delegation cross sub-delegates the management of a budget line or part of a line to one or several Directors-General or Heads of Service, the Authorising Officers by cross sub-delegation shall report to the Authorising Officer by Delegation on the implementation of the amounts cross sub-delegated. In their reports, they have to provide assurance that the programmes, operations and actions were implemented in respect of the powers cross sub-delegated to them. In this respect, they shall inform in writing of the management problems encountered and the solutions proposed to remedy them.

In order to implement its 2023 budget, DG AGRI cross sub-delegated some activities to the FPI.

The cross sub-delegation is summarised in the table below:

<b>Cross sub-delegation to :</b>	<b>FPI</b>
<b>Budget Line (Non-Differentiated Credits):</b>	
Transferred Commitment Credit	2.500.000,00
Transferred Payment Credit	00,00
Consumed Commitment Credit	2.500.000,00
Consumed Payment Credit	00,00

## Part 10 - Interruptions, reductions and suspensions

As in previous years, DG AGRI has applied in 2023 the interruptions and reductions/suspensions of monthly payments (EAGF) and interim payments (EAFRD) as laid down in the CAP Horizontal Regulation (EU) No 1306/2013 (and the Common Provisions Regulation (EU) No 1303/2013).

The deadline for EAFRD payments can be interrupted for verifications due to inconsistent, incomplete or unclear information <sup>(233)</sup>. If there is a clear indication of a deficiency in the management and control system or that expenditure is linked to an irregularity with serious financial consequences, expenditure can be interrupted <sup>(234)</sup> (as for other structural funds.)

Payments for both pillars may be reduced or suspended if payments have not been made in accordance with EU rules <sup>(235)</sup>, or when there is evidence of a deficiency in the national management and control or recovery systems.

In particular, if the declarations of expenditure or the annual accounts enable the Commission to establish that expenditure has been effected by bodies which are not accredited Paying Agencies, that the payment deadlines or financial ceilings set by Union law have not been respected or that expenditure has otherwise not been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State, after giving the Member State the opportunity to submit its comments <sup>(236)</sup>.

In such cases, the Commission shall ask the Member State concerned to supply further information and comments within 30 days. If the Member State does not reply within that period or if the reply is unsatisfactory or demonstrates that the expenditure has not been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State.

In the case of deficiencies in the Member State's control system, the Commission may reduce or suspend the monthly or interim payments to a Member State if one or more of the key components of such control system do not exist or are not effective due to the gravity or persistence of the deficiencies found, or if there are similar serious deficiencies in the system for the recovery of irregular payments, and either these deficiencies are of a continuous nature or the Commission concludes that the Member State is not in a position to implement in the immediate future the necessary remedial measures in accordance with an action plan <sup>(237)</sup>. Before acting, the Commission informs the Member State concerned of its intention and asks it to react within 30 days.

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<sup>(233)</sup> Article 22 of Commission Implementing Regulation (EU) No 908/2014.

<sup>(234)</sup> Article 83 of the Common Provisions Regulation (EU) No 1303/2013.

<sup>(235)</sup> Article 41 of Regulation (EU) No 1306/2013.

<sup>(236)</sup> Article 41(1) of Regulation (EU) No 1306/2013.

<sup>(237)</sup> Article 41(2) of Regulation (EU) No 1306/2013.

Reductions and suspensions shall be applied in accordance with the principle of proportionality and shall be without prejudice to the application of the conformity clearance procedures.

The interruptions and reductions/suspensions are provisional. When relevant, these could be accompanied by an audit of the DG AGRI audit service. If the deficiency is confirmed, the relevant expenditure is definitely excluded from EU financing by application of a financial correction.

Since 2014, DG AGRI has a Suspension Board, an advisory body to the Director-General, co-chaired by the three Deputy Directors-General as of December 2023. The Board meets regularly taking into account the rhythm of interim payments (monthly payments for EAGF and quarterly payments for EAFRD) and the existence of potential cases. If necessary, the Board has been consulted by an ad hoc written consultation.

An overview of interruptions and reductions/suspension applied in 2023 for each of the funds (EAGF and EAFRD) is provided below.

## EAGF

### **Reductions/Suspensions of payments in respect of EAGF declarations of expenditure reimbursed in 2023.**

The **reductions** made in 2023 concerned 8 Member States and a total amount of **EUR -16 940 886.98**. There were no reductions in the monthly payments due to deficiencies in the control system in 2023. The reductions concern overruns of financial ceilings. There were also reimbursements linked to paybacks for overruns of financial ceilings for a total amount of **EUR 14 114.56**. Reimbursements linked to suspensions are done through offsetting against the financial corrections which results from the final decisions on the expenditure at risk, which has been suspended. There were no reimbursements linked to financial suspensions for 2023.

The total balance is then **EUR -16 926 772.42**.

In addition, the Commission had to repay an amount of **EUR 80 213 368.42** <sup>(238)</sup> in the framework of the clearance procedure out of which **EUR 71 702 341.01** correspond to two Member States following European Court of Justice rulings in the context of previous clearance procedures.

There were no new suspensions of payments due to deficiencies in the control system.

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<sup>(238)</sup> EAGF amounts related to the execution of the clearance of accounts decisions for UK are not included in this report.



The following table shows the amounts and number of cases reduced/suspended for each Member State:

### Summary of reductions and payment suspensions executed during financial year 2023

Member States	Corrections*	Number of cases	Suspensions	Number of cases
CZ	0.25	1		
DK	-14 850 397.99	13		
EE	84 799.97	1		
IE	2 417 792.76	1		
ES	-13 654.57	1		
HR	-3 530.28	29		
IT	68 648 456.51	11		
CY	9 431.53	1		
LU	71 332.08	3		
HU	4 334 068.02	1		
NL	16 034.67	1		
PT	865 268.16	1		
RO	1 514 266.13	4		
SK	164 439.01	4		
FI	112 829.88	1		
SE	-84 540.13	12		
<b>Total MS</b>	<b>63 286 596.00</b>	<b>85</b>	<b>0.00</b>	<b>0</b>

\* Including reductions and reimbursements

Table: Annex 7 - 10-1

## EAFRD

### Interruptions and reductions/suspensions of payments in respect to EAFRD, including also EURI declarations of expenditure for financial year 2023

The interruptions and reductions/suspensions of EAFRD/EURI payments concerned 1 out of 115 Rural Development Programmes from the 2014-2022 programming period.

The following table shows the cases of interruptions and reductions/suspensions by Member State and quarter with the corresponding amounts and measures. It covers the quarterly declarations of expenditure received and processed during the budget year 2023. The Q4/2022 data corresponds to payments made as from 01/02/23 based on declarations received by 31/01/23. The Q3/2023 data corresponds to declarations received by 10/11/23 and executed by 31/12/23.

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Member States	Fund	Quarter	Type	Amount interrupted	Amount suspended	Measure
Romania	EAFRD	2022Q4	Interruption	363 561.21		13
	EAFRD	2022Q4	Suspension		363 561.21	13 <sup>[1]</sup>
	EAFRD	2023Q1	Interruption	15 467.40		10
	EAFRD	2023Q1	Interruption	58 739.37		13
	EAFRD	2023Q1	Suspension		15 467.40	10 <sup>[1]</sup>
	EAFRD	2023Q1	Suspension		58 739.37	13 <sup>[1]</sup>
	EAFRD	2023Q2	Interruption	168 792.42		10 <sup>[2]</sup>
	EAFRD	2023Q2	Interruption	11 511.59		13 <sup>[2]</sup>
	EURI	2023Q2	Interruption	295 578.65		10 <sup>[2]</sup>
	EAFRD	2023Q3	Interruption	30.01		10 <sup>[2]</sup>
	EAFRD	2023Q3	Interruption	597.37		13 <sup>[2]</sup>
	EURI	2023Q3	Interruption	4 560.99		10 <sup>[2]</sup>
<b>Total</b>				<b>918 839.01</b>	<b>437 767.98</b>	

<sup>[1]</sup> The suspension was previously an interruption that was lifted and transformed into a suspension.

<sup>[2]</sup> The interruption will be transformed into suspension beginning of 2024.

**Table: Annex 7 - 10-2**

The following table shows the number of interruption and reduction/suspension cases related to EAFRD/EURI declarations of expenditure for the Member States concerned.

Member State	Number of interruption	Number of reductions / suspensions
Romania	9	3 <sup>[1]</sup>

<sup>[1]</sup> The suspension was previously an interruption that was lifted and transformed into a suspension.

**Table: Annex 7 - 10-3**

EAGF <sup>(239)</sup>

## Total of financial corrections and Payment Suspensions executed during the financial year 2023

MS	EXPENDITURE declared by MS T104	Corrections*	EXPENDITURE taken into account for the monthly payments	Payment Suspension	Amounts paid out
BE	559.687.548,83		559.687.548,83		559.687.548,83
BG	834.942.226,02		834.942.226,02		834.942.226,02
CZ	871.951.232,56	0,25	871.951.232,81		871.951.232,81
DK	825.677.911,24	-14.850.397,99	810.827.513,25		810.827.513,25
DE	4.660.861.179,22		4.660.861.179,22		4.660.861.179,22
EE	196.017.671,26	84.799,97	196.102.471,23		196.102.471,23
IE	1.184.715.282,34	2.417.792,76	1.187.133.075,10		1.187.133.075,10
EL	2.040.874.586,97		2.040.874.586,97		2.040.874.586,97
ES	5.656.113.946,40	-13.654,57	5.656.100.291,83		5.656.100.291,83
FR	7.434.432.466,68		7.434.432.466,68		7.434.432.466,68
HR	408.655.914,96	-3.530,28	408.652.384,68		408.652.384,68
IT	4.244.142.644,96	68.648.456,51	4.312.791.101,47		4.312.791.101,47
CY	53.364.875,69	9.431,53	53.374.307,22		53.374.307,22
LV	322.962.476,00		322.962.476,00		322.962.476,00
LT	594.033.803,58		594.033.803,58		594.033.803,58
LU	33.171.191,91	71.332,08	33.242.523,99		33.242.523,99
HU	1.316.382.876,50	4.334.068,02	1.320.716.944,52		1.320.716.944,52
MT	5.017.818,88		5.017.818,88		5.017.818,88
NL	691.829.684,44	16.034,67	691.845.719,11		691.845.719,11
AT	710.050.717,53		710.050.717,53		710.050.717,53
PL	3.484.856.661,15		3.484.856.661,15		3.484.856.661,15
PT	881.178.376,12	865.268,16	882.043.644,28		882.043.644,28
RO	1.988.887.866,42	1.514.266,13	1.990.402.132,55		1.990.402.132,55
SI	138.365.295,10		138.365.295,10		138.365.295,10
SK	402.343.961,54	164.439,01	402.508.400,55		402.508.400,55
FI	531.497.707,25	112.829,88	531.610.537,13		531.610.537,13
SE	699.695.821,78	-84.540,13	699.611.281,65		699.611.281,65
<b>Total MS</b>	<b>40.771.711.745,33</b>	<b>63.286.596,00</b>	<b>40.834.998.341,33</b>	<b>0,00</b>	<b>40.834.998.341,33</b>

Table: Annex 7 - 10-4

<sup>(239)</sup> Executed by the monthly decisions, taken in accordance with Article 18(3) of Regulation (EU) N° 1306/2013. Further corrections may have occurred within the context of the annual clearance of accounts.

## Part 11 - Fraud prevention, detection and correction

**Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CASF) <sup>(240)</sup> aimed at the prevention, detection and correction <sup>(241)</sup> of fraud**

**Indicator: Implementation of the actions included in DG AGRI's anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)**

**Source of data: DG AGRI's annual activity report, DG AGRI's anti-fraud strategy, OLAF reporting**

<b>Baseline (2020)</b>	<b>Target (2024)</b>	<b>Latest known results (2023)</b>
DG AGRI's AFS	100% of action points implemented in time.	100%

## Main outputs in 2023:

<b>Description</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known results (situation 31/12/23)</b>
Referral of allegations of fraud and other serious irregularities to the European Anti-fraud Office (OLAF)	Referrals of allegations	100%	100% - ongoing
Ongoing assessment of the risk of fraud based on OLAF investigation reports and audits by DG AGRI	Fraud risk assessment for the CAP 2023-2027	Updated fraud risk assessment and follow up with Paying Agencies	Fraud risk assessment was completed as planned at the end of 2022 and it is kept under constant supervision. Work is ongoing to review DG AGRI Anti-fraud Strategy (target 2024)
Follow-up of OLAF financial recommendations	Financial corrections / recoveries following OLAF financial recommendations	100% of number of financial recommendation files dealt with by	100% of number of financial recommendation files dealt with by the deadlines set for Member States – ongoing

<sup>(240)</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD/2019/170 – 'the CAFS Action Plan'.

<sup>(241)</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

		the deadlines set for Member States	
Seminars with Member States	Number of seminars organised	At least 4 in 2023	3 held with Paying Agencies (Ireland, Spain and Croatia. 1 seminar with candidate countries took place in relation to IPARD.
Training events for AGRI staff	Number of training events organised	At least 1 in 2023	Two trainings delivered for AGRI staff

Table: Annex 7 – 11.1

## Part 12: European Court of Auditors: Special Reports

In 2023, the ECA published 4 special reports to which DG AGRI actively contributed and which had a relevance for the CAP. This section provides an overview of these special reports; the recommendations listed are those for which DG AGRI is chef de file.

### 1. **Special Report 06/2023: Conflict of interest in EU cohesion and agricultural spending - Framework in place but gaps in transparency and detection measures** (multi-DG audit, DG BUDG chef de file, DG AGRI, DG REGIO, DG EMPL, OLAF)

A conflict of interest exists where the impartial and objective exercise of the functions of those involved in EU budget implementation is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest. The ECA examined whether conflicts of interest are adequately addressed in agricultural and cohesion policy. They concluded that the Commission and Member States have a framework in place to prevent and manage conflicts of interest but that gaps remain in promoting transparency and detecting situations at risk.

The ECA recommended that the Commission takes actions to improve the capacity to prevent, detect and report conflicts of interest, and to promote transparency.

The Commission accepted the recommendations.

### 2. **Special Report 09/2023: Securing agricultural product supply chains during COVID-19 - EU response was rapid, but insufficiently targeted by Member States** (multi-DG audit, DG AGRI chef de file, DG COMP, DG ENER, DG SANTE associated)

The COVID-19 pandemic impacted agricultural product supply chains from farm to fork. In this audit, the ECA assessed whether the EU response was appropriate. The ECA found that the Commission reacted rapidly by issuing useful guidelines, direct support, and market measures such as crisis distillation. However, Member States did not sufficiently target the use of direct support, and the crisis distillation rules were not clear. State aid payments were more significant in monetary terms, but the ECA found that they could lead to distortion of competition and overcompensation.

The ECA recommended that the Commission shares good practice to improve the targeting of CAP measures, and that it proposes clear rules in the event of future crises, and in particular the Commission should:

- include in legislative proposals regarding future crises measures clear rules to provide support on the basis of objective and non-discriminatory criteria;
- to be prepared for future crises, share lessons learned and good practice with Member States, with the aim of targeting sectors and beneficiaries most in need.

The Commission accepted the recommendations.

The Commission considers that it has been establishing clear rules and will continue to include in the legislative proposals for future crisis support measures the criteria as regards the Member States' targeting of support. Where flexibility for Member States is needed in view of the nature of the crisis, depending for instance on elements such as state aid, climatic conditions, energy prices or landscape and the kind of support measure adopted, it is for the Member States to propose the specific solutions that are targeted to and suited for their respective specific conditions.

The Commission will facilitate the exchange of best practices and lessons learnt from the implementation of the COVID-19 crisis measures, with a view to assist Member States and to possibly allow for an even better targeting of support to those beneficiaries that are most in need in future crisis situations. In addition, the Commission emphasises that as regards food security challenges in a crisis situation, it has established a crisis coordination mechanism for better preparedness and reactivity (The European Food Security Crisis preparedness and response Mechanism).

**3. Special Report 19/2023: EU efforts for sustainable soil management – Unambitious standards and limited targeting** (multi-DG audit, DG AGRI chef de file, DG CLIMA, DG ENV, JRC associated).

In Europe, 60-70% of soils are unhealthy, in part due to soil and manure management practices. The Common Agricultural Policy and the Nitrates Directive provide tools to encourage improvements in soil and manure management.

The ECA assessed whether the Commission and Member States made effective use of these EU tools for managing agricultural soils and manure sustainably. The ECA found that these were not used sufficiently and that there remains considerable scope to improve soil health.

The ECA recommended that the Commission reviews and reports on the level of ambition of the standards, assesses the results of their implementation, reports on the targeting of common agricultural policy voluntary measures, limits the use of derogations and improves consolidated data at EU level. In particular:

In respect of the period 2023-2027, the Commission should:

- during the programming period, report on the results of a specific regular review of the implementation by member states of all GAECs and include an assessment of their level of ambition;
- after the end of the programming period, assess the results of the implementation of the GAECs specifically on sustainable soil and manure management practices.

For the programming period 2023-2027, the Commission should:

- assess and report specifically on whether the arrangements in member states for targeting and funding CAP voluntary measures are adequate to achieve the expected improvements in soil management;
- with the member states, develop a consistent approach to monitoring and

evaluating the contribution of the CAP voluntary measures towards sustainable soil and manure management in a timely manner.

The Commission accepted the recommendations.

During the programming period, the Commission will report to the Council and the European Parliament in accordance with obligations based on Article 141 of Regulation (EU) 2021/2115 which establish different deadlines and scope for reporting. These reports will cover specifically the GAECs as well as the other elements of the 'green' architecture. Regular review is foreseen on a yearly basis following the submission of the Annual Performance Report by the Member States. In particular, according to Article 141(3) of Regulation (EU) 2021/2115, the Commission will, by 31 December 2025, submit a report to the European Parliament and the Council in order to assess the consistency and combined contribution of their interventions in Member States' CAP Strategic Plans to achieving environmental and climate-related commitments of the Union. Moreover, the Commission will carry out an interim evaluation to examine the effectiveness, efficiency, relevance, coherence and Union added value of the EAGF and the EAFRD by 31 December 2026.

As regards reporting after the programming period and following Article 141(4) of Regulation (EU) 2021/2115, the Commission will, by 31 December 2031, submit a report to the European Parliament and the Council including a full assessment of the performance of the CAP. This report will be underpinned by evidence resulting of ex post evaluation carried out the Commission. A more comprehensive evaluation of the contribution of the GAEC will be conducted under this framework. The evaluation will look in details at the green architecture.

The Commission will assess the implementation of the CAP Strategic Plans on a yearly basis following the submission of the annual performance reports by the Member States. Moreover, reporting by the Commission will follow the cases laid down in Article 141 of Regulation (EU) 2021/2115. Finally, consistent and comprehensive monitoring of CAP support is set in Regulation (EU) 2021/2115 and Regulation (EU) 2022/1475. The ex-post evaluation will cover the efficient management of natural resources by 2031 and thus will also cover voluntary measures for soil and manure management. Based on an evaluation plan drawn up for each CAP Strategic Plan, Member States have to evaluate all specific objectives (including thus the protection of natural resources) relevant to their needs and intervention logic. The European evaluation helpdesk ensures a consistent approach to evaluation, providing guidelines, sharing best practices and working with Member States to enhance the quantification of CAP impacts. In view of the low update frequency of the impact indicators on soil organic carbon and soil erosion, these indicators are not part of the list in Annex III of Regulation (EU) 2022/1475, for which Member States shall quantify the contribution of the CAP Strategic Plans to their development.



4. **Special report 23/2023: Restructuring and planting vineyards in the EU - Unclear impact on competitiveness and limited environmental ambition** (multi-DG audit, DG AGRI chef de file, DG ENV associated)

The EU provides wine growers with support for vineyard restructuring to make them more competitive. This could also improve sustainable production and the environmental footprint of wine growing. Wine growers need to obtain authorisation before planting new vineyards, which are limited in number, so as to avoid excessive supply with negative social and environmental effects.

The ECA found that EU support has an unclear impact on the competitiveness of wine growers. There are flaws in the design and implementation of the planting authorisation scheme, and the EU's wine policy falls short of common agricultural policy's environmental objectives.

The ECA recommended that the Commission should better target the EU's actions to foster competitiveness of wine growers and increase the environmental ambition of the wine sector. In particular, the Commission should:

- clarify what the competitiveness of EU wine producers entails so that the achievement of the main objective of the restructuring measure can be assessed;
- provide observations to member states, as envisaged in the CAP Strategic Plan Regulation in the context of annual performance reporting and/or amendments to the CAP Strategic Plans, when the requirements of the restructuring measure do not effectively contribute to the competitiveness objective;
- assess, together with member states, the implementation of the measure and the scheme in order to identify and share good practices and risks.
- assess whether the minimum 5 % share of earmarked wine expenditure required to be spent on the climate and the environment is appropriate in light of the ambition for a greener CAP;
- for the restructuring measure, facilitate the exchange of best practices and disseminate the results for the protection of the environment;
- for the authorisation scheme, assess, in the context of the planned mid-term review, the extent to which the scheme impacted the environment;
- provide observations to member states, as envisaged in the CAP Strategic Plan Regulation in the context of annual performance reporting and/or amendments to the CAP Strategic Plans, when the requirements of the restructuring measure do not effectively contribute to the environmental objective.

The Commission accepted the recommendations.

The Commission agrees on the importance of a full implementation of the National Strategic Plans and the achievement of the objective of the EU wine policy in all EU Member States. The Commission recognises the important contribution of the wine sector to the CAP environmental ambition through the achievement by Member States of their commitment to spend at least 5 % of expenditure to types of interventions linked to environmental objectives.

The environmental contribution of the wine sector will be one of the elements covered in the assessment leading up to the proposals for the CAP post 2027, and thereby address the appropriateness of the 5% ring-fencing. For it to be useful, such an assessment will have to be based on available data for the first two years of implementation (2024 and 2025) to be provided by the Member States.

## ANNEX 8: Specific annexes related to "assessment of the effectiveness of the internal control systems"

This annex provides additional information on the assessment of Internal Control in DG AGRI and complements Section 2.3 of the AAR 2023.

### Process, sources and methodology for the Internal Control assessment in DG AGRI

In DG AGRI, the internal control system is based on the clear definition of **roles** and **responsibilities** within the DG. The internal control monitoring indicators have been selected together with the **DG AGRI services** contributing to internal control. The **Director-General** signs the most important notes related to internal control. **Senior management** is consulted and kept informed of important activities under internal control, i.e. risk management, the annual report to the Commissioner and the management supervision reports. The **Director for Risk Management and Internal Control (RMIC)** addresses to the Director-General an annual note on the functioning of the internal control system in the DG, thereby supporting the conclusions in the Annual Activity Report.

In addition to the assessment of the internal control principles (see Section 2.3), **DG AGRI managers** formally reported on the supervision carried out on the activities under their responsibilities in the course of 2023. Despite the very **important workload** due to the amendments of the CAP Strategic Plans and the additional urgent work related to the war in Ukraine and its consequences on the agricultural markets, the managers did not report any major operational risk/issue having an effect on the achievement of objectives: all deliverables expected from the services were provided within the deadlines, respecting the procedures and at high quality standards.

As regards recommendations issued by the **Internal Audit Service (IAS)** (see Section 2.2), in 2023, DG AGRI accepted all recommendations (important and very important) and submitted the respective action plans that were assessed as satisfactory to mitigate the risks identified by the IAS. There were no critical recommendations, no overdue of very important IAS audit recommendation nor delays in the implementation of the agreed recommendations. There are, however, two open 'very important' recommendations related to one audit carried out in 2022, which are due by 30/06/2025. As regards recommendations issued by the **European Court of Auditors (ECA)** in its special reports (see Section 2.2.3) or in its annual report (see Section 2.2.2), DG AGRI is taking action to implement the recommendations that were addressed to the Directorate-General and which have been accepted. DG AGRI considers that most of the ECA observations are related to considerations that are not directly linked to identified weaknesses in the DG's internal control systems and therefore have no impact on the assurance.

### Risk Management

DG AGRI has in place a **solid risk management process** ensuring an appropriate coverage of its objectives/activities. In 2023, DG AGRI performed a comprehensive risk

identification and assessment by requesting contributions from all services. The process is organised as a bottom-up exercise with top-down steering when launching and concluding. The Director-General and the senior management were involved at all stages of the process. The assessment covered in particular the substance of the risks, their rating (likelihood and impact), mitigating controls in place and related action plans.

### Procedures, exceptions and non-compliance events

DG AGRI's main processes and procedures are adequately documented by **internal procedures** to provide a clear reference framework to staff on how work has to be carried out. Guidance, templates and assistance are provided to DG AGRI services in setting up/updating the internal procedures, and an ex-ante check is conducted to verify the presence of the key elements (context/legal basis, scope, actors, steps, timeline).

The functioning of the internal control systems is monitored throughout the year by the registration of possible exceptions and non-compliance events. Accordingly, a register of **exceptions to process/procedures and non-compliance events** was finalised and the content analysed in parallel with the assessment of the functioning of internal control for the year 2023. The purpose of this register is to make sure that the exceptions to the procedures and the non-compliance events are not caused by systemic faults in the processes, and, if necessary, to correct the processes and the relevant procedures.

For the year 2023, the register included 4 exceptions (of which 2 were linked to previous non-compliance events), and 2 non-compliance events. These exceptions to procedures and non-compliance events remained limited and non-systemic in DG AGRI and therefore they have no impact on the assurance given by the Authorising Officer.

### Sources of information

- The assessment of DG AGRI internal control **monitoring indicators** and the specific actions implemented by the services contributing to each internal control principle;
- The review of the **management supervision reports** submitted by Directors and Heads of Unit on the qualitative assessment of the operational performance of the services during the year 2023 and on certain internal control aspects related to ethics, exceptions to procedures or non-compliance events follow-up of audit recommendations;
- The evaluation of IAS and ECA **audit findings and follow-up of recommendations** (see section 2.2), especially recommendations that may highlight systemic problems with internal controls;
- The results of the **risk assessment exercises**;
- The analysis of registered **non-compliance and exception cases** that may reveal underlying deficiencies;
- The ex-ante scrutiny of the new and modified **internal procedures**.

## ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

### 1. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

Table X : Estimated risk at payment and at closure (amounts in EUR mios) – For AGRI - Performance-Based

DG AGRI -1	Payments made (2023;MEUR) -2	minus new prefinancing [plus retentions made] (in 2023;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2023;MEUR) -4	Relevant expenditure (for 2023;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2023;MEUR) -7	Adjusted Average Recoveries and Corrections (adjusted ARC, %) -8	Estimated future corrections [and deductions] (for 2023;MEUR) -9	Estimated risk at Closure (2023;MEUR) -10
ABB02 Market Measures	2 521.08	0.00	0.00	2 521.08	2.29% - 2.29%	57.68 - 57.68	1.25% - 1.25%	31.61 - 31.61	26.07 - 26.07
ABB03 Direct Payments	38 163.41	0.00	0.00	38 163.41	1.48% - 1.48%	562.91 - 562.91	1.25% - 1.25%	478.54 - 478.54	84.37 - 84.37
ABB04 Rural Development	15 725.31	0.00	97.71	15 823.01	2.77% - 2.77%	438.62 - 438.62	1.58% - 1.58%	250.49 - 250.49	188.13 - 188.13
Direct Management	150.67	- 7.83	6.75	149.58	1.00% - 1.00%	1.50 - 1.50	0.00% - 0.00%	0.00 - 0.00	1.50 - 1.50
Indirect Management - Pre-accession measures	119.69	0.00	53.73	173.42	1.74% - 1.74%	3.02 - 3.02	0.00% - 0.00%	0.00 - 0.00	3.02 - 3.02
<b>Total without contribution to Performance-based</b>	<b>56 680.15</b>	<b>- 7.83</b>	<b>158.19</b>	<b>56 830.51</b>		<b>1 063.73 - 1 063.73</b>	<b>1.34% 1.34%</b>	<b>760.64 - 760.64</b>	<b>303.09 - 303.09</b>
					<b>Overall risk at payment in %</b>	<b>1.87% - 1.87%</b> (7) / (5)		<b>Overall risk at closure in %</b>	<b>0.53% - 0.53%</b> (10) / (5)
Types of interventions in certain sectors under the CAP Strategic Plans	204.72	0.00	0.00	204.72					
Rural development types of interventions under the CAP Strategic Plans	670.82	- 660.02	0.00	10.80					
Sub-total contributions (performance-based)	875.54	- 660.02	0.00	215.52					
<b>Total DG (with contributions to Performance-based)</b>	<b>57 555.70</b>	<b>- 667.85</b>	<b>158.19</b>	<b>57 046.04</b>					

(1) Relevant Control Systems [if possible] differentiated per relevant portfolio segments and at a level which is lower than the total.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

(3) New pre-financing actually paid by out by the department itself during the financial year

(4) Pre-financing actually cleared during the financial year

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological annex 1.1), the concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out and adds the pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates.

(8) The adjusted average recovery and corrections percentage is based on the 5 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. The net financial corrections taken into account for corrective capacity calculation are executed (not decided) and exclude cross-compliance, reimbursements following court judgments, individual corrections for market measures ABB02 that are no longer relevant, late payments and overshooting of ceilings. The calculation of the corrective capacity for CAP is detailed in section 2.1 of the Report and in Annex 7, part 3.

## 2. Reservations

### A. Reservation fiches

#### Reservation fiche 1 ABB02 - Expenditure on Market Measures:

#### 4 reservations for 3 Member States: France (2 aid schemes), Italy (2 aid schemes) and Portugal (1 aid scheme).

<b>DG</b>	AGRI
<b>Title of the reservation, including its scope</b>	ABB02 - Market Measures Expenditure on Market Measures comprising 4 reservations for 3 Member States: France (2 aid schemes), Italy (2 aid schemes) and Portugal (1 aid scheme).
<b>Domain</b>	Shared management - European Agricultural Guarantee Fund
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	Market Measures ABB 02 <b>Scope Amount (Annual payment of segment):</b> 2 521 077 097,5
<b>Reason for the reservation</b>	<p>The reservation is made due to the significant occurrence of weaknesses in the underlying transactions (legality and regularity).</p> <p>4 reservations (5 elements of reservations) for 3 Member States are entered: <u>For fruit and vegetables operational programmes for producer organisations</u>, the Member State concerned (Czechia, Denmark, Italy, Sweden) reported an error rate above materiality. Furthermore, deficiencies have been identified by the DG AGRI audit services in Denmark and Italy. Due to de minimis rule, reservation is proposed for <b>Italy</b> only.</p> <p><u>In the wine sector</u>, some Member States reported high error rates (Austria, France, Greece, Italy and Portugal). DG AGRI audits found deficiencies (France, Greece, Italy and Portugal) and the Certification Body also identified deficiencies (Austria, France, Portugal). Reservations are proposed for <b>France, Italy and Portugal</b>.</p> <p><u>Under the EU school scheme</u>, deficiencies have been identified by the DG AGRI audit services in the checks to establish the eligibility of the aid and the performance of on-the-spot checks in 8 Member States including France which also reported high error rate. as a result, a reservation is entered for <b>France</b>.</p>
<b>Materiality criterion/criteria</b>	<p>DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases.</p> <p>In 8 cases where the error rate is above (or equal to) 5%, 2 were all automatically subject to reservation while 6 where the amount at risk was below DG AGRI's de minimis threshold of EUR 1 million (established in its materiality criteria) were not. In all cases, the high adjusted error rate was subject to adjustment of the error rate based on Certification Body and/or DG AGRI audits.</p> <p>In 3 cases where the adjusted error rate was between 2% and 5%, it was considered necessary to make a reservation where the amount at risk was above the de minimis threshold (Italy- Operational Programmes and Wine sector, Portugal-Wine sector).</p> <p>In 3 cases (Operational Programmes: Czechia and France; EU School scheme: Italy), it was considered that it was not necessary to carry over reservations from the 2022 AAR with regard to 2023 expenditure.</p> <p>The reasons for each decision are detailed in Annex 7 – Part 3.1.</p>

<b>Quantification of the financial impact (amount at risk)</b>	<p>Quantified</p> <p><b>Residual Error Rate:</b> 2.29%</p> <p><b>Amount at risk under reservation:</b> 38 443 560</p>
<b>Impact on the assurance</b>	<p>The estimated level of error affects the assurance regarding the legality and regularity of the underlying transactions financed by the EAGF for Market Measures. However, the average annual amount of net corrections executed over the past three years for Market Measures and considered for the corrective capacity is EUR 39.83 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2023, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of the Commission's net financial corrections.</p>
<b>Responsibility for the weakness</b>	<p>The concerned Member States are responsible for the proper implementation of the Market Measures concerned in their territory. The Commission supervises them in this respect, notably through audits carried out on-the-spot and, through strict monitoring, a follow-up of the implementation of milestones where action plans are required.</p>
<b>Responsibility for the corrective action</b>	<p><u>At Commission level</u></p> <ul style="list-style-type: none"> <li>• For all reservations, high error rates resulting in reservations derive from deficiencies which have been identified by the DG AGRI audit services during their audits and/or by the Certification Bodies' findings, the latter is followed up in the conformity clearance exercise for 2023. Therefore, the corrective actions will be identified and notified to the Member States concerned.</li> <li>• DG AGR I monitors action plans implementation closely and follows them up with the Member States concerned, including on-the-spot where necessary.</li> <li>• DG AGRI provides further guidance and support to the Member State authorities where necessary.</li> <li>• DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented.</li> <li>• Failure by the Member State to implement an action plan will be addressed where appropriate by DG AGRI via suspension/reduction of payments in line with Article 41(2) of Regulation (EU) No 1306/2013.</li> </ul> <p><u>At Member State level</u></p> <ul style="list-style-type: none"> <li>• The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule, including addressing the findings from the Certification Body.</li> <li>• The Member State is required to report regularly on progress milestones in line with the agreed schedule</li> </ul>

## Reservation fiche 2 ABB03 – Direct Payments:

**12 Paying Agencies, comprising 11 Member States: Bulgaria, Germany (1 Paying Agency), Croatia, Estonia, France (2 Paying Agencies), Greece, Italy (1 Paying Agency), Latvia, the Netherlands, Portugal, and Romania.**

<b>DG</b>	AGRI
<b>Title of the reservation, including its scope</b>	ABB03 Direct Payments Expenditure on Direct Payments for 12 Paying Agencies, comprising 11 Member States: Bulgaria, Germany (1 Paying Agency), Croatia, Estonia, France (2 Paying Agencies), Greece, Italy (1 Paying Agency), Latvia, the Netherlands, Portugal, and Romania.
<b>Domain</b>	Shared Management – European Agricultural Guarantee Fund
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	Direct Payments ABB03 <b>Scope Amount (Annual payment of segment):</b> 38 163 413 637,72
<b>Reason for the reservation</b>	<p>The reservation is made due to the significant occurrence of weaknesses in the underlying transactions (legality and regularity).</p> <p>For <b>Bulgaria</b>, based on DG AGRI audits and the Certification Body's assessment, an adjustment was made to high error rate reported by the Member State.</p> <p>For <b>Croatia</b>, based on DG AGRI audits and the Certification Body's assessment, an adjustment was made to high error rate reported by the Member State.</p> <p>For <b>Germany (Thüringen)</b>, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For <b>Estonia</b>, based on the DG AGRI audit, an adjustment was made to high error rate reported by the Member State.</p> <p>For <b>Greece</b>, the Member State reported high error rates above materiality. DG AGRI found deficiencies in several measures. Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For <b>France (POSEI)</b> (2 reservations), the Member State reported a high error rates. DG AGRI identified deficiencies in the controls.</p> <p>For <b>Italy (Trento)</b>, the Member State reported high error rate above materiality which were further adjusted based on DG AGRI findings.</p> <p>For <b>Latvia</b>, the Member State reported high error rates above materiality.</p> <p>For the Netherlands, based on the Certification Body's assessment, an adjustment was made to high error rate reported by the Member State.</p> <p>For <b>Portugal</b>, DG AGRI identified deficiencies concerning the quality of administrative and on-the-spot checks which were supported by findings of the Certification Body. Also, the Member State reported high error rates above materiality.</p> <p>For <b>Romania</b>, based on the Certification Body's assessment, an adjustment was made to high error rate reported by the Member State.</p>
<b>Materiality criterion/criteria</b>	<p>DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases.</p> <p>4 Paying Agencies with an error rate above 5% and the amount at risk above DG AGRI de minimis threshold of EUR 1 million, as established in Annex 5 (materiality criteria), were automatically subject to a reservation.</p> <p>For the 9 Paying Agencies with an error rate between 2% and 5%, an examination</p>



	<p>was carried out of any risk mitigating factors and for 8 a reservation was proposed. One exception is Spain (Cantabria) where the results of Checks by Monitoring were considered.</p> <p>In 7 cases (Germany, Spain-2 Paying Agencies, Hungary, Italy -2 Paying Agencies and Slovakia), it was considered that it was not necessary to carry over reservations from the 2022 AAR with regard to 2023 expenditure.</p> <p>The reasons for each decision are detailed in Annex 7 – Part 3.2.</p>
<p><b>Quantification of the financial impact (amount at risk)</b></p>	<p>Quantified</p> <p><b>Residual Error Rate:</b> 1.48%</p> <p><b>Amount at risk under reservation:</b> 305 222 981</p>
<p><b>Impact on the assurance</b></p>	<p>Whereas the estimated level of error for ABB03 Direct Payments is below materiality level for some Paying Agencies, the estimated level of error impacts on the assurance regarding the legality and regularity of the underlying transactions financed by the EAGF for Direct Payments.</p> <p>In addition, the average annual amount of net corrections executed over the past five years for direct aid was EUR 377.28 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2023, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director-General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of Commission's net financial corrections.</p>
<p><b>Responsibility for the weakness</b></p>	<p>The concerned Member States and Paying Agencies are responsible for the proper implementation of the Direct Payments schemes concerned in their territory. The Commission supervises them in this respect, notably through audits carried out on-the-spot and through monitoring of follow-up of the implementation of remedial actions requested.</p>
<p><b>Responsibility for the corrective action</b></p>	<p><u>At Commission level</u></p> <ul style="list-style-type: none"> <li>• For all reservations, high error rates resulting in reservations derive from deficiencies which have been identified by the DG AGRI audit services during their audits and/or by the Certification Bodies' findings, the latter is followed up in the conformity clearance exercise for 2023. Therefore, the corrective actions will be identified and notified to the Member States concerned.</li> <li>• DG AGRI provides further guidance and support to the national authorities where necessary.</li> <li>• DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented.</li> </ul> <p><u>At Member State level</u></p> <ul style="list-style-type: none"> <li>• The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule and where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027, including addressing the findings from the Certification Body.</li> </ul>

## Reservation fiche 3 ABB04 – Rural Development:

**21 Paying Agencies comprising 17 Member States and UK: Austria, Belgium (1 Paying Agency), Bulgaria, Croatia, Czechia, Denmark, Finland, France (1 Paying Agency), Germany (1 Paying Agency), Greece, Hungary, Italy (1 Paying Agency), Portugal, Romania, Sweden, Slovakia, Spain (4 Paying Agencies) and the United Kingdom (1 Paying Agency).**

<b>DG</b>	AGRI
<b>Title of the reservation, including its scope</b>	ABB04 Rural Development Expenditure on Rural Development for 21 Paying Agencies comprising 17 Member States and UK: Austria, Belgium (1 Paying Agency), Bulgaria, Croatia, Czechia, Denmark, Finland, France (1 Paying Agency), Germany (1 Paying Agency), Greece, Hungary, Italy (1 Paying Agency), Portugal, Romania, Sweden, Slovakia, Spain (4 Paying Agencies) and the United Kingdom (1 Paying Agency).
<b>Domain</b>	Shared management - European Agricultural Fund for Rural Development
<b>Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme</b>	Rural Development ABB04 <b>Scope Amount (Annual payment of segment):</b> 15 823 014 520,38
<b>Reason for the reservation</b>	<p>The reservation is made due to the occurrences of weaknesses in the underlying transactions (legality and regularity).</p> <p>For <b>Austria</b>, the Certification Body identified deficiencies for both the IACS and Non-IACS measures. The Member State reported high error rate for IACS measures.</p> <p>In <b>Belgium (Wallonia)</b>, the Certification Body identified deficiencies in several Non-IACS measures, and the Member State reported a high error rate for Non-IACS measures.</p> <p>For <b>Bulgaria</b>, the Certification Body identified deficiencies both for the IACS and Non-IACS measures. The Member State reported a high error rate for IACS measures.</p> <p>For <b>Cyprus</b>, the Certification Body identified deficiencies for Non-IACS measures. The Member State reported a high error rate for IACS measures.</p> <p>For <b>Croatia</b>, deficiencies were found in the IACS and Non-IACS measures by the Certification Body. The Member State has reported a high error rate for IACS measures.</p> <p>For <b>Czechia</b>, the Certification Body identified deficiencies for Non-IACS measures. The Member State reported a high error rate for IACS measures.</p> <p>For <b>Denmark</b>, both the Certification Body and DG AGRI detected deficiencies in the IACS and Non-IACS measures and the Member State has reported a high error rate for IACS measures.</p> <p>For <b>Finland</b>, the Certification Body identified deficiencies for IACS and Non-IACS measures. The Member State reported a high error rate for Non-IACS measures.</p> <p>For <b>France (ODARC)</b>, deficiencies were found in the IACS measures by DG AGRI. The Member State has reported a high error rate for IACS measures further adjusted by the findings of the Certification Body.</p> <p>For <b>France (ASP)</b>, the Certification Body found deficiencies in the IACS and Non-IACS measures. DG AGRI identified deficiencies in IACS and Non-IACS measures. The Member State has reported a high error rate for Non-IACS measures.</p> <p>For <b>Germany (Thüringen)</b>, the Certification Body identified deficiencies in the IACS</p>

	<p>and Non-IACS measures. The Member State reported a high error rate in IACS measures.</p> <p>For <b>Greece</b>, DG AGRI audits found deficiencies in IACS and Non-IACS measures. For Hungary, both the Certification Body and DG AGRI identified deficiencies in the IACS and Non-IACS measures.</p> <p>For <b>Italy (Trento)</b>, the Member State reported high error rates for both IACS and Non-IACS rates.</p> <p>For <b>Italy (Calabria)</b>, DG AGRI identified deficiencies in IACS measures. The Member State reported high error rate for IACS measures.</p> <p>For Portugal, deficiencies were found by DG AGRI and the Certification Body in the IACS and Non-IACS measures. The Member State has reported high error rates for the IACS measures.</p> <p>For <b>Romania</b>, deficiencies in the IACS measures were identified by DG AGRI. The Certification Body identified deficiencies for the IACS and Non-IACS measures. The Member State reported high error rate for IACS measures.</p> <p>For <b>Spain (Andalucia)</b>, the Member State reported high error rate for the IACS measures. The Certification Body and DG AGRI audit identified deficiencies for the non-IACS measures.</p> <p>For <b>Spain (Asturias)</b>, based on the Certification Body's assessment and adjustment was made to the Non-IACS error rates reported by the Member State.</p> <p>For <b>Spain (FOGAIBA)</b>, DG AGRI identified deficiencies for the Non-IACS measures. The Member State reported high error rates for IACS measures.</p> <p>For <b>Spain (Castilla y Leon)</b>, the Member State reported high error rate for the IACS measures. The Certification Body and DG AGRI audit identified deficiencies for the non-IACS measures.</p> <p>For <b>Spain (Madrid)</b>, the Member State reported high error rates for both IACS and Non-IACS measures.</p> <p>For <b>Slovakia</b>, the Certification Body identified deficiencies for the Non-IACS measures. The Member State reported a high error rate for the IACS and Non-IACS measures.</p> <p>For <b>Sweden</b>, the Member State reported a high error rate in IACS measures. The Certification Body identified deficiencies for the IACS and Non-IACS measures.</p> <p>For the United Kingdom (Wales), deficiencies were detected in IACS and Non-IACS measures by the Certification Body and in IACS measures by DG AGRI.</p>
<p><b>Materiality criterion/criteria</b></p>	<p>DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases.</p> <p>25 out of the 72 Paying Agencies have an adjusted error rate above 2%, of these 5 are above 5%: Bulgaria, Czechia, Spain (2 Paying Agencies) and France (1 Paying Agency). In case of all those Paying Agencies, the amount at risk is above DG AGRI de minimis threshold of EUR 1 million, and they were automatically subject to a reservation. Furthermore, the high adjusted error rate was determined by further adjustment of the error rate by DG AGRI, based on the assessment of the Certification Bodies and DG AGRI own audits except Czechia and Spain.</p> <p>For the remaining 20 Paying Agencies with an error rate between 2% and 5%, DG AGRI examined the situation for each Paying Agency concerned to determine if risk mitigation conditions existed rendering it unnecessary to make a reservation. For 4 Paying Agencies (Cyprus, Spain (1 Paying Agency), France (1 Paying Agency) and Italy (1 Paying Agency)), the amount at risk is below DG AGRI's de minimis threshold of EUR 1 million therefore no reservation was necessary. For the remaining 16 Paying Agencies, a reservation was deemed necessary.</p>

<b>Quantification of the financial impact (amount at risk)</b>	<p>Quantified</p> <p><b>Residual Error Rate:</b> 2.77%</p> <p><b>Amount at risk under reservation:</b> 361 611 489</p>
<b>Impact on the assurance</b>	<p>The estimated level of error affects the assurance regarding the legality and regularity of the underlying transactions financed by the EAFRD.</p> <p>However, DG AGRI considers that consideration shall also be given to the corrective capacity of the net financial corrections applied to claw back undue expenditure to the EU budget. The average annual amount of net corrections executed over the past five years for Rural Development is around EUR 138.52 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2023, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director-General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of Commission's net financial corrections.</p>
<b>Responsibility for the weakness</b>	<p>The concerned Paying Agencies are responsible for the proper implementation of the rural development programmes in their territory. The Commission supervises them in this respect, notably through audits carried out on the spot and through strict monitoring a follow-up of the implementation of milestones where action plans are required.</p>
<b>Responsibility for the corrective action</b>	<p><u>At Commission level:</u></p> <ul style="list-style-type: none"> <li>• For all of the Paying Agencies concerned by the reservations, the deficiencies had already been identified by the DG AGRI audit services during their audits on the spot. The Certification Bodies findings are also followed up in the conformity clearance exercise for 2023. Therefore, the corrective actions necessary have been identified and notified or will be notified to the Member States concerned.</li> <li>• DG AGRI monitors action plan implementation closely and follows them up with the Member State, including on the spot where necessary.</li> <li>• DG AGRI provides further guidance and support to the national authorities where necessary.</li> <li>• DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented.</li> <li>• Where necessary DG AGRI will interrupt payments as provided by Article 36(7) of Regulation (EU) No 1306/2013.</li> <li>• Failure by the Member State to implement an action plan will be addressed where appropriate by DG AGRI via suspension/reduction of payments in line with Article 41(2) of Regulation (EU) No 1306/2013.</li> </ul> <p><u>At Member State level:</u></p> <ul style="list-style-type: none"> <li>• The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule, including addressing the findings from the Certification Body.</li> <li>• The Member State is required to report regularly on progress milestones in line with the agreed schedule.</li> </ul>

## **B. Reservations not issued in 2023 due to the application of the 'de minimis' threshold**

Since 2019 <sup>(242)</sup>, a 'de minimis' rule for financial reservations has been introduced. Quantified reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of DG AGRI's total payments and with a financial impact below EUR 5 million. For the reporting year, DG AGRI has identified 1 such case:

For ABB05 Pre-accession financing under IPARD II, in particular for one candidate country Albania the residual error rate at the end of 2023 is at **17.24%**, above the materiality threshold of 2% for financial reservations. However, the cumulative conditions for the application of 'de minimis' rule are met, since the share of the ABB05 segment represents 0.21% of the total payments of DG AGRI and the financial impact is low, at EUR 1.43 million. In addition, the weaknesses identified for ABB05 segment are not considered significant in terms of possible reputational risks as well as in terms of monetary loss. The management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. Considering all the above DG AGRI has decided not to issue a quantified financial reservation.

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<sup>(242)</sup> Agreement of the Corporate Management Board of 30/4/2019.

## C. Operational Programmes / Paying Agencies under reservation and targeted actions

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
<b>AL - 1 Reservation (1 financial) - Quantification = EUR 1.43 million</b>								
1	AL	<b>ABB05- Pre-accession</b>	N/A	Financial	As a result of an Audit Authority annual audit, the IPARD country reported high error rates above materiality for expenditure under IPARD II programme.	EUR 1.43 million	N	The IPARD country needs to implement a plan of remedial actions, as well as needs to carry out a forensic audit to follow up the Audit Authority's findings and fraud allegations in the IPARD agency.
<b>AT - 1 Reservation (1 financial) - Quantification = EUR 14.91 million</b>								
1	AT	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rate for IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 14.91 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
<b>BE - 1 Reservation (1 financial) - Quantification = EUR 1.03 million</b>								
1	BE	<b>ABB04- Rural Development</b>	BE03 Wallonia	Financial	DG AGRI audit in 2023 found deficiencies in the checks for Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rate.	EUR 1.03 million	N	The Member State take remedial actions to address the findings of DG AGRI in Non-IACS measures and findings of Certification Body concerning IACS and Non-IACS measures.

<sup>(243)</sup> For ABB02, the starting point of the adjusted error rate that will eventually trigger a reservation/action plan is the control statistics per Member State and not per Paying Agency. Therefore, in line with the methodology used, the reservation is at Member State level.

<sup>(244)</sup> See amounts at risk and adjusted error rates in Annex 7 – Part 3.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
<b>BG - 2 Reservations (2 financial) - Quantification = EUR 32.76 million</b>								
1	BG	<b>ABB03-Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for the Young Farmers and the Small Farmers schemes.</p> <p>DG AGRI audit in 2020 identified deficiencies in the checks for Voluntary coupled support animal measures.</p> <p>Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	EUR 17.10 million	N	<p>A reservation is entered in respect of 2023 expenditure.</p> <p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
2	BG	<b>ABB04- Rural Development</b>	N/A	Financial	<p>The Member State reported high error rate for IACS measures.</p> <p>Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.</p>	EUR 15.66 million	N	The Member State should continue and reinforce the Action Plan to address the underlying causes for the high error rates in IACS measures and the findings from the Certification Body for the IACS and Non-IACS measures.
<b>CZ - 1 Reservation (1 financial) - Quantification = EUR 19.81 million</b>								
1	CZ	<b>ABB03- Rural Development</b>	N/A	Financial	<p>The Member State reported very high error rate IACS measures.</p> <p>Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rate.</p>	EUR 19.81 million	N	The Member State should take remedial actions to address the underlying causes for the high error rates in IACS measures and the findings of the Certification Body for Non-IACS measures.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
<b>DE - 2 Reservations (2 financial) - Quantification = EUR 9.80 million</b>								
1	DE	<b>ABB03- Direct Payments</b>	DE27 Thüringen	Financial	The Member State reported high error rates above materiality for Greening. Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	EUR 6.03 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
2	DE	<b>ABB04- Rural Development</b>	DE27 Thüringen	Financial	The Member State reported very high error rate for IACS measures. Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 3.77 million	N	The Member State should take remedial actions to address the underlying causes for the high error rates in IACS measure and deficiencies identified by the Certification Body for IACS and Non-IACS measures.
<b>DK - 1 Reservation (1 financial) - Quantification = EUR 3.26 million</b>								
1	DK	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rates for IACS measures. DG AGRI audit in 2021 found deficiencies in several IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	EUR 3.26 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for IACS and Non-IACS measures as well as the causes underlying the high error rates for IACS measures.
<b>EE - 1 Reservation (1 financial) - Quantification = EUR 4.56 million</b>								
1	EE	<b>ABB03- Direct Payments</b>	N/A	Financial	The Member State reported high error rates for the Small Farmers scheme and Voluntary coupled support. A DG AGRI audit in 2023 found weaknesses in controls of artificial creation of conditions (greening).	EUR 4.56 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in implementation of the CAP Strategic Plan for the CAP 2023-2027.



N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
								A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>ES - 4 Reservations (4 financial) - Quantification = EUR 17.46 million</b>								
1	ES	<b>ABB04- Rural Development</b>	ES01 Andaluca	Financial	The Member State reported high error rates for IACS measures.  A DG AGRI audit in 2023 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 7.28 million	N	The Member State should take remedial actions to address the high error rates for IACS and the findings from DG AGRI and by the Certification Body in Non-IACS measures.
2	ES	<b>ABB04- Rural Development</b>	ES03 Asturias	Financial	Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rates reported by the Member State.	EUR 5.00 million	N	The Member State should continue and update the action plan to address the findings from the Certification Body on Non-IACS measures.  The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
3	ES	<b>ABB04- Rural Development</b>	ES08 Castilla y Leon	Financial	The Member State reported high error rate for IACS measures.  A DG AGRI audit in 2021 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 4.05 million	N	The Member State should continue the action plan to address the deficiencies identified by DG AGRI and from the Certification Body on IACS and Non-IACS measures, as well as the underlying causes of high error rate for IACS measures.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
4	ES	<b>ABB04- Rural Development</b>	ES12 Madrid	Financial	The Member State reported high error rate for Non-IACS measures.	EUR 1.13 million	N	The Member State should take remedial actions to address the underlying causes of the high error rates in IACS and Non-IACS measures.
				<b>FI – 1 Reservation (1 financial) – Quantification = EUR 5.04 million</b>				
1	FI	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rate for Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates reported by the Member State.	EUR 5.04 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
				<b>FR - 4 Reservations (3 financial and 1 financial horizontal) - Quantification = EUR 213.00 million</b>				
1	FR	<b>ABB02- Wine Sector, the EU School scheme</b>	FR20 AGRIMER	Financial (horizontal)	The Certification Body has identified errors with regard to 2023 expenditure for market measures including known errors for late payments. In addition, based on the Certification Body's assessment, adjustments were made to the error rate reported by the Member State and for measures for which there are no control statistics, the amount at risk has been estimated.	EUR 22.60 million	N	The Member State should continue the action plan addressing the deficiencies identified by DG AGRI and the Certification Body.
2	FR	<b>ABB03- POSEI</b>	FR05 ODEADOM	Financial	The Member State has reported an error rate above the materiality level for the banana aid and the aid for the sugar cane production.	EUR 45.01 million	N	The Member State should implement an action plan to identify and address the underlying causes of the high error rates for the POSEI measures concerned.
3	FR	<b>ABB03-POSEI</b>	FR19 ASP	Financial	The Member State reported an error rate above materiality. In addition, a DG AGRI audit in 2022 identified deficiencies in the checks for POSEI animal premia measures.	EUR 1.40 million	N	The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken	
								The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.	
4	FR	<b>ABB04- Rural Development</b>	FR19 ASP	Financial	<p>The Member State reported very high error rate for Non-IACS measures.</p> <p>DG AGRI audits in 2023 found deficiencies in IACS measures.</p> <p>DG AGRI audits in 2019, 2021 and 2023 found deficiencies in Non-IACS measures.</p> <p>Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.</p>	EUR 143.99 million	N	<p>The Member State needs to continue and reinforce the ongoing action plan to address the findings from DG AGRI audits and Certification Body for IACS and Non-IACS measures, as well as the high error rates in Non-IACS measures. Moreover, the Member State should ensure a follow-up of the causes of the errors found, where relevant, in implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>	
				<b>GB - 1 Reservation (1 financial) - Quantification = EUR 1.78 million</b>					
1	GB	<b>ABB04- Rural Development</b>	GB07 Wales	Financial	<p>DG AGRI audit in 2023 identified deficiencies in IACS measures.</p> <p>Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates.</p>	EUR 1.78 million	N	Remedial actions are not requested since the Walsh Rural Development programme will be closed in 2024.	

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
<b>GR - 2 Reservations (2 financial) - Quantification = EUR 152.04 million</b>								
1	GR	<b>ABB03- Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for Cotton and Voluntary coupled support (area and animal based).</p> <p>A DG AGRI audit in 2022 found deficiencies in administrative and on-the-spot controls in relation to area-based measures and Voluntary coupled support animals measures.</p> <p>In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	EUR 126.64 million	N	<p>The Member State should take targeted remedial actions to address deficiencies identified by DG AGRI audits, high error rates and findings of the Certification Body, and where relevant in the implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
2	GR	<b>ABB04-Rural Development</b>	N/A	Financial	<p>DG AGRI audit in 2022 identified deficiencies having impact on EAFRD IACS measures.</p> <p>DG AGRI audit in 2023 found deficiencies in non-IACS measures.</p>	EUR 25.40 million	N	<p>The Member State should take targeted remedial actions addressing deficiencies found in IACS and Non-IACS measures. Moreover, the Member State should ensure a follow-up of the causes for deficiencies, where relevant, in implementation of the CAP Strategic Plan for CAP 2023-2027.</p>
<b>HR - 2 Reservations (2 financial) - Quantification = EUR 25.51 million</b>								
1	HR	<b>ABB03- Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for Greening, the Small farmers scheme, Voluntary coupled support (area and animal based) and the Young farmers scheme.</p> <p>DG AGRI audits in 2020 identified weaknesses in administrative and on-the-spot controls in respect of Voluntary coupled support animal measures.</p>	EUR 9.13 million	N	<p>The Member State is requested to ensure implementation of actions undertaken last year for the VCS animal measures to the extent relevant for the CAP 2023-2027.</p>

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
					In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.			
2	HR	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported very high error rates for IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 16.38 million	N	The ongoing action plan should be continued and reinforced to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
<b>HU - 1 Reservation (1 financial) - Quantification = EUR 23.36 million</b>								
1	HU	<b>ABB04- Rural Development</b>	N/A	Financial	DG AGRI audits in 2017 and 2022 identified deficiencies in one IACS measure.  DG AGRI audits in 2020, 2022 and 2023 identified deficiencies in Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 23.36 million	N	The Member State should continue and reinforce the ongoing Action Plan to address the findings from DG AGRI audits and from the Certification Body for the IACS and Non-IACS measures.
<b>IT - 4 Reservations (4 financial) - Quantification = EUR 21.51 million</b>								
1	IT	<b>ABB02- Operational Programmes</b>	N/A	Financial	The Member State reported an error rate above materiality.  DG AGRI audit in 2023 identified deficiencies in the administrative checks to establish the eligibility of operational programmes, and in the  Technical quality and consistency of estimates in AGREA (IT08).	EUR 9.21 million	N	A reservation is entered in respect of 2023 expenditure.  The Member State should continue to implement the action plan addressing the deficiencies identified by DG AGRI.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
					In addition, the same audit found deficiencies in the administrative checks to establish the eligibility of operational programmes for the whole Italy.			
2	IT	<b>ABB02- Wine sector</b>	N/A	Financial	The Member State reported an error rate above materiality.  In addition, a DG AGRI audit in 2022 identified deficiencies concerning the administrative checks in wine promotion to third countries.	EUR 8.87 million	N	A reservation is entered in respect of 2023 expenditure.  The Member State should continue implementing the action plan addressing the deficiencies identified by DG AGRI.  The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
3	IT	<b>ABB03- Direct Payments</b>	IT26 Trento	Financial	The Member State reported high error rates above materiality for Basic payment scheme, Greening, the Small farmers scheme and the Young farmers scheme.  DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).	EUR 1.49 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
4	IT	<b>ABB04- Rural Development</b>	IT26 Calabria	Financial	The Member State reported slightly high error rate for IACS measures.  DG AGRI audit in 2022 identified deficiencies in IACS measures.	EUR 1.94 million	N	The Member state should take remedial actions to address higher error rate and deficiencies found in DG AGRI audits for IACS measures.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
<b>LV – 1 Reservation (1 financial) – Quantification = EUR 7.88 million</b>								
1	LV	<b>ABB03- Direct Payments</b>	N/A	Financial	The Member State reported high error rates above materiality for Single area payment scheme, Greening and the Small farmers scheme	EUR 7.88 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.
<b>NL - 1 Reservation (1 financial) - Quantification = EUR 21.26 million</b>								
1	NL	<b>ABB03- Direct Payments</b>	N/A	Financial	The Member State reported high error rates above materiality for Greening, Voluntary coupled support and the Young farmers scheme.  Based on the Certification Body's assessment of Voluntary coupled support animals and land at disposal, an adjustment was made to the error rate reported by the Member State.	EUR 21.26 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
<b>PT - 3 Reservations (3 financial) - Quantification = EUR 46.23 million</b>								
1	PT	<b>ABB02-Wine sector</b>	N/A	Financial	The Member State reported an error rate above materiality.  A DG AGRI audit in 2022 identified deficiencies in the performance of on-the-spot checks concerning wine restructuring and conversion of vineyards.  In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State for the same measure.	EUR 1.76 million	N	A reservation is entered in respect of 2023 expenditure.  The Member State should implement an action plan addressing the deficiencies identified by DG AGRI and the Certification Body.  A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
2	PT	<b>ABB03- Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for Voluntary coupled support measures and the Small farmers scheme.</p> <p>DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls.</p> <p>Based on the Certification Body's assessment an adjustment was made to the error rate reported by the Member State.</p>	EUR 23.35 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
3	PT	<b>ABB04- Rural Development</b>	N/A	Financial	<p>The Member State reported high error rates for IACS measures.</p> <p>DG AGRI audit in 2022 identified deficiencies in IACS measures.</p> <p>Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates reported by the Member State</p>	EUR 21.12 million	N	<p>The Member State should take remedial actions to address the deficiencies identified by DG AGRI in IACS measures, as well as weaknesses found by the Certification Body in IACS and Non-IACS measures and the underlying causes of the high error rates for IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
<b>RO - 2 Reservations (2 financial) - Quantification = EUR 74.65 million</b>								
1	RO	<b>ABB03- Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for Greening, the Young farmers scheme and VCS.</p> <p>Based on the Certification Body's assessment an adjustment was made to the error rate reported by the Member State.</p>	EUR 40.77 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the implementation of the CAP Strategic Plan for the CAP 2023-2027.</p>



N°	Country code	Ref <sup>243</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>244</sup>	Structural weakness (Y/N)	Actions to be taken
2	RO	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rate for IACS measures.  DG AGRI audit in 2022 identified deficiencies in IACS measures.  Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 33.88 million	N	The Member State should continue the action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for the IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.
				<b>SE - 1 Reservation (1 financial) – Quantification = EUR 8.91 million</b>				
1	SE	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rate for IACS measures.  Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 8.91 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.  The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
				<b>SK - 1 Reservations (1 financial) - Quantification = EUR 3.91 million</b>				
1	SK	<b>ABB04- Rural Development</b>	N/A	Financial	The Member State reported high error rates for IACS and Non-IACS measures.  Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rate.	EUR 3.91 million	N	The Member State should continue and reinforce the action plan to address the findings of the Certification Body for the Non-IACS measures, as well as the underlying causes for the high error rates in IACS and Non-IACS measures.

## D. Reservations issued for Operational Programme or Paying Agency in last year's annual activity report and lifted in 2023

N°	Country code	Ref <sup>245</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>246</sup>	Reasons for lifting the reservation
1	CZ	<b>ABB02- Operational Programmes for Producer Organisations</b>	N/A	Financial	A DG AGRI audit in 2022 identified deficiencies in the administrative checks to establish eligibility of support.  In addition, the Member State reported an error rate above materiality.	EUR 1.43 million	The Member State has taken the necessary remedial actions with regards to deficiencies identified in the past.
2	DE	<b>ABB03- Direct Payments</b>	DE26 Helaba	Financial	The Member State reported high error rates above materiality for Greening and the Small farmers scheme.  Based on the Certification Body assessment, an adjustment was made to the error rate reported by the Member State.	EUR 6.28 million	The adjusted error rate for FY2023 is below 2%.
3	DE	<b>ABB04- Rural Development</b>	DE03 Baden-Württemberg	Financial	A DG AGRI audit in 2021 found deficiencies in Non-IACS measures.  Based on the Certification Body's assessment, an adjustment was made to the IACS error rate reported by the Member State.	EUR 3.56 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.

<sup>(245)</sup> For ABB02, the starting point of the adjusted error rate that will eventually trigger a reservation/action plan is the control statistics per Member State and not per Paying Agency. Therefore, in line with the methodology used, the reservation is at Member State level.

<sup>(246)</sup> See amounts at risk and adjusted error rates in Annex 7 – Part 3.

N°	Country code	Ref <sup>245</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>246</sup>	Reasons for lifting the reservation
4	DE	<b>ABBO4- Rural Development</b>	DE11 Mecklenburg-Vorpommern	Financial	The Member State reported high error rate for IACS measures.  DG AGRI audit in 2021 revealed deficiencies in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	EUR 5.49 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.
5	DE	<b>ABBO4- Rural Development</b>	DE15 Nordrhein-Westfalen	Financial	The Member State reported high error rate for IACS measures.  Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 3.98 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.
6	DE	<b>ABBO4- Rural Development</b>	DE17 Rheinland-Pfalz	Financial	The Member State reported high error rate for IACS measures.  Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 1.20 million	The Member State took remedial actions. As a result, the error rate fell below the materiality level.
7	DE	<b>ABBO4- Rural Development</b>	DE20 Sachsen-Anhalt	Financial	The Member State reported high error rate for IACS and Non-IACS measures.  Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 5.10 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.
8	DE	<b>ABBO4- Rural Development</b>	DE21 Schleswig-Holstein	Financial	The Member State reported high error rate for IACS measures.  Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	EUR 3.01 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.

N°	Country code	Ref <sup>245</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>246</sup>	Reasons for lifting the reservation
9	EE	<b>ABBO4- Rural Development</b>	N/A	Financial	The Member State reported high error rates above materiality for Greening, the Small farmers scheme and the Young farmers scheme.	EUR 4.23 million	The Member State took remedial actions. As a result, the error rate is at 2%.
10	ES	<b>ABBO3- Direct Payments</b>	ES12 Madrid	Financial	The Member State reported a high error rate above materiality for the Basic Payment Scheme (BPS).  In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	EUR 3.40 million	The adjusted error rate for FY2023 is below 2%.
11	ES	<b>ABBO3- Direct Payments</b>	ES14 Navarra	Financial	The Member State reported high error rates above materiality for the Basic Payment Scheme (BPS) and Greening.  In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	EUR 8.42 million	The adjusted error rate for FY2023 is below 2%.
12	ES	<b>ABBO4- Rural Development</b>	ES05 Islas Canarias	Financial	The Certification Body assessment revealed a deficiency for Non-IACS measures.	EUR 1.03 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.
13	ES	<b>ABBO4- Rural Development</b>	ES15 Pais Vasco	Financial	The Member State reported high error rate for IACS measures.	EUR 1.21 million	The Member State took remedial actions agreed with DG AGRI. As a result, the error rate fell below the materiality level.
14	FR	<b>ABBO2- Operational Programmes for Producer Organisations</b>	FR20 AGRIMER	Financial	The Certification Body has identified significant errors with regard to 2022 expenditure for market measures including known errors for late payments.  In addition, based on the Certification Body's assessment, adjustments were made to the error rate reported by the Member State and for measures for which there are no control statistics, the amount at risk has been estimated.	EUR 16.51 million	The Member State has taken the necessary remedial actions with regards to deficiencies identified in the past.

N°	Country code	Ref <sup>245</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>246</sup>	Reasons for lifting the reservation
15	GB	<b>ABB04- Rural Development</b>	GB09 England	Financial	DG AGRI audits in 2020 and 2022 identified deficiencies in IACS measures.  A DG AGRI audit in 2021 identified deficiencies in several Non-IACS measures.  Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates.	EUR 12.00 million	The adjusted error rate for FY2023 is below 2%.
16	HU	<b>ABB03- Direct Payments</b>	N/A	Financial	The Member State reported high error rates above materiality for Greening and the Small farmers scheme.	EUR 32.58 million	The Member State implemented an action plan to address the deficiencies identified. The adjusted error rate for FY 2023 is below 2%.
17	IT	<b>ABB02- The EU school scheme</b>	N/A	Financial	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the eligibility of the aid of sufficient quality.	EUR 1.39 million	The Member State has taken the necessary remedial actions with regards to deficiencies identified in the past.
18	IT	<b>ABB03- Direct Payments</b>	IT26 Calabria	Financial	The Member State reported high error rates above materiality for BPS and Area based Voluntary coupled support.  DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).  Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.	EUR 5.41 million	The adjusted error rate for FY 2023 is below 2%.

N°	Country code	Ref <sup>245</sup>	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 <sup>246</sup>	Reasons for lifting the reservation
19	IT	<b>ABB03- Direct Payments</b>	IT27 Sardegna	Financial	<p>The Member State reported a high error rate for Basic payment scheme (BPS).</p> <p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	EUR 9.67 million	The adjusted error rate for FY 2023 is below 2%.
20	IT	<b>ABB04- Rural Development</b>	IT27 Sardegna	Financial	DG AGRI audit in 2022 identified deficiencies in IACS measures.	EUR 7.24 million	The Member State implemented an action plan. As a result, the error rate fell below the materiality level.
21	SK	<b>ABB03- Direct Payments</b>	N/A	Financial	<p>The Member State reported high error rates above materiality for Basic payment scheme and the Young farmers scheme.</p> <p>DG AGRI audits in 2020 and 2021 identified weaknesses in administrative and on-the-spot controls.</p>	EUR 9.17 million	The Member State implemented an action plan to address the deficiencies identified. The adjusted error rate for FY 2023 is below 2%.

# ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

## A. Human resource management

<b>Objective: DG AGRI employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business</b>		
<b>Indicator 1: Number and percentage of first female appointments to middle management positions</b>		
<b>Source of data:</b> SEC(2020)146 and SEC (2023) 200		
<b>Baseline (female representation in management)</b> (1 Dec 2019)	<b>Target</b> (2022) <sup>(247)</sup> + (2024)	<b>Latest known results</b> (31/12/2023)
18 female middle managers (40%)	Targets 2020-2022: 7 first female appointments to middle management positions Targets 2022-2024: 1 first female appointment	5 first female appointments for the period 2020-2022. 2 first female appointments out of 3 (67%) in 2023. 19 female middle-managers (19/37 occupied management posts on 31/12/23 = 51% female representation) and one more to join on 01/01/24.
<b>Indicator 2: DG AGRI staff engagement index</b>		
<b>Source of data:</b> Commission staff surveys 2018 and 2021 [data to be provided by DG HR]		
<b>Baseline</b> (2018)	<b>Target</b> (2022)	<b>Latest known results</b> (31/12/2023)
71% (Commission average: 69%)	≥ 71%	76% <sup>(248)</sup>

<sup>(247)</sup> The target will be revised and extended for the period 2023-2024 by January 2023.

<sup>(248)</sup> On the basis of the preliminary staff survey results of 2023 .

**Objective: DG AGRI employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business.**

**Main outputs in 2023:**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
AGRI competition	Recruitment of as many laureates as possible before opening quota to other DGs	List of laureates published in July 2022. DG AGRI intends maximum absorption of laureates before opening of the list to other DGs/institutions.	DG AGRI has recruited a total of 34 laureates from the AGRI competition. 15 quotas were granted to other DGs/Institutions on a case-by-case basis, which results in 8 laureates left on the list.
Local HR actions	AGRI HR actions reflect the needs identified through participatory process and adapted to latest developments.	Revised permanent call for expression of interest for Deputy Heads of Unit	Revised call for expression of interest for Deputy Heads of Unit was published on MyAGRINet on 07/06/23. During the autumn, the colleagues of the HRC team met all DHoU to discuss their career plans.
Reorganisation	Finalisation of reorganisation – with effect on Dir H	New organisation chart to come into effect in Q1/2023 Filling the posts of DIR A and H in Q1/2023, to be followed by DIR R	Directorate H was restructured, and the new organisation chart came into effect on 01/02/23. DIR A post was filled on 01/01/23, Dir H was filled on 16/05/23, DIR R was filled on 01/10/23. A small reorganisation entered into force on 01/12/23, extending the responsibility of DDG 3 to cover also DIR H.



<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Local talent development programme and encouragement of participation at the corporate Female Talent Management Programme	First female appointments at middle management level	To reach the new objectives of 2023 set by DG HR.	The target of first female appointment at middle management level was reached on 01/03/23 with the appointment of Head of Unit of R.2. The balance of female and male appointments was kept until the end of the year. DG AGRI has filled the three places at the FTDP <sup>(249)</sup> programme (2 AGRI, 1 REA), while the local MTDP <sup>(250)</sup> programme was organised jointly with DG ENV and DG MARE and had 6 AGRI participants.
Staff engagement – weekly debriefs by senior management.	Staff engagement index in Commission staff survey	> or = 76%	76% on the basis of the preliminary results of the 2023 staff survey.
Internal communication	Preparatory work for the new AGRI intranet	Progress in line with corporate schedule	The new AGRINet became operational on 06/12/23.

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<sup>(249)</sup> Female talent development programme

<sup>(250)</sup> Management Talent Development Programme.

## B. Digital transformation and information management

**Objective: DG AGRI is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission**

**Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions <sup>(251)</sup>**

**Source of data:** DG AGRI, DG DIGIT

<b>Information System</b>	<b>Baseline (2020)</b>	<b>Interim milestone (2022)</b>	<b>Target (2024)</b>	<b>Latest known results (31/12/2023)</b>
ISAMM	2020: 55%	2022: 60%	2024: 65%	64%
Compass Corporate	2020: 68%	2022: 86%	2024: 90%	100%
SFC2021	2018-2019: 1.9 <sup>(252)</sup>	2020-2022: 1.9	2024: 2	2 <sup>(253)</sup>

**Indicator 2: Percentage of DG AGRI's key data assets for which corporate principles for data governance have been implemented**

**Source of data:** DG AGRI

<b>Baseline (2020)</b>	<b>Interim milestone (2022)</b>	<b>Target (2024)</b>	<b>Latest known results (31/12/2023)</b>
0% <sup>(254)</sup>	40% <sup>(255)</sup>	60% <sup>(256)</sup>	45% <sup>(257)</sup>

**Objective: DG AGRI is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission**

**Main outputs in 2023:**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Strategic Objective #1 of Next Generation Digital Commission: Foster a digital culture	Number of meetings of the Network of Informatics correspondents	Two per year	2
	Number of Cyber Awareness Lunch Time presentations	One per year	1

<sup>(251)</sup> The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle – the progress achieved during the last year.

<sup>(252)</sup> Average score on the implementation of the 11 core principles defined by the EC Digital Strategy.

<sup>(253)</sup> Maximum value: 2

<sup>(254)</sup> Data assets have been defined end 2019.

<sup>(255)</sup> Milestone has been revised due to progress made under the new DG AGRI governance framework.

<sup>(256)</sup> Target has been revised due to progress made under the new DG AGRI governance framework.

<sup>(257)</sup> The indicator has been calculated according to the SG guidance "Document regarding the calculation of indicator 2 for Digital transformation and information management".

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Strategic Objective #2 of Next Generation Digital Commission: Enable Digital-ready Policymaking	IT budget for policy-supporting systems / total IT budget (in %)	60%	71%
Strategic Objective #3 of Next Generation Digital Commission: Empower business-driven digital transformation	Number of business processes automated using corporate solutions	Increase	+12
	Number of Business Intelligence apps	Increase	+18
Strategic Objective #4 of Next Generation Digital Commission: Ensure a seamless digital landscape	Number of fully supported IT systems / total number IT systems (in %)	100%	75% fully supported; 25% rely on one or more deprecated components. No unsupported IT system.
	Number of IT systems being cloud-ready / total number of IT systems (in %)	100%	21%
Strategic Objective #5 of Next Generation Digital Commission: Sustain a green, secure and resilient infrastructure	Number of IT systems with a recently approved IT security plan / number of IT systems (in %)	90% of the DG AGRI Information Systems have an IT security plan that is less than 2 years old	100% IT Security Plans according to ITSMR2; 85% IT Security Plans less than 2 years old; 15% IT Security Plans being updated.
Information Management	Percentage of implementation of the corporate principles for data governance for DG AGRI key data assets	interim milestone by 2023: 60 <sup>(258)</sup> %	45%
	Share (%) of AGRI data assets made openly and transparently available	30%	35%
	Number of actions in the Data Management Work Programme 2023-24 <sup>(259)</sup> implemented according to the plan	80%	70%

<sup>(258)</sup> To be considered that the total number of data assets managed by DG AGRI is increasing, hence the target share has to factor in this increase

<sup>(259)</sup> See page 29 for more details on the Data Management Work Programme

Output	Indicator	Target	Latest known result (situation 31/12/23)
Document management	% of filing of documents (for the current year) in DG AGRI <sup>(260)</sup>	100% of ARES documents filed	98.7%
	Percentage of HAN files, created in the current year, readable / accessible by all services in the DG <sup>(261)</sup>	> 45%	1.5% <sup>(262)</sup>
	Percentage of HAN files, created in the current year, shared with other DGs <sup>(263)</sup>	> 45%	54.2%
	Percentage of security markings applied on documents, created in the current year <sup>(264)</sup>	> 10%	10.1%

## Data transformation

In 2023, DG AGRI made use of digital solutions for better policy-shaping, information management and administrative processes in line with the strategic objectives of the new European Commission digital strategy:

### **Strategic Objective 1 - Digital culture**

- Since 2021 DG AGRI employs a *M365 local champions network* that promotes the potential of M365. The network is led by the DG AGRI M365 Top Champions currently composed of 4 colleagues, including 2 middle managers.
- The *Network of Informatics Correspondents* met twice in 2023 and is a key instrument for spreading a digital culture by identifying digital needs, sharing information about digital tools and solutions as well as disseminating best practices.
- A *Cyber Awareness Lunch Time presentation* took place in May 2023.
- The *Working Group on Digital Transformation in Agriculture, Rural areas and Agri-food sector* was set-up in 2017 and revamped in 2022. It met regularly in 2023 to share information, exchange views and harmonise DG AGRI approach to digitalisation in agriculture by providing a framework to streamline and embed all

<sup>(260)</sup> Source AGRI DMO statistics (generated from Ares/NomCom)

<sup>(261)</sup> Source AGRI DMO statistics (generated from Ares/NomCom)

<sup>(262)</sup> In 2023 there was a significant change in the visibility of organic farming files. Many of these files changed from 'visibility to DG' to 'visibility to Commission' or from 'visibility to DG' to 'limited visibility' because of the setup of updated OFIS application, which is the main creator of organic files. Due to this change, the number of files visible to the whole DG has reduced and the number of files visible to the Commission or limited has increased.

<sup>(263)</sup> Source AGRI DMO statistics (generated from Ares/NomCom)

<sup>(264)</sup> Source AGRI DMO statistics (generated from Ares/NomCom)

relevant actions and to contribute to the development of a digitalisation vision and strategy at EU level.

- DG AGRI has a *Data Upskill Strategy*. One of the actions to implement this strategy is for data analysts to learn data analysis tools like Qlik or Microsoft PowerBI to analyse agricultural data in their daily work. In 2023, DG AGRI organised several lunchtime seminars (for DG AGRI staff but open to all DGs) to show the data landscape of DG AGRI: which data we have, where to find it, which digital tools to use, which training to take to improve the data and digital skills. Presentations and recordings are available on the Data Corner section of the DG AGRI Intranet to facilitate the discovery of data assets, its access, available learning paths and a specific section on GIS maps service.
- An important challenge for DG AGRI is to ensure *consistency in the interpretation of the legal framework between CAP Strategic Plans*. In this context, AGRI Wiki plays a key role by helping desk officers to collaborate and geographical and horizontal Units to share a consistent approach in all the assessments.

### **Strategic Objective 2 – Digital ready EU policymaking**

- In 2022, DG AGRI adopted a Better Regulation Charter that establishes the coordination and management of better regulation activities in DG AGRI and set up a *DG AGRI Better Regulation Network* that meets regularly. Unit “Digital solutions” of DG AGRI is part of this network and will continue to promote the consideration of policy-supporting Information Systems, also when attending Expert Committee meetings.
- Every year, when launching the IT Master Plan exercise for collecting IT needs, DG AGRI reminds staff to consider IT requirements as soon as they plan a new EU regulation, by referring to the Better Regulation tool #28 on Digital-ready policymaking.
- The inter-institutional unit of DG AGRI facilitates the cooperation between the Commission and other institutions in relation to the CAP. This includes for instance the coordination of the Commission contribution to policy debates organised in other institutions, coordinating the replies to parliamentary questions and the coordination of the Commission’s role in the ordinary legislative procedure. Unit “Digital Solutions” is being kept informed and, whenever needed, is being consulted on topics with a potential digital impact.
- The new IT project ELAN (Electronic system for DG AGRI non-custom formalities) aims to fulfil and enforce agriculture-related European Union non-customs formalities by sharing information between customs authorities, partner competent authorities and economic operators. It will come as additional support to the related regulations.
- More than 70% of the 2023 IT budget was used for policy-supporting Information Systems.

### **Strategic Objective 3 – Business transformation**

Digital transformation means rethinking and redesigning business processes using technology to *streamline, optimise and automate processes*. 2023 achievements were for example:

- Automation of business processes related to the implementation of the CAP 2023-2027 (via SFC2021, Compass Corporate, AGREX, CATS/COMBO): CAP Strategic Plans amendments, payments for EAGF and EAFRD, Annual Performance Reports, Assurance Package, etc. In 2023, *12 new business processes were automated* using corporate solutions (Compass Corporate). End-to-end integration with Decide and ABAC, as well as significant progress in the integration with SUMMA were also achieved.
- Semi-automatic compilation of the WTO notification on the use (fill rate) of EU agricultural tariff rate quotas from various DG AGRI / DG TAXUD sources.
- Some data published on the Agri-food Data Portal was in Excel format in the past and is now automatically extracted from the original source.
- The Customized Microsoft SharePoint Wiki “MyAGRIPro” offers up-to-date information on the implementation of corporate rules and internal DG AGRI working methods. It helps ensuring an effective and efficient planning and programming process, supporting the preparation and adoption of agricultural legislation.

In 2022, DG AGRI developed [the invasion of Ukraine dashboard](#) detailing the impact on prices and trade in the EU agri-food sector. In 2023, this dashboard was updated frequently to continue helping to assess the consequences.

18 more *business intelligence applications* assembling data in clear and understandable visualisations were developed and enhanced: Agricultural Compass, Fertilisers dashboard apps, Short Term Outlook apps, catalogue of CAP interventions, and so on. Those achievements show that DG AGRI is now a data-powered Directorate-General that harvests knowledge and insights from data by accessing, activating and sharing data.

### **Strategic Objective 4 – Seamless digital environment**

In 2023, DG AGRI made further progress in putting in place a seamless digital environment.

Applying the “cloud-first approach with progressive uptake” that is recommended by the EC IT Governance, the Agri-food Data Portal has been hosted since the beginning on Microsoft Azure.

In 2023, Unit “Digital solutions” joined two ongoing proof-of-concept (PoC) actions with DG DIGIT for *cloud on premises*, concerning Weblogic14 and Spring Boot as-a-service. Once DG DIGIT is ready to go live with the two services, DG AGRI will plan the migration of the instances used by its Information Systems. DG AGRI is also doing a pilot that refactors the application AWAI Admin to make it cloud-ready, with the objective of hosting it in the *hybrid cloud*. Based on the experience gained during the pilot, a roll-out to other DG AGRI systems could be planned.

DG AGRI worked on further improving the *mobile* experience of the Agri-food Data Portal users.

Most DG AGRI Information Systems use modules of the *Reusable Solutions Platform (RSP)*, like EU-Login, eUI, CNS, Compass Corporate, MyWorkplace, Corporate Search, API Gateway, eTranslation. In 2023, a technological alignment at the level of the IT Portfolio was launched to gradually achieve migration from custom solutions (Mail Gate, jCore, Vaadin) to corporate solutions (CNS, eUI).

In 2023, the application used to collect FADN data from Member States, as well as several modules of the Organic Farming Information System were migrated from ColdFusion to Java. It is planned to finalise the *ColdFusion transformation* by end of June 2024.

New IT projects started in 2023, like ELAN (Electronic system for DG AGRI non-custom formalities) and IDSAP (Individual Data Secured Access Platform), will reuse existing corporate solutions or solutions provided by other DGs.

### **Strategic Objective 5 – Green, secure and resilient infrastructure**

Since 2020, all DG AGRI Information Systems are hosted by DG DIGIT Data Centre.

In terms of IT security, DG AGRI reached the objectives approved by the Information Technology and Cybersecurity Board (ITCB) for end of 2023:

- EU-Login and Multi-Factor Authentication (MFA): all DG AGRI Information Systems are compliant with EU-Login and MFA requirements (for systems handling sensitive-non-classified information), including a remediation plan being implemented for SharePoint-based applications.
- Security Plans: all DG AGRI operational Information Systems have a security plan based on the IT Security Risk Management methodology promoted by DG DIGIT. The Security Plans are updated regularly (85% were less than 2 years old at the end of 2023).
- Compliance controls attestation: in 2023, DG AGRI attested all security controls for its operational systems in the Governance-Risk-Compliance (GRC) tool provided by DG DIGIT. For the 10% non-compliant controls, remediation actions are being discussed between c-LISO and DG AGRI System Owners/IT Project Managers.

DG AGRI uses the centralised service for Local Informatics Security Officer (c-LISO) offered by DG DIGIT. Monthly coordination meetings between c-LISO and DG AGRI took place in 2023. c-LISO submitted semestrial reports to DG AGRI Resources Director and presented them to the DG AGRI Security Committee.

### **Data, information and knowledge management**

DG AGRI recognises data, information and knowledge management as key assets for a sound and effective CAP policymaking, and is an active member of the Information Management Steering Board (IMSB) and the Local Data Correspondent (LDC) network. DG AGRI invests in the definition and implementation of related work programmes on data,

information and knowledge management. The use of data has further increased with the CAP 2023-2027, where the focus on performance and the links with the Farm to Fork and Biodiversity Strategies has brought new types of data into the picture.

In the field of the **Data Management Work Programme**, actions in 2023 in particular concerned.

- the continuation of the implementation of the corporate data governance principles for the key DG AGRI data assets, in particular the alignment with the approved data policies and the continuous enrichment of the EC Data Catalogue. This Data Catalogue enables policy officers from other domains to easily identify and find access to DG AGRI data;
- the extension of the open agricultural data dissemination for an increased market transparency and the CAP performance assessment. Some examples are the creation of an AGRI Sustainability Compass, a further extended Food security dashboard or automated balance sheets for short and medium term market outlooks.
- the enabling of data sharing and data analytics through targeted initiatives to support the CAP Strategic Plans assessment, such as the Country Data Hubs, the thematic dashboards and CAP performance indicators. DG AGRI has invested in new online tools, such as the Catalogue on CAP interventions or the Result Indicators Dashboard and is preparing the transition to the new indicator framework (Performance Monitoring and Evaluation Framework, PMEF), including automating the data retrieval.
- organising a set of trainings for AGRI staff to stimulate the 'Data upskill'. Well-attended trainings around main data and indicator systems maintained in DG AGRI have been organised and a DG AGRI Data Corner has been set up where all data related information can be retrieved.

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance			
Source of data: European Commission/DG AGRI – EU Learn registrations and training presence lists			
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2023)
15%	100% management staff 50% non-management staff	100% non-management and management staff	<ul style="list-style-type: none"> <li>100% of staff have access to updated information on My AGRInet / myIntracomm</li> <li>100% of management trained</li> <li>60% of staff will have received a tailored, work-related training by the DPC by the end of 2023</li> <li>100% of newcomers receive basic introduction training to data protection</li> </ul>



**Objective: DG AGRI is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission**

**Main outputs in 2023:**

<b>Output</b>	<b>Indicator</b>	<b>Target</b>	<b>Latest known result (situation 31/12/23)</b>
Personal data protection	Data protection inventory	Yearly update	Yearly update
	Training and awareness raising on data protection	60% of staff trained by the end of the year 100% of newcomers receive basic introduction training to data protection Up-to-date data protection page on My AGRInet	100% of staff have access to updated information on My AGRInet / myIntracomm 100% of management trained 70% of staff received a tailored, work-related training by the DPC by the end of 2023 100% of newcomers receive basic introduction training to data protection

**Data protection**

In relation to data protection, DG AGRI continued to implement the Commission’s Data Protection Action Plan (C(2018) 7432 final) and the applicable corporate guidelines.

The Data Protection Coordinator (DPC) continued giving basic introductions to personal data protection in the welcome meetings for all AGRI newcomers. 22 training sessions on basic data protection were organised in 2023, continuing DG AGRI’s progress towards the target of 100% of staff trained by the end of 2024. In total, approximately 70% of staff have been trained in the period from 2020 until the end of 2023.

Throughout the year, the DPC continued to advise DG AGRI services in any matter concerning data protection to ensure the implementation of the Regulation (EU) 2018/1725 (EUDPR) in all the activities of the DG. This included advising units on the management of their operations in practice, as well as on the necessary documentation to fulfil the obligations set by the EUDPR. The DPC also advised units on the drafting of new legal acts where they were expected to impact the processing of personal data. No formal data subject requests were received by DG AGRI.

The standard yearly data protection inventory was conducted in the summer of 2023. It focused on compliance with obligations concerning record keeping, the role of the Commission in processing operations and the role of any eventual external entities, the processing of personal data in IT systems and upcoming legislative proposals that would imply the processing of personal data.

## C. Sound environmental management

**Objective: DG AGRI takes account of its environmental impact in their actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work, with the support their respective EMAS Correspondents/EMAS Site Coordinators.**

### Main outputs in 2023:

#### I. More efficient use of resources (energy, water, paper):

Output	Indicator	Target (2019 as baseline, as appropriate)	Latest known result (situation 31/12/23)
Participation in corporate energy saving actions, by closing down DG AGRI's building during the Christmas and New Year's and at least part of the summer holiday period	Participation in end of year energy saving action and part of the summer period saving action	Participation in the winter actions. Summer actions are subject to feasibility. Compliance with the rules on hybrid working arrangements.	DG AGRI building was closed during the Christmas and New Year's period, until 08/01/23.

#### II. Reducing CO<sub>2</sub>, equivalent CO<sub>2</sub> and other atmospheric emissions

Output	Indicator	Target (2019 as baseline)	Latest known result (situation 31/12/23)
Analysis of DG AGRI's missions trends / patterns (based on corporate EC-staff's and experts' professional trips (missions <sup>(265)</sup> ), optimise and gradually reduce CO2 emissions (e.g. by reducing the number of participants in the same mission, promoting more sustainable travelling options, promoting videoconferencing / virtual events as an alternative).	CO2 (t) emissions from DG AGRI's missions	Reduce DG AGRI's CO2 emissions from missions <sup>(266)</sup> (%)	Baseline Jan-Dec 2019: 1 506 716,97 t Jan-Dec 2023: 676 962,17 t Reduction: 829 754,8 t
Local campaign to encourage the use of bikes in the context of VeloMai	Number or % of staff informed/participated	To have at least the same number of participants as in 2022.	54 AGRI participants in VeloMai in 2023.

<sup>(265)</sup> Data provided by PMO/MiPs.

<sup>(266)</sup> Overall reduction of CO2 emissions from missions for the DG/service from 2019 to 2023 (%).

Output	Indicator	Target (2019 as baseline)	Latest known result (situation 31/12/23)
1 digital waste workshop to increase staff awareness on digital pollution and encourage gradual change of behaviours (avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data)	Number of events organised	1 workshop to be organised.	The workshop did not take place.

### III. Reducing and management of waste

Output	Indicator	Target (2019 as baseline)	Latest known result (situation 31/12/23)
Satisfaction survey on waste sorting stations introduced in L130 in July 2022 and follow-up action, in cooperation with OIB	Number or % of staff informed/participated	> 30% of staff informed/participated	Survey did not take place, DG AGRI organised a clothes swap instead.

### V. Supporting biodiversity

Output	Indicator <sup>(267)</sup>	Target (2019 as baseline)	Latest known result (situation 31/12/23)
Maintenance of the AGRI potager	Number of staff involved	≥ 8 staff involved	15 AGRI colleagues are members of the 'AGRI potager'

<sup>(267)</sup> In coordination with the OIB/OIL

**ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)**

(not applicable)

**ANNEX 12: EAMR of the Union Delegations (if applicable)**

(not applicable)

**ANNEX 13: Decentralised agencies and/or EU Trust Funds (if applicable)**

(not applicable)

## ANNEX 14: Table of acronyms

Abbreviation	Full text
<b>A</b>	
AAC	Administrative Assistance and Cooperation
AAR	Annual Activity Report
ABB	Activity-Based Budgeting
ACP	African, Caribbean, and Pacific Group of States
DG AGRI	Directorate-General Agriculture and Rural Development
AEC	Agri-environment-climate
AECM	Agri-environment-climate measures
AI	Artificial Intelligence
AIR	Annual Implementation Report
AKIS	Agricultural Knowledge and Innovation Systems
AMIS	Agricultural Market Information System
AMS	Area Monitoring System
ANC	Areas facing natural and other specific constraints
APO	Associations of Producer Organisations
ARES	Advanced Records System
AT	Austria
AU	African Union
AUC	African Union Commission
AWBM	Activity Without Budgetary Measure
AWP	Annual Work Programme
AWU	Annual Work Unit
<b>B</b>	
BCO	Broadband Competence Offices
BE	Belgium
BG	Bulgaria
BiH	Bosnia-Herzegovina
BISS	Basic income support for sustainability
BTSF	Better Training for Safer Food
DG BUDG	DG Budget
<b>C</b>	
CAADP	Comprehensive Africa Agriculture Development Programme
CAFS	Commission Anti-Fraud Strategy
CAP	Common Agricultural Policy
CAS	Common Audit Service
CB	Certification Body
CBT	Computer-based testing
CEF	Connecting Europe Fund
CETA	EU-Canada Free Trade Agreement (Comprehensive Economic and Free Trade Agreement)
CHAFEA	Consumers, Health, Agriculture and Food Executive Agency
CISYF	Complementary income support for young farmers
CLAR	Client in Audit Research
DG CLIMA	Directorate-General Climate Action
CMO	Common Market Organisation

<b>Abbreviation</b>	<b>Full text</b>
COMAGRI	Committee on Agriculture and Rural Development in the European Parliament
DG CNECT	Directorate-General Communication Networks, Content and Technology
DG COMM	Directorate-General Communication
DG COMP	Directorate-General Competition
COP	Cereal, Oilseed and Protein crops
CoR	Committee of the Regions
CRISS	Complementary redistributive income support for sustainability
CSF	Common Strategic Framework
CWP	Commission Work Programme
CY	Claim Year
CY	Cyprus
CZ	Czech Republic

## **D**

DAS	Statement of assurance (Déclaration d'assurance)
DCFTA	Deep and Comprehensive Free Trade Areas
DDA	Doha Development Agenda
DE	Germany
DEP	Digital Europe Programme
DESI	Digital Economy and Society Index
DG	Directorate-General
DG DEFIS	Directorate-General Defence Industry and Space
DG DEVCO	Directorate-General International Cooperation and Development
DG DIGIT	DG Informatics
DIH	Digital Innovation Hubs
DK	Denmark
DPC	Data Protection Coordinator
DPO	Data Protection Officer
DPMS	Data Protection Records Management System
DSM	Digital Single Market

## **E**

DG EAC	Directorate-General Education and Culture
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guarantee and Guidance Fund
EBCC	European Bird Census Council
ECA	European Court of Auditors
DG ECFIN	Directorate-General Economic and Financial Affairs
EE	Estonia
EEA	European Environment Agency
EESC	European Economic and Social Committee
EFA	Environmental Focus Area
EFSCM	European Food Security Crisis preparedness and response Mechanism
EFSI	European Fund for Strategic Investments
EIB	European Investment Bank
EIF	European Investment Fund
EIP	European Innovation Partnership
EL (GR)	Greece
DG EMPL	Directorate-General Employment, Social Affairs and Inclusion

<b>Abbreviation</b>	<b>Full text</b>
DG ENER	Directorate-General Energy
ENPARD	European neighbourhood programme for agriculture and rural development
ENRD	European Network for Rural Development
DG ENV	Directorate-General Environment
EP	European Parliament
EPA	Economic Partnership Agreement
EPCA	Enhanced Partnership and Cooperation Agreement
ERR	Error rate
ES	Spain
ESIF	European Structural and Investment Funds
ESPG	Environmentally sensitive permanent grassland
DG ESTAT	Eurostat
ETC/ACC	European Topic Centre on Air and Climate Change
EU	European Union
EU-15 <sup>(268)</sup>	AT, BE, DE, DK, EL, ES, FI, FR, IE, IT, LU, NL, PT, SE, UK
EU-27	All EU Member States
EU-N10	Members States that joined the EU in 2004: Czech Republic (CZ), Estonia (EE), Cyprus (CY), Latvia (LV), Lithuania (LT), Hungary (HU), Malta (MT), Poland (PL), Slovenia (SI) and Slovakia (SK)
EU-N13	EU-N10 plus Member States that joined the EU in 2007 (Bulgaria (BG), Romania (RO) and 2013 (Croatia (HR)) respectively
EUIPO	European Union Intellectual Property Office
EUR (€)	Euro
<b>F</b>	
F2F	Farm to Fork Strategy
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization of the United Nations
FAS	Farm Advisory System
FDI	Foreign Direct Investment
FEAD	Fund for European Aid to the Most Deprived
FFPA	Financial Framework Partnership Agreements
FI	Financial instruments
FI	Finland
FNVA	Farm net value added
FPA	Framework Partnership Agreement
FP7	7 <sup>th</sup> Framework Programme
FR	France
FTA	Free Trade Agreement
FVO	Food and Veterinary Office
FWG	Forecast working group
FY	Financial Year

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<sup>(268)</sup> Composition in 2004.

<b>Abbreviation</b>	<b>Full text</b>
<b>G</b>	
G7	Group of Seven (leading industrialised nations: Canada, France, Germany, Italy, Japan, UK, USA)
G20	Group of Twenty (governments and central bank governors from Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Republic of Korea, the Russian Federation, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the EU)
GAEC	Good Agricultural and Environmental Conditions
GCC	Gulf Cooperation Council
GFFA	Global Forum for Food and Agriculture
GHG	Greenhouse gases
GI	Geographical Indications
GR	Greece
DG GROW	Directorate-General Internal Market, Industry, Entrepreneurship and SMEs
GSA	Geo-spatial aid application
GVA	Gross Value Added
<b>H</b>	
H2020 / HE	Horizon 2020 / Horizon Europe
HNV	High Nature Value
HR	Croatia
HR	Human Resources
HU	Hungary
<b>I</b>	
IA	Impact Assessment
IAC	Internal Audit Capability
IACS	Integrated Administration and Control System
IAS	Internal Audit Service
ICM	Internal Control Monitoring
ICT	Information and Communication Technology
IE	Ireland
IEPA	Interim Economic Partnership Agreement
IFAD	International Fund for Agricultural Development
IGC	International Grains Council
IOC	International Olive Council
IoF	Internet of Food and Farm
IoT	Internet of Things
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-Accession Assistance Rural Development
IRR	Incompliance rate
ISAMM	Information System for Agricultural Market Management and Monitoring
ISO	International Sugar Organisation
IT	Information Technology
IT	Italy
ITSRM	IT Security Risk Management methodology
<b>J</b>	
JRC	Joint Research Centre
DG JUST	Directorate-General Justice and Consumers



<b>Abbreviation</b>	<b>Full text</b>
<b>K</b>	
KJWA	Koronivia Joint Work on Agriculture
KPI	Key Performance Indicator
<b>L</b>	
LAG	Local Action Group
LAU	Local Administrative Units
LDC	Least Developed Countries
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
LISO	Local Informatics Security Officer
LPIS	Land Parcel Identification System
LT	Lithuania
LU	Luxembourg
LV	Latvia
<b>M</b>	
MAFA	Multi Annual Financing Agreement (SAPARD)
DG MARE	Directorate-General Maritime Affairs and Fisheries
MEP	Member of the European Parliament
MFA	Multi Annual Financing Agreement (IPARD)
MFF	Multi-annual Financial Framework
MK	North Macedonia
MoU	Memorandum of Understanding
DG MOVE	Directorate-General Mobility and Transport
MS	Member State
MT	Malta
<b>N</b>	
NAO	National Authorizing Officer
NIPAC	National 'Instrument for Pre-accession Assistance' Coordinator
NL	Netherlands
NPI	Non-productive investment
NRN	National Rural Networks
<b>O</b>	
OECD	Organisation for Economic Co-operation and Development
OIB	Office for Infrastructures and Logistics in Brussels
OJ	Official Journal
OLAF	European Anti-Fraud Office
OTSC	On-the-spot checks
<b>P</b>	
PA	Paying Agency
PAF	Prioritised Action Framework for Natura 2000
PECBMS	Pan-European Common Bird Monitoring Scheme
PDO	Protected Designations of Origin
PGI	Protected Geographical Indications
PL	Poland
PMEF	Performance and Monitoring Evaluation Framework
PMO	Office for Administration and Payment of Individual Entitlements
PO	Producer organisation

<b>Abbreviation</b>	<b>Full text</b>
POSEI	Programme d'Options Spécifiques à l'Éloignement et l'Insularité (Programme of Options Specifically Relating to Remoteness and Insularity)
POSEICAN	Programme of options specific to the remote and insular nature of the Canary Islands
POSEIDOM	Programme of options specific to the remote and insular nature of the overseas departments
POSEIMA	Programme of options specific to the remote and insular nature of Madeira and the Azores
PPP	Plant protection products
PT	Portugal
<b>R</b>	
RAD	DG BUDG database ("Recommendations/Actions/Discharge")
RBN	Research Budget Network
RD	Rural Development
RDP	Rural Development Programme
REA	Research Executive Agency
REFIT	Regulatory Fitness and Performance Programme
DG REGIO	Directorate-General Regional and Urban Policy
RO	Romania
RoO	Rules of Origin
DG RTD	Directorate-General Research and Innovation
<b>S</b>	
SAI	Smaller Aegean islands
SAIO	Regulation on statistics on agricultural inputs and outputs
SAPARD	Special Accession Programme for Agriculture and Rural Development
DG SANTE	Directorate-General Health and Food Safety
SAPS	Single Area Payment Scheme
SBS	Structural Business Statistics
SC	Societal Challenge (Horizon 2020)
SCAR	Standing Committee for Agricultural Research
SCIC	Directorate-General for Interpretation
SDGs	Sustainable Development Goals
SE	Sweden
SF	Support Facility
SG	Secretariat-General of the European Commission
SI	Slovenia
SJ	Legal Service of the European Commission
SK	Slovakia
SMP	Skimmed milk powder
SPS	Single Payment Scheme
SPS	Sanitary and Phytosanitary
SR	Special Report
SRIA	Strategic Research and Innovation Agenda
SWD	Staff Working Document
SWOT	Strengths, weaknesses, opportunities, threats
<b>T</b>	
TAIEX	Technical Assistance and Information Exchange instrument
DG TAXUD	Directorate-General Taxation and Customs Union

<b>Abbreviation</b>	<b>Full text</b>
TCA	Trade and Cooperation Agreement
TEF	Testing and Experimentation Facilities
TFEU	Treaty on the Functioning of the European Union
TFP	Total Factor Productivity
TFRA	Task Force for Rural Africa
ToR	Terms of Reference
TR	Turkey
DG TRADE	Directorate-General for Trade
TRDI	Transitional Rural Development Instrument
TRIPs	Agreement on Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff-Rate Quota
TSG	Traditional Specialities Guaranteed
TTG	Time to grant
TTI	Time to inform
TTIP	Transatlantic Trade and Investment Partnership
TTP	Time to pay

## **U**

UAA	Utilised agricultural area
UK (GB)	United Kingdom
UN	United Nations
UNFCCC	UN Framework Convention on Climate Change
US	United States of America
USDA	US Department for Agriculture
UTP	Unfair Trading Practices

## **V**

VCS	Voluntary Coupled Support
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## **W**

WIPO	World Intellectual Property Organisation
WMP	Whole milk powder
WTO	World Trade Organization