



# **Directorate General for Agriculture and Rural Development**

# **2013 Management plan**

**Update July 2013**



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# 1. MISSION STATEMENT

The mission of the Directorate General for Agriculture and Rural Development ("DG AGRI") is to promote the sustainable development of Europe's agriculture and to ensure the well-being of its rural areas.

## 2. PERSONAL MESSAGE BY THE DIRECTOR-GENERAL

On 26 June 2013, the European Parliament, the Council of Ministers and the European Commission have reached a political agreement on reforming the common agricultural policy (CAP) towards 2020 after almost two years of negotiations. This was the first time in agricultural policy that such an agreement was forged jointly by the three institutions.

This agreement gives the CAP a **new direction**, taking better account of society's expectations as expressed during the public debate in spring 2010. This agreement will lead to far-reaching changes: making direct payments fairer and greener, strengthening the position of farmers within the food production chain and making the CAP more efficient and more transparent. All aspects of the reform will be applicable as from **1 January 2014**, except for the new direct payments structure ("green" payments, additional support for young people, etc.) which will apply as from 2015.

**Detailed rules to implement the CAP reform** are now being elaborated. This considerable workload on the CAP towards 2020 represents the primary focus of our efforts and entails a major mobilisation of our resources throughout the whole year.

In addition to the CAP reform, DG AGRI is working on a major political initiative on "**Review of EU political and legal framework for organic production**" aiming at adapting the current framework to the rapid evolution of the organic sector.

In relation to "Pillar I" (direct aid and market measures), the legislative proposal on **Promotion and information policy for agricultural products** focused on EU added value should respond adequately to the current needs of agricultural and food markets. In 2013, another key AGRI's initiative is the **Fruit and Vegetable's Regime review** assessing the specific provisions in the light of the experience drawn from the 2007 sectoral reform, new challenges and the CAP 2020 framework.

In the area of rural development ("Pillar II"), our core business is the implementation of the rural development programmes, which help to ensure inclusive and sustainable growth in rural areas. Further to this focus of our work, DG AGRI prepares several important initiatives in 2013. The Communication on a **new EU Forest Strategy** aims at enhancing and improving sustainable forest management taking into account in particular climate change and EU policy on renewable energy. In addition, my services present the Strategic implementation plan for the **European Innovation Partnership** "Agricultural productivity and sustainability" in 2013 in order to promote a resource-efficient, productive and low-emission agricultural sector.

Throughout 2013, DG AGRI prepares the ground for the implementation of the "Horizon 2020" Framework Programme fostering research and innovation notably regarding societal challenge "Food security, sustainable agriculture, marine and maritime research and the bio-economy".

In the area of **international affairs**, DG AGRI continues participating and negotiating in various international fora and maintains bilateral relations and negotiations with third

countries, regions or important regional groupings in order to preserve the European model of agriculture and contribute to sustainable economic development. DG AGRI maintains its general efforts to simplify agricultural legislation and reduce administrative burden and contributes to the Commission's agenda of ambitious **simplification** across the MFF<sup>1</sup>.

In this context, the current legislation on **state aids** in the agricultural sector is also reviewed and brought in line with the CAP reform. The current rules are being revised in the context of the State Aid Modernisation initiative of the Commission and the rules applicable to agriculture and rural development under the MFF 2014-2020.

Last but not least, DG AGRI is committed to high standards of **sound financial management** and maintains its efforts to further improve the financial management of the CAP expenditure in co-operation with Member States. Shared management is a relationship of co-responsibility in which all parties have to take their responsibilities. To address the reservations concerning direct payments and rural development expenditure DG AGRI has taken immediate actions. Working groups have been set up to thoroughly assess the root causes of errors and to develop preventive and corrective actions for the current and future programming periods. This extensive analytical work has been carried out in close cooperation with the Member States. DG AGRI will continue to monitor carefully the implementation of the action plans to improve the situation. At the same time, DG AGRI is pursuing the conformity clearance procedures and has already imposed financial corrections with a view to protecting the EU's financial interests.

Finally, I would like to take the opportunity to thank all DG AGRI staff for their dedication and professionalism and I look forward to taking up the future challenges together in my new position as Director-General.

Jerzy Bogdan PLEWA  
Director-General

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<sup>1</sup> See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "A Simplification Agenda for the MFF 2014-2020", COM(2012) 42 of 8 February 2012.

### 3. GENERAL OBJECTIVES BY POLICY AREA

The Commission has set out its strategy<sup>2</sup> – "Europe 2020" – with three priorities:

- Smart growth: an economy based on knowledge and innovation
- Sustainable growth: a resource efficient, greener and more competitive economy
- Inclusive growth: a high-employment economy delivering social and territorial cohesion

"Europe 2020" also points out the need to discuss how the CAP can best contribute to these priorities. This remains in 2013 one of the main priorities of DG AGRI, notably in respect of the "new" CAP towards 2020. In June 2013, the legislators (European Parliament and the Council) reached a political agreement on the CAP reform based on the legal proposals<sup>3</sup> adopted by the Commission on 19 October 2011. They include also a monitoring and evaluation system for the whole CAP.

The CAP plays a key strategic role in achieving those objectives considering the importance of agriculture and rural areas in the **European economy and society**<sup>4</sup>. Rural and intermediate areas<sup>5</sup> represent around 91 % of EU territory and are inhabited by nearly 59 % of the population. More than half of total employment is located in rural areas in EU-27. The primary sector, i.e. agriculture, hunting and fishing, is naturally concentrated in rural areas and still accounts for 5.5 % of total employment or 12.4 million persons in EU-27. Its production is a key input to the food industry which accounts for an additional 4.7 million jobs.

Income per person is, on average, however significantly lower in rural areas than in urban areas and the unemployment rate is on average higher. However, income per capita and unemployment rates show strong differences in the various rural areas of the EU. The share of primary sector varies between 1.5 % and 30 % of total employment in different countries of the EU.

Agriculture and forestry sectors are of primary importance when considering **environmental and climate change issues**. Around 80 % of land in EU-27 is covered by either agriculture or forestry. Links between these activities and natural resources such as biodiversity, water and soil as well as climate change are well acknowledged.

Food security is increasingly a priority and the CAP should help to ensure this. Surveys also show that citizens expect the CAP to ensure **safe and healthy food of high quality**

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<sup>2</sup> COM(2010) 2020 adopted by the Commission on 3.3.2010.

<sup>3</sup> [http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index\\_en.htm](http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm). REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy COM(2011) 625 final/2; Amendment COM(2012) 552 final. REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing a common organisation of the markets in agricultural products (Single CMO Regulation) COM(2011) 626 final/2; Amendment COM(2012) 535 final. REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) COM(2011) 627 final/2; Amendment COM(2012) 553 final. REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financing, management and monitoring of the common agricultural policy COM(2011) 628 final/2; Amendment COM(2012) 551 final. COUNCIL REGULATION determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products COM(2011) 629 final. REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 73/2009 as regards the application of direct payments to farmers in respect of the year 2013 COM(2011) 630 final. REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 1234/2007 as regards the regime of the single payment scheme and support to vine-growers COM(2011) 631 final.

<sup>4</sup> Statistics on rural areas presented below are based on Rural Development in the EU – Statistical and Economic Information Report 2011. Statistics on consumers' consumption and expectations are based on Eurostat Statistics in focus: From farm to fork, a statistical journey along the EU's food chain (June 2011) and the latest Eurobarometer survey of people's attitudes to the CAP (November/December 2009) available on [http://ec.europa.eu/public\\_opinion/archives/eb\\_special\\_en.htm](http://ec.europa.eu/public_opinion/archives/eb_special_en.htm)

<sup>5</sup> For more information about the typology refer to [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-HA-10-001-15/EN/KS-HA-10-001-15-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-10-001-15/EN/KS-HA-10-001-15-EN.PDF)

**and at reasonable prices.** Households on average spend around 13 % of their income on food and non-alcoholic beverages but once again with big variations between Member States. In Luxembourg, households spend only slightly more than 9 % of their income on food whereas households in some other countries spend up to 30 %.

The adaptation of the CAP by integrating the EU priorities is of particular importance for DG AGRI. These priorities are therefore reflected in the three general objectives for the work of the DG in 2013:

1. Promoting a viable and competitive agricultural sector which respects high environmental and quality standards of production, ensuring at the same time a fair standard of living for the agricultural community;
2. Contributing to sustainable development of rural areas, in particular through improving the capacity of the agricultural and forestry sectors to meet new challenges, contributing to preserving the environment and the countryside, improving the quality of life in rural areas, helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences, and contributing to the sustainable production of renewable energy;<sup>6</sup>
3. Promoting the European agricultural sector in world trade.

In addition, DG AGRI commits itself to achieving high standards in implementing its objectives and policies, and will in particular:

- a. Manage the Union Budget in accordance with high standards of financial management, ensuring value for money, properly designed management and control systems as well as transparency;
- b. Implement policy in an effective manner, in line with Treaty and international obligations and the need to simplify legislation;
- c. Contribute to other Union policies, in the fields of cohesion, competitiveness, employment, research, environment including climate action, food safety and external policies (enlargement, trade and development).

The Commission has approved a Communication and adopted four legislative proposals, in the context of the "Horizon 2020" Framework Programme which brings together all EU research and innovation funding for the period 2014-2020, targeting notably societal challenges amongst which the one focusing on "Food security, sustainable agriculture, marine and maritime research and the bio-economy". For this societal challenge, DG AGRI will lead with regard to the applied aspects of research and innovation by working close to farmers and forest managers in the field of sustainable agriculture and forestry. It will also contribute to the Horizon 2020 sub-challenges "sustainable and competitive agri-food sector for a safe and healthy diet" and "sustainable and competitive bio-based industries". In 2013, DG AGRI prepares the ground for the implementation of the programme.

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<sup>6</sup> The general objective has been reformulated taking into account current priorities. As the fight against climate change become increasingly a focus under the rural development policy and forestry as well as renewable energy production are essential elements for this, they should be specifically mentioned.

*Ad 1. Promoting a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community.*

Successive CAP reforms from the 1990s, and in particular the various reforms since 2003, represent a major step forward in terms of improved competitiveness and sustainable development of farming in the EU.

With the progressive shift from price support to direct aids which are decoupled from production, farmers are encouraged to respond to market signals rather than to quantity-related policy incentives. Although still an essential part of the CAP, interventions on agricultural markets (for example private storage aid) are now of minor importance in budgetary terms, as most of the expenditure is directed to direct aid payments to farmers and rural development.

Decoupled direct aid payments stabilise farm incomes and, thus, contribute to the economic viability of farms. Market measures and risk management tools provide a safety net that helps farmers to survive during times of market crises. In addition, the obligation to keep land in good agricultural and environmental conditions and the inclusion of environment, food safety, animal health and welfare standards ("cross-compliance") plays an important role in maintaining a sustainable farming sector and meeting consumers' expectations.

On 19 October 2011, the Commission adopted a set of legal proposals for the CAP towards 2020 which – in line with the "Europe 2020" strategy – ensures that agriculture also in the future will contribute to the fight against climate change, support employment and growth, promote innovation and that both the economic and ecological competitiveness of the sector are enhanced. Key points include inter alia better targeting of income support, greening<sup>7</sup> of direct payments, improved instruments to address market developments and a new framework for rural development. This reform was the first to be co-decided by the European Parliament and the Council after the entry into force of the Lisbon Treaty. The legislative authority has examined the proposals and a political agreement was reached on 26 June 2013. Formal adoption is foreseen later this year.

In this context, the current legislation on state aids in the agricultural sector is also being reviewed and brought in line with the CAP reform and with the on-going state aid modernisation process.

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<sup>7</sup> Payment for agricultural practices beneficial to climate change and the environment.

*Ad 2. Contributing to sustainable development of rural areas, in particular through improving the capacity of the agricultural and forestry sectors to meet new challenges, contributing to preserving the environment and the countryside, improving the quality of life in rural areas, helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences, and contributing to the sustainable production of renewable energy*

Rural development programmes make a vital contribution to the economic, social and environmental well-being of rural areas, and the sustainability of the rural environment. Rural development helps to promote the competitiveness of the agricultural and food processing sectors, and in general to ensure inclusive and sustainable growth in rural areas.

Local initiatives such as Leader, initiatives under the European Innovation Partnership for agriculture, and support for diversification play an essential role to deliver on the "Europe 2020" objectives as they encourage innovation and entrepreneurship and promote inclusiveness. The provision of environmental and local services, renewable energy and raw materials, rural amenities and associated tourism can be a major source of income and employment potential in rural areas. Better employment prospects can also improve the situation of women in rural areas in the context of promotion of equal opportunities.

As part of the bio-economy, agriculture and forestry also provide bio-energy and renewable raw materials for bio-based products.

Agriculture is highly exposed to climate change, as farming activities directly depend on climatic conditions. However, agriculture can also help to provide solutions to the overall climate change problem.

The Rural Development policy already contributes to the strategic objectives and overall headline targets of "Europe 2020" through the implementation of rural development programmes. The future CAP towards 2020, including the legal framework for the EAFRD, will strengthen and target the funds to the accomplishment of both these overall "Europe 2020" and CAP specific objectives.

Analytical and preparatory work has been continued in 2013 in order to ensure that the necessary legal acts following the basic act are in place in time. Based on the preparatory activities with Member States held in 2012, the process of negotiating the Partnership Agreements and the 2014-2020 Rural Development Programmes are in the centre of the efforts during 2013.

The Commission is currently preparing a review of the EU organic policy framework to be proposed in 2014. Organic farming policy is part of the EU's agricultural schemes intended to deliver high quality food to consumers. A particular emphasis is placed on the protection of the environment through a low input management, on creating a level playing field and guaranteeing fair competition as well as meeting consumers' expectations and ensuring their trust with harmonised production rules that apply throughout the EU and to all products marketed in the Union. This revision aims at putting into place the conditions for the organic sector to be able to meet the challenges of the future including its steady growth, the increasing demand for organic products and growing environmental expectations while meeting the above mentioned objectives.

Analytical and preparatory work is also on-going on the case for a new local farming and direct sales scheme to assist producers in marketing their produce locally, as well as on the case for a new optional quality term "product of island".



### *Ad 3. Promoting the European agricultural sector in world trade.*

With a view to increasing prosperity, maintaining a sustainable agricultural economy in Europe, and reinforcing Europe's place in the world, DG AGRI is actively engaged in improving market access for EU agricultural products in third countries through the reduction of tariffs and the elimination of other barriers. Our international agenda also takes account of the needs of developing countries and aims at the establishment of international trade rules that are aligned with our domestic policies and regulatory approach, and best serve the interests of European agriculture.

In 2013, DG AGRI's efforts are focused on

(i) negotiating a balanced outcome of the DDA, and in particular an "Early Harvest" for the 2013 Bali Ministerial Conference;

(ii) engaging in an increasing number of bilateral trade negotiations aiming at further trade liberalization with key partners such as Mercosur, some ASEAN countries such as Malaysia and Vietnam, and Japan and possibly the United States of America, formally concluding with Singapore, Canada and India, and adopting the Agreements already concluded with Colombia/Peru, Central America and Ukraine;

(iii) managing agricultural development policy, notably with FAO (which is preparing for the International Year for Family Farming in 2014) and relations with the African Caribbean and Pacific states including implementing and concluding the agricultural sections of Economic Partnership Agreements;

(iv) improving the protection of geographical indications in order to enhance trade opportunities via the negotiation of a GI agreement with China, through negotiations and dialogue with Russia, through different FTA negotiations, and dialogue with the African Regional Intellectual Property Organisation;

(v) ensuring the proper implementation of wine agreements, in particular with Australia, Canada and the United States, and renegotiation with South Africa;

(vi) continuing with European Neighbours the process of agricultural trade liberalisation and their approximation to the *acquis*;

(vii) continuing the follow up of the Council Conclusions as regards Policy Coherence for Development (PCD), in particular as regards the impact of the CAP on developing countries as per the PCD Work Programme 2010-2013, as well as contributing to the G20 policy framework and instruments on global food security; and

(viii) coordinating the enlargement process in agriculture, including accession negotiations with candidate countries;

(ix) pursuing an outcome on agriculture in the international negotiations under the UN Framework Convention on Climate Change

(x) negotiating a pan-European Legally Binding Agreement under Forest Europe

(xi) promoting cooperation in the Neighbourhood Countries via the implementation of the European Neighbourhood Programme on Agriculture and Rural Development (ENPARD); share experience in agriculture and rural development policy with third countries.

*Ad a. Managing the Union Budget in accordance with high standards of financial management.*

DG AGRI is committed to high standards of financial management. An ongoing objective is to further streamline procedures and processes of planning, follow-up and control of expenditures and to continue to enhance a culture within which financial management and transparency are integral parts of policy management. The DG is committed to the continuous improvement of the internal control environment, including follow-up of audit recommendations made by the Court of Auditors, the Internal Audit Service and the Internal Audit Capability.

In 2012, the European Court of Auditors estimated that the most likely error for agriculture in financial year 2011 was at 2.9 % for the EAGF and 7.7 % for the EAFRD with an overall error rate for the CAP of 4.0 %. A more positive view was given by the control statistics which Member States provide to DG AGRI on an annual basis and which for financial year 2012 showed an overall residual error rate of 0.83 %; residual error rate for rural development being at 2.36 % (including the 25 % safety margin) while that for EAGF was well below 1 %.

DG AGRI introduced a reservation for rural development expenditure in its 2011 Annual Activity Report and the ensuring action plan has concentrated on identifying the root causes of the higher error rate. For the 2012 Annual Activity Report this reservation was carried over.

In recent years, while the European Court of Auditors has found that foundation of the IACS is solid, the error rate has increased as a consequence of weak implementation in some Member States. DG AGRI's own audits also indicate that the level of error reported by some Member States is not exhaustive or completely reliable.

In its 2012 Annual Activity Report, DG AGRI introduced a reservation for serious deficiencies in direct payment in Portugal, Bulgaria and France. This was justified by the fact that an integrated approach used by DG AGRI indicated a residual error rate above materiality with the three Member States in question displaying error rates above 5%. Specific action plans have been/are being put in place in these Member States in order to address the systemic weaknesses at the origin of such error rates.

The European Parliament and the Council have adopted a new Financial Regulation<sup>8</sup> which should help make project implementation more user-friendly and administratively less burdensome, while ensuring a strict and adequate monitoring and control of tax payers' money by the Commission. The Financial Regulation also introduces a new requirement for an opinion to be given by an independent audit body on the legality and regularity of expenditure. It also maintains the principle of transparency.

The novel elements of the new Financial Regulation have been taken over in the Commission's proposal for a horizontal regulation on the financing, management and monitoring of the CAP and are part of the political agreement on the CAP reform.

In 2013, the issue of budget delivery continues to be part of the debate on the CAP towards 2020. Preparations of implementing legislation takes into account the objective to maximize the added value of the European Union budget and optimize the effectiveness, efficiency, economy and accountability of budget delivery.

DG AGRI is also committed to using the available staff and other resources efficiently.

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<sup>8</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, OJ L298 of 26.10.2012.

*Ad b. Implementing policy in an effective manner, in line with Treaty and international obligations and the need to simplify legislation.*

Another major part of the work of DG AGRI consists of the implementation of decisions and regulations already in place, primarily by the Directorates responsible for the markets, for rural development and for international affairs. It is important to ensure that measures taken are consistent with the EU's international obligations. The same is true of the important horizontal functions within the DG such as legal matters, budget, financial management, control/audit, transparency, relations with the other Institutions and information policy.

With the entry into force of the Treaty of Lisbon, all existing agricultural legislation had to be aligned to the new legal bases. Most of the aligned legal proposals were adopted by the Commission in 2010 but alignment of the main agricultural legislation was put on hold due to the ongoing negotiations on the CAP reform. The political agreement on the CAP reform does indeed also take alignment issues into account.

Far-reaching reforms of the CAP and the accession of 13 Member States have taken place in recent years. It is important to continue to consolidate these changes and ensure proper implementation over the coming years. After the political agreements on respectively the MFF 2014-2020 and the CAP reform package between the European Parliament and the Council, detailed rules to implement the CAP reform are now being elaborated to be in place as timely as possible after formal adoption of the CAP reform.

DG AGRI is continuing to contribute actively to the negotiation process with other candidate and potential candidate countries, to the extent that these are pursued by the Union. The Commission modified its CAP reform proposals in September 2012 to take account of the accession of Croatia to the EU on 1 July 2013.

DG AGRI will continue to give priority to the provision of high quality analysis and evaluation as a basis for policy development.

Simplification of the CAP is also one of the top priorities. DG AGRI cooperates with Member States' simplification experts, meeting regularly in the framework of an experts group, and also consults an advisory group of stakeholders with representatives of producers, processors, traders, environment, labour etc. In the context of the CAP reform, DG AGRI has also started up a close dialogue with the national administrations responsible for the management and control of the CAP instruments, with the view to examine various technical aspects related to the implementation of the future legislative acts. The overall objective of this cooperation aims at a simplified CAP and avoiding "red tape". The same objective is at the core of the DG AGRI simplification work in 2013.

*Ad c. Contributing to other Union policies, in the fields of cohesion, competitiveness, employment, research, environment, food safety and external policies (enlargement, trade and development).*

Both pillars of the CAP make significant contributions to other Union objectives. The introduction of cross-compliance in the 2003 CAP reform helped to reinforce the efforts of other Directorates General responsible for the implementation and control of Union legislation in the fields of environment, animal welfare and food safety. This will continue in the CAP towards 2020.

Rural development makes a significant contribution to competitiveness, cohesion, environmental land management as well as the quality of life and economic diversification in rural areas; thereby contributing to achievement of sustainable growth and employment. The European Innovation Partnership on agricultural productivity and sustainability will contribute to the "Europe 2020" flagship initiative "Innovation Union" by better linking agricultural research and farming, thereby helping to shape an agricultural sector that produces more with less.

DG AGRI continues to devote resources to development of the EU's trade agenda where agriculture plays an important role, for example in the Doha Round and in Free Trade Agreements. Also, it continues to work on the conclusion of Economic Partnership Agreements, G20 actions on food security, and the preparation of candidate and potential candidate countries for accession, in support of the Union's development and enlargement policies.

**Table 1.1. Impact indicator concerning the general objective to promote a viable and competitive agricultural sector<sup>9</sup>**

GENERAL OBJECTIVE	Impact indicator				
	Indicator	Target	Milestones (if any)	Current situation <sup>10</sup>	
To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community	Farmers' income developments	Keeping the ratio to other economic sectors		Farm income developments <sup>11</sup> :  2012: +0.1% 2011: +8.3 % 2010: +17.1 % 2009: -9.8 % 2008: -3 % 2007: +11.2 % 2006: +4.1 %	Labour cost index, industry and services (excl. public administration) <sup>12</sup> :  2012: +2.1% 2011: +2.6 % 2010: +1.8 % 2009: +2.4 % 2008: +4 % 2007: +3.5 % 2006: +3.2 %

<sup>9</sup> Internal DG AGRI's databases are the sources of the data for the impact, result and/or output indicators unless explicitly stated otherwise in the document.

<sup>10</sup> Historical data was modified following update of Eurostat database.

<sup>11</sup> Change in agricultural income, measured as real net value added per annual work unit, compared to previous year.

<sup>12</sup> EUROSTAT data.

**Table 1.2. Impact indicators concerning the general objective to contribute to sustainable development of rural areas**

GENERAL OBJECTIVE	Impact indicators			
	Indicator	Target <sup>13</sup>	Milestones	Current situation
To contribute to sustainable development of rural areas, in particular through improving the capacity of the agricultural and forestry sectors to meet new challenges, contributing to preserving the environment and the countryside, improving the quality of life in rural areas, helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences, and contributing to the sustainable production of renewable energy	Increase in Gross Value Added (GVA) in supported holdings	Increase 2007-2013: € 25 billion <sup>14</sup>		Total GVA in primary sector: € 180 billion <sup>15</sup> Share of the target realised by 2011 <sup>16</sup> : 29 % <sup>17</sup>
	Maintenance of high nature value areas (changes in High Nature Value (HNV) areas)	Increase 2007-2013: 3 620 000 ha		Utilised agricultural area of HNV: 74 700 000 ha <sup>18</sup> Share of the target realised by 2010: 47 % <sup>19</sup>
	Increase in production of renewable energy	Increase 2007-2013: 12 300 ktoe		7 941 ktoe from agriculture <sup>20</sup> 68 218 ktoe from forestry <sup>21</sup> Share of the target realised by 2010: 18.3 % <sup>22</sup>
	Employment creation (net additional full time equivalent jobs created) <sup>23</sup>	Jobs created 2007-2013: 344 000		Employed people in primary sector: 13 million <sup>24</sup> Share of the target realised by 2010: 27.4 % <sup>25</sup>
	Share of greenhouse gas emissions from agriculture	Reduce		9 % (2009) <sup>26</sup> 11 % (1990)

<sup>13</sup> Source: Mid-term Evaluation 2010.

<sup>14</sup> The target has been modified following update of programmes in April 2013.

<sup>15</sup> Baseline from Eurostat national accounts 2006. Situation in 2010: 185 billion.

<sup>16</sup> Aggregation based on the Annual Progress Report 2011 submitted by the MS in July 2012.

<sup>17</sup> The GVA indicator can be subject to strong annual variations due to external factors. In particular, the financial and economic crisis encountered since 2008 has affected this indicator (some MS have reported negative GVA changes), 2011 data does not include EL, HU and PT (data not available).

<sup>18</sup> Baseline from the JRC HNV study 2008.

<sup>19</sup> Data based on the Mid-term Evaluations 2010 submitted by the MS by the end of 2010. It reflects only the situation in the 6 RDPs which submitted quantified data.

<sup>20</sup> Baseline from EurObserER (primary sources: EBB & EBIO) 2007. Situation in 2010: 17 536 ktoe (EurObserER).

<sup>21</sup> Baseline from Eurostat energy statistics 2007. Situation in 2010: 80 769ktoe excl. MT (Eurostat Energy Statistics).

<sup>22</sup> Data based on the Mid-term Evaluations 2010 submitted by the MS by the end of 2010. It reflects only the situation in the 9 RDPs which submitted quantified data.

<sup>23</sup> This indicator refers to the net additional full time equivalent jobs created directly in supported projects and indirectly in the programme area that can be attributed to the intervention.

<sup>24</sup> Baseline from Eurostat National accounts 2006. Situation in 2010: 12.4 million.

<sup>25</sup> Data based on the Mid-term Evaluations 2010 submitted by the MS by the end of 2010. It reflects only the situation in the 27 RDPs which submitted quantified data.

<sup>26</sup> DG AGRI calculation based on European Environmental Agency data.

**Table 1.3. Impact indicators concerning the general objective to promote European agriculture in world trade**

GENERAL OBJECTIVE	Impact indicators			
	Indicator	Target	Milestones (if any)	Current situation <sup>27</sup>
To promote the European agricultural sector in the world trade	Value of trade flows in agricultural products between the EU and the rest of the world	To increase		Export (in € million): 2012: 114 179 2011: 105 381 2010: 90 751 2009: 74 578 2008: 81 214 2000: 55 232
	EU-27 Unit value of exported products	To increase		Unit Value (in €/t): 2012: 1 397 2011: 1 304 2010: 1 115 2009: 1 073 2008: 1 167 2000: 793
	Proportion of subsidised exports in percentage of total export	Lower than current situation		2012 (EU-27): 0.1 % 2011 (EU-27): 0.2 % 2010 (EU-27): 0.4 % 2009 (EU-27): 0.9 % 2008 (EU-27): 1.2 % 2007 (EU-27): 1.9 %

<sup>27</sup> Source: Eurostat. For "Proportion of subsidised exports in percentage of total export": DG AGRI's calculation based on Eurostat data.

## 4. SPECIFIC OBJECTIVES FOR OPERATIONAL ACTIVITIES

### 4.1 ABB 02 – Interventions on the agricultural markets

#### Justification of the activity at EU level

In order to ensure the proper functioning of the single market, notably for agricultural products, common rules have been implemented. The reasons include: to avoid distortion of competition, to reduce transaction costs, to increase market transparency and to contribute to a fair distribution of the value added between the different components of the industry. When some kind of action by public authorities is required in order to stabilize the market, either as a safety net for producers or in order to achieve reasonable prices for consumers, there is a strong European value added compared with unilateral national schemes.

This is why agriculture was defined in the Treaty as a common policy to be organised at EU level. A common EU agricultural policy ensures common rules in a single market and safeguards the progress made in recent reforms towards increased competitiveness of European agriculture.

#### Description of the activity

Agricultural products are covered by a single Common Market Organisation (sCMO), which consists of the rules to regulate production of and trade in agricultural products in all Member States of the EU. The single CMO includes measures required to meet the objectives of the CAP set out in Article 39 of the Treaty on the functioning of the European Union (TFEU), in particular price stabilisation through supply management, private/public storage arrangements, trade mechanisms (e.g. import tariffs, export refunds) and production aid for some agricultural products. The core activity consists of implementing, managing and adapting the single CMO Council Regulation, contributing to the transparent implementation of market intervention measures, harmonising and simplifying the provisions governing those measures as well as the promotion measures for agricultural products on the internal and external markets. The main market instruments of the single CMO are:

- Import duties and quotas, preferential tariffs;
- Supply management arrangements (quotas, planting limitations);
- School milk and school fruit programmes;
- National support programmes in the wine sector;
- Various tools of market management such as marketing standards, incentives for the development of producer organisations (fruit and vegetable sector, milk sector), the disposal of products on the internal market or for further processing, support of promotion campaigns;
- Wine quality regulatory legal framework.
- Export refunds;
- Intervention in the form of public storage and the subsequent resale of stocks, as well as private storage;

As a result of successive reforms, the CAP has become more market oriented and support to farmers' incomes is now mainly in the form of direct aids. Although interventions in agricultural markets have become less significant in budgetary terms they are still an essential part of the CAP. In the context of a more market oriented agricultural sector, there is a continuous and clear need for monitoring, market analysis



and dissemination (including forecasting) in order to support appropriate action and anticipate developments in supply, demand and price. New requirements are also emerging in the areas of information and communication on market policies.

The promotion policy's mission is to support the European agricultural sector by promoting EU agriculture on the internal market and in third countries through organising and co-financing, together with the Member States and their professional organisations, promotion actions, information campaigns and trade missions. It gives priority to programmes put forward by more than one Member State or involving measures implemented in more than one target country as well as to multi-product programmes. Programme proposals must describe the benefits which will be derived from the programme at the European Union level and therefore justify co-financing by the EU. Furthermore, high level missions are conducted to the important emerging markets in order to facilitate market penetration. An important effort to improve the information and promotion regime is on-going. Legislative proposals are foreseen for the third quarter of 2013.

Under the TFEU the agricultural policy falls under the ordinary legislative procedure involving both the European Parliament and the Council, while the Commission's competences are distinguished in delegated and implementing powers. The single CMO is under revision at legislator level as the instrument for CAP 2020 reform, and in order to align it with Articles 290 and 291 TFEU. The discussions at trilogue level (first reading, and possible final decisions on principles) are expected to end in the first half of 2013. The reformed single CMO should enter into force per 1.1.2014, while schemes expiring in 2014 or 2015 of Regulation (EC) No 1234/2007 continue to apply on that basis.

The CAP reform as relevant for ABB02 includes proposals on the single CMO, a Regulation on the fixing of aids under Article 43(3) TFEU Regulation, and a Horizontal Regulation on financing, management, and monitoring of the CAP, the latter being relevant in this respect for implementing the single CMO on aspects as control, security and sanctions. In the single CMO in particular issues related to Producer Organisations, Inter-branch Organisations, competition, marketing standards, the introduction and expiration dates of vine planting authorisations and the expiration date of sugar quota are subject to intense negotiations. The existing systems of public intervention and private storage aid are proven safety net mechanisms to help producers at times of market difficulties. However, they will be revised to be more responsive and more efficient. A new clause is introduced for all sectors to enable the Commission to take exceptional measures to respond to general market disturbances – such as the measures taken during the e-coli crisis in May-July 2011. Export refunds remain available as a crisis measure only.

The sugar quota system should expire on 30 September 2015. With most developing countries enjoying unlimited duty-free access to the EU market, but EU exports limited by WTO rules (as long as there are quotas), an end to quotas is the only option for providing the sector with a long-term perspective – especially in the context of the productivity improvements which are expected. For the period after quotas, white sugar will become eligible for private storage aid, and standard provisions for agreements between sugar factories and growers should be established.

In order to react on Member States concerns in the Wine sector on the expiration of the planting rights system on 31 December 2014, a High Level Group on planting rights has met during 2012 and a final report of the HLG was prepared and made public in February 2013. Its conclusions were incorporated into the CAP reform process, and the Legislator is called to express its position within the trilogues of EP, Council and Commission. In case a political agreement is reached on the new system of authorisations, the Commission may start preparing the respective delegated and implementing rules.

A review of the fruit and vegetable sectoral scheme has been launched in 2012 with a view to submit to the Commission College an impact assessment, an evaluation and legislative proposals by September 2013.

The Commission has set up an inter-service group to work on an impact assessment which will explore the most appropriate approach to manage the EU programmes providing agricultural products to school children. Currently there are two school programmes operated in the agriculture area, namely the School Milk Scheme and the more recent School Fruit Scheme.

At the Agriculture Council meeting on 18 June 2012, Commissioner Ciolos presented an action plan on the olive oil sector<sup>28</sup>. The action plan is developed around the following axes: quality and control, restructuring of the sector, restructuring of the chain, promotion, International Olive Council and competition with third countries.

The texts also reflect the Milk Package agreed in March 2012 (compulsory written contracts and strengthened bargaining power in the milk supply chain).

In order to improve farmers' positioning in the food chain, the Commission is looking for a better organisation of the sectors. Rules related to the recognition of Producer Organisations (POs) and inter-branch organisations are now expanded to cover all sectors – with further options for supporting Producer Groups (the preparing stage for becoming a Producer Organisation) now transferred to Rural Development funding. In the interests of simplification, a number of minor schemes are abolished (aid for incorporating Milk Powder into animal feed, coupled aid for silkworms, etc.).

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<sup>28</sup> [http://ec.europa.eu/agriculture/olive-oil/action-plan\\_en.pdf](http://ec.europa.eu/agriculture/olive-oil/action-plan_en.pdf)

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

#### To foster the competitiveness of the EU agriculture sector

**This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community".**

Result indicators	Latest known result						Target
Volume of public stocks in intervention by 31 December		Cereals (mio t)	Alcohol (hl)	Butter and SMP <sup>29</sup> (t)	Beef (t)	Sugar (t)	Keep intervention stocks as low as possible compatibly with market stabilisation p.m.: no buying-in in 2012
	2013 (June)	0	0	0	0	0	
	2012	0.009 <sup>30</sup>	0	Butter: 0 SMP: 0	0	0	
	2011	0.163 <sup>29</sup>	0	Butter <sup>29</sup> : 796 SMP <sup>29</sup> : 53 573	0	0	
	2010	4.53	62 104	Butter: 1 544 SMP: 194 806	0	9	
Number of agricultural products for which buying-in intervention has occurred	2012/13 (till June): 0 2011/12: 0 2010/11: 0 2009/10: 3 (cereals, butter and SMP) 2008/09: 3 (cereals, butter and SMP) 2007/08: 2 (alcohol and butter), meaning 3 products less than in 2006 where intervention also occurred for cereals, sugar and SMP 2006/07: 5 (as in 2005) 2005/06: 5 (as in 2004 and sugar)						Keep number of products as low as possible compatibly with market stabilisation <sup>31</sup>
Number of agricultural sectors for which export subsidies have been applied	Since December 2012: 1 (poultry) 2012/13: 2 (beef, eggs and poultry) 2011/12: 3 sectors (beef, eggs and poultry, pigmeat) 2010/11: 3 sectors (beef, eggs and poultry, pigmeat) 2009/10: 4 sectors (beef, eggs and poultry, pigmeat, dairy products) 2008/09: 4 sectors (beef, pigmeat, eggs and poultry, dairy products) 2007/08: 8 (as in 2006/07 but cereals, butter and butter oil, cheeses and other milk products set at zero) 2007: 10 sectors (the 2 sectors less than in 2006 were cereals and skimmed milk powder). 2006: 12 sectors						Number of sectors as low as possible <sup>32</sup>

<sup>29</sup> Skimmed Milk Powder.

<sup>30</sup> Reserved entirely for the most deprived persons.

<sup>31</sup> Intervention is open only for wheat (3 mio t), butter (30 000 t) and SMP (109 000 t). It may be open over these limits if market conditions so require. Intervention may be open for other cereals, for rice and for beef meat and veal if market conditions so require. Intervention has been suspended for sugar as from 2010/2011, and abolished for wine alcohol from 1.8.2008.

<sup>32</sup> Export refunds for fruit and vegetables were abolished from 1.1.2008. Export refunds for wine have been eliminated from 1.8.2008. Sugar export refunds set at zero from 2008/09. Refunds for pigmeat sector set at zero from April 2012. Conditional commitment by the Union to end all export refunds in 2013.

Percentage of the production marketed by the producer organisations in fruit and veg. sector	2011: 47.7% (provisional data) 2010: 43.1 % 2009: 41.2 % 2008: 38.2 % 2007: 33.9 % 2006: 34.2 %	Upward trend from current levels
Execution level and efficient use of the national support programmes (NSP) in the wine sector	2012: Execution level 98.6 %, of which 92 % for structural measures 2011: Execution level 97.9 %, of which 86 % for structural measures 2010: Execution level 98.6 %, of which 68 % for structural measures	Maintain execution level above 95 % and maintain use for structural measures <sup>33</sup>

*Main outputs in 2013 (including policy outputs when relevant)*

- Inter-institutional follow-up of reform proposals (adopted on 12.10.2011);
- Legal proposals presented throughout the year in function of prevailing circumstances and market developments;
- COM proposal in EP/C procedure for approval of Alignment of Regulation (EC)N°1234/2007 ("Single CMO Regulation") with the Lisbon Treaty. Although informal trilogue stalled in 2011, the content should be approved as part of the trilogue texts of the single CMO reform;
- Examination and monitoring of the current and new National Support Programmes in the wine sector modification of Regulation (EC) No 555/2008 and implementation of guidelines;
- Adoption of the Report from the Commission to the European Parliament and the Council on the implementation of the measures concerning the apiculture sector of Council Regulation (EC) No 1234/2007;
- Adoption of the triannual beekeeping programs 2014-2016 in application of Art. 105 of R. 1234/2007 (Agenda planning reference 2013/AGRI/007);
- Adoption of the Implementing Regulation amending R. 616/2007 in order to implement two agreements concluded under Art. XXVIII of WTO with Brazil and Thailand in the Poultry Sector;
- Adoption and publication of a public consultation document on a review of the EU regime for the fruit and vegetables sector (Agenda planning reference 2013/AGRI/005);
- Alignment of Council regulation (EU) 110/2008 (Spirit drinks) (Agenda planning reference 2011/AGRI/039);
- Commission Implementing Regulation on Council regulation (EU) 110/2008.

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<sup>33</sup> The target has been adapted to current priorities.

## SPECIFIC OBJECTIVE 2

To ensure a smooth functioning of the internal market for agricultural products.

This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community".

Result indicators	Latest known result <sup>34</sup>						Target
Volume of Intra EU trade		Wheat Mio t	Maize Mio t	Wine Mio hl	Butter 000 t	Pigmeat Mio t	Increasing over time
	2013 (April)	6.2	3.5	14.4 <sup>35</sup>	184	2.4	
	2012	25.2	16.9	50.7	723	9.2	
	2011	25.5	14.6	51.7	754	9.5	
	2010	28.7	14.1	43	774	9.4	
	2009	27.1	15.2	42.4	692	8.8	
Volatility of prices for key agricultural commodities in constant terms in the EU	<p style="text-align: center;">Recent evolution of some EU agricultural prices</p> <p style="text-align: center;"> <span style="color: blue;">—</span> Common wheat    <span style="color: magenta;">—</span> Maize    <span style="color: red;">—</span> Beef    <span style="color: green;">—</span> SMP    <span style="color: purple;">—</span> Butter    <span style="color: blue;">—</span> Cheese         </p>						As low as possible

<sup>34</sup> The data for 2009-2010 for butter and for 2010 for pigmeat have been modified following the update of statistics by Eurostat. For the two sectors and for wheat, the figures for 2011 and 2012 were updated for the full year.

<sup>35</sup> The figure represents a normal intra-trade pattern as the first months of the calendar year the transactions of wine are usually low and non-representative for the full year.

*Main outputs in 2013 (including policy outputs when relevant)*

- Amendment of EU legislation to integrate and keep the results of international trade negotiations updated;
- Transparent gathering of market information and production and dissemination of regular market analysis;
- Continuation of the examination and follow-up of PDO/PGI applications in the wine and spirit drinks sector;
- Follow-up of the recommendations as expressed in the 2012 Report of the High Level Group on planting rights;
- Modification of the Regulation on Aromatized wine products;
- Examination and treatment of 2 proposals of MS for amendments to their National Frameworks for environmental actions in the fruit and vegetable sector;
- Ensuring the coherence of sCMO implementation for new and existing rules, both at horizontal and sectoral level;
- Organisation of Joint meetings between members of the sCMO Committee and Advisory Group on milk with the aim to increase market transparency by exchange of information and views on the situation and perspectives in the dairy market;
- Organisation of 3 meetings of the Expert group on derivatives and physical markets;
- Follow-up of the modification of Regulation (EC) n°543/2008 laying down detailed rules for the application of Council regulation (EC) n°1234/2007 as regards the marketing standards for poultry meat;
- Finalisation of an external study, completion of an impact assessment report and implementing proposals on compulsory origin labelling on pigmeat, poultry meat and sheep meat (Agenda planning reference 2013/AGRI/019);
- Study in co-operation with DG SANCO (DG AGRI cofound) to prepare the Commission report on the possibility of origin labelling for unprocessed and single ingredient products as requested by art. 26(5) of Reg. (EC) No 1169/2011;
- In the framework of the International Olive Council creation of a group to examine the opportunity of adaptation of the olive oil and table olive standard;
- Simplification of the calculation of the variable import duties on certain cereals.

**SPECIFIC OBJECTIVE 3****To promote EU agricultural products on internal market and in third countries****This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community" and to the general objective 3: " To promote the European agricultural sector in world trade."**

<i>Result indicators</i>	<i>Latest known result<sup>36</sup></i>	<i>Target (2013)</i>
Coverage of horizontal promotion campaigns:		
Number of products covered by active programmes	Internal market: 15 out of 15 Third countries: 11 out of 12	Internal market: 15 out of 15 Third countries: 11 out of 12
Number of MS/countries or geographical areas targeted by active programmes	Internal market: 27 out of 27 Third countries: 17 out of 21	Internal market: 25 out of 27 Third countries: 18 out of 21
Number of proposals (programmes)	Internal market (definitive number of proposals): 2013: 28 (1 <sup>st</sup> wave only) 2012: 60 2011: 42 2010: 55 Third countries: 2013: 8 (1 <sup>st</sup> wave only) 2012: 15 <sup>37</sup> 2011: 31 2010: 24	Internal market: 55  Third countries: 35
Rate of acceptance (programmes)	Internal market (definitive rate of acceptance): <sup>38</sup> 2013: 53.6 % (1 <sup>st</sup> wave only) 2012: 45.0 % 2011: 61.9 % 2010: 35 % Third countries: 2013: 87.5 % (1 <sup>st</sup> wave only) 2012: 46.7 % 2011: 67.7 % 2010: 29.2 %	Internal market: 60 %  Third countries: 60 %
Promotion in wine sector under the national support programmes (NSP):		
Share of promotion in wine sector under the national support programmes NSP	2012: € 143 million or 12 % of NSP 2011: € 112 million or 11 % of NSP 2010: € 96 million or 9 % of NSP 2009: € 35 million or 5 % of NSP	Increasing share of NSP used for promotion 2013: 19 % of NSP
<b>Main outputs in 2013 (including policy outputs when relevant)</b>		
<ul style="list-style-type: none"> <li>• Commission Decisions approving promotion programmes;</li> <li>• Legislative proposal on promotion of agricultural products in the third quarter of 2013 (Agenda planning reference 2012/AGRI/006).</li> </ul>		

<sup>36</sup> Comparison is made to the number of themes/products and markets defined in Regulation (EC) 501/2008.<sup>37</sup> The lower number of received and approved programmes in third countries in 2012 is due to the large number of approved programmes in 2011.<sup>38</sup> The rate of acceptance varies according to the quality of received proposals and the available budget.

**SPECIFIC OBJECTIVE 4****To improve access to food for sensitive social groups**

**This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community".**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (2013)</i>
Number of participating MS and annual beneficiaries:		
Supply of food for distribution to the most deprived persons in the Community	<p>2011: 20 participating Member States (18.9 million beneficiaries, 680 000 t of food distributed)</p> <p>2010: 19 participating MS (18.4 million beneficiaries, 489 000 t of food distributed)</p> <p>2009: 18 participating MS (18.3 million beneficiaries, 450 000 t food distributed)</p> <p>2008: 18 participating MS (14.4 million beneficiaries, 300 000 t food distributed)</p>	To maintain and/or increase the number of beneficiaries and volume of food distributed <sup>39</sup>
"School milk" programme	<p>2011/2012 school year: 26 participating MS 313 000 t of milk and milk products were distributed to +/- 20 million pupils</p> <p>2010/2011 school year: 26 participating MS 299 627 t milk products were distributed for 17.2 million pupils<sup>40</sup></p> <p>2009/2010 school year: 26 participating MS 313 562 t milk products distributed for 17.8 million pupils</p>	Wider participation and coverage
"School fruit" programme	<p>2012/2013: 24 MS participating<sup>41</sup></p> <p>2011/2012: 24 MS participating (UK, SE and FI opted out; EL was not able to implement the programme due to internal reasons), 8.1 million children reached, 55 120 schools taking part</p> <p>2010/2011: 24 MS participating, 8.1 million children reached, 54 000 schools taking part</p>	Wider participation and coverage p.m.: Scheme is voluntary for MS; EU participation of € 90 million (co-financing by MS is required)

<sup>39</sup> N.B. The aim of the programme should be understood as trying to reach a wider range of most deprived persons as beneficiaries of the scheme and not as aiming to increase their number per se.

<sup>40</sup> Data for 2011/2012 school year will be available in February 2013.

<sup>41</sup> The data on the number of schools and children participating in SFS in the school year 2012-2013 is communicated by 30 November 2013 via annual monitoring reports by all 24 participating MS. The only available data for the school year 2012-2013 is on the number of participating Member States because their requests for participation (national strategies and aid applications) were submitted in January 2013.



*Main outputs in 2013 (including policy outputs when relevant)*

- School Fruit Scheme: received 24 national strategies for school year 2012/2013, received and examined 24 national evaluation reports;
- Review of the CAP schemes providing agricultural products to school children (Agenda Planning reference 2013/AGRI/015);
- Amendments to the Regulation No 288/2009 on the School Fruit Scheme in order to integrate Croatia and adjust the reallocation mechanism;
- Follow-up of the School Fruit Scheme (SFS) 2012 evaluation report;
- Follow-up of the School Milk Scheme (SMS) 2013 evaluation report;
- Adoption of implementing rules on the use of intervention stocks for the future Fund for European Aid to the Most Deprived (FEAD) for the period 2014-2020, financed under the cohesion policy;
- Adoption of the Commission Implementing Regulation amending Regulation (EC) No 657/2008 laying down detailed rules for applying Council Regulation (EC) No 1234/2007 as regards Community aid for supplying milk and certain milk products to pupils in educational establishments.

## Main expenditure related outputs

Main expenditure-related output (Objective 1 and 2)	Budget line (2013)	2013	
		Output (no.)	€ million
Marketing of fruit and vegetable through Producer Organisations (POs). Proportion of the value of production marketed through the PO's in the value of total production <sup>42</sup>	05 02 08 03	Known autumn 2013	267
Fruit & vegetables: Aid to producer groups for preliminary recognition: Number of producer groups	05 02 08 11	349	253
Wine: national envelope - restructuring: number of hectares	05 02 09 08 03ab	55 000	488
Wine: national envelope - investments	05 02 09 08 07ab	2 000 (figure used in DB)	172
Wine: national envelope - by-product distillation: hectolitres of alcohol produced	05 02 09 08 08	766 000 (figure used in DB)	101
Others			
<b>Total</b> <sup>43</sup>			1 813
Main expenditure-related outputs (Objective 3)	Budget line (2013)	2013	
		Output (no.)	€ million
Internal market and third country promotion programmes (programmes approved) <sup>44</sup>	05 02 10 01	Internal: 33 (in DB), Third country: 21 (DB)	60
Wine: national envelope promotions	05 02 09 08 02		250
Others			1
<b>Total</b>			296
Main expenditure-related outputs (Objective 4)	Budget line (2013)	2013	
		Output (no.)	€ million
Supply of food for distribution to the most deprived persons in the EU: number of beneficiaries (million)	05 02 04 01	19	500
School fruit scheme: number of beneficiaries (million)	05 02 08 12	Around 8.1 million children <sup>45</sup>	90
School milk scheme (number of beneficiaries (million)	05 02 12 08	19.4	74
Others			
<b>Total</b>			664

<sup>42</sup> The 2013 budget figure relates to appropriations and does not include assigned revenue available to this budget item at € 500 million.

<sup>43</sup> Not including measures covered under objectives 3 and 4 in ABB 05 02 for which output indicators are given.

<sup>44</sup> Following the adoption of the first out of two waves of promotional programmes in 2012

<sup>45</sup> 24 Member States in 2011/2012. School year 2010/2011: 54 000 schools, around 8.1 million children.

## 4.2 ABB 03 – Direct Aid

### Justification of the activity at EU level

By means of their high transfer efficiency direct aids support and stabilise farmers' incomes and allow a socially acceptable adaptation process towards a more competitive European agriculture in the face of new challenges.

As main user of land, agriculture has a unique role to play in the management of natural resources and as a provider of public and largely non-marketable goods and services, preserving biodiversity and landscapes, as well as contributing to the provision of clean water, soil and air.

By providing a basic support for agricultural income, direct aids contribute to the objective of a regional balance in land use and agricultural activities. Article 39(1)b of the Treaty on the Functioning of the European Union lays down that one of the objectives of agricultural policy is "to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings by persons engaged in agriculture". This objective is to be reached by a common policy, whose justification at EU level is detailed under ABB 02 – intervention on the agricultural markets.

Replacing specific interventions on the markets with direct aid payments is justified by:

- Firstly, it introduces less distortion of markets, particular in the context of international trade, thus contributing to the aim of greater trade liberalisation.
- Secondly, the economic efficiency of providing direct aid is greater than that of supporting markets, thus contributing to more effective use of the EU's financial resources.
- Thirdly, direct aid at EU level has permitted the introduction and the implementation of cross compliance in a consistent way throughout the EU. This should improve sustainability of European agriculture and rural areas, make the CAP more compatible with the expectations of modern society and of consumers, and strengthen the CAP's legitimacy and public acceptance.
- Finally, managing direct aid at the EU level ensures a level playing field for farmers across EU, especially in imposing strict management rules (Integrated Administration and Control System – IACS) on Member States which are frequently audited and subject to the clearance of accounts procedure.

### Description of the activity

The strategic objective and equity function as set out in Article 39(1)b of the Treaty on the Functioning of the European Union is realised by means of different activities under the first and the second pillar. Market support (05 02) and direct aid payments to farmers (05 03) constitute the "first pillar" while the rural development policy (05 04) constitutes the "second pillar". Direct aid (income support) under the ABB activity 03 is the most important component in terms of financial transfers to reach this objective.

Both Market Support and Direct Aid are paid through shared management with the Member States. Member States, through specially designated Paying Agencies, are responsible for direct payments to the beneficiaries and declare monthly these payments to DG AGRI; the Commission enforces that the Member States pay the beneficiaries within the regulatory time period and ensures the Member States are reimbursed on a timely basis.

The 2003 CAP reform introduced major changes in the direct aid schemes, by decoupling payments to farmers from production, introducing cross-compliance conditions, and

increasing subsidiarity at the level of the Member States. Following the Health Check of the CAP, finalised in 2008, decoupling was extended further and implementation simplified. Under the direct aid schemes support is granted to more than 7 million farmers. It is estimated that about 28 % of beneficiaries are women.

Management and implementation of the direct support system as set out in Council Regulation N° 73/2009 requires the administration of various Commission Regulations laying down detailed implementing rules as well as their adaptation over time, notably within the framework of the Management Committee for "Direct Payments"<sup>46</sup>.

The management and implementation of the direct support system requires, particularly after implementing the Health Check, the transmission by the Member States of data (communications) and assessment of a number of new payments by the Commission (as for instance the specific support under Art. 68 of Council Regulation (EC) No 73/2009). This is the purpose of the ISAMM<sup>47</sup> system.

Based on the outcome of public and institutional consultation, the Commission submitted in October 2011 its proposals on the reform of the CAP, including the future system of direct payments to farmers. The proposal (COM2011) 625/3) includes a new architecture of direct payments, consisting mainly of a Basic Payment Scheme with entitlements plus mandatory additional layers ("greening" scheme, Young Farmers Schemes, Small Farmers' Scheme) as well as optional schemes (Payments for natural constraints, voluntary coupled support). The proposal reinforces the focus on the "Active Farmer" definition.

The direct payment and horizontal Regulation proposals on the CAP reform are currently being discussed in the Council and the EP. In addition to the basic acts, work will also focus on the delegated/implementing acts envisaged.

While preparing the above delegated/implementing acts, a Regulation of the European Parliament and of the Council laying down certain transitional provisions and amending Council Regulation (EC) No 73/2009 as regards its application in the year 2014 has been proposed (COM(2013)226).

Furthermore, a follow-up of the discussion on the sCMO and the Horizontal regulation is ensured, the latter also concerning cross compliance and the Farm Advisory System.

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<sup>46</sup> Four main Regulations are concerned: Regulation (EC) N° 1120/2009 dealing with the rules for the implementation of the Single Payment Scheme (SPS); Regulation (EC) N° 1121/2009 covering all direct payment schemes other than the SPS (including the Single Area Payment Scheme applied in 10 EU-12 and the Complementary National Direct Payments in the EU-12), and Regulation (EC) N° 1122/2009 dealing with Cross-Compliance, modulation and the Integrated Administration and Control System (IACS); The annual Commission Regulation fixing national budgetary ceilings per scheme.

<sup>47</sup> Information System for Agricultural Market Management and Monitoring.

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

**To sustain farmers' income stability by providing direct income support.**

**This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community."**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Share of direct payments in agricultural entrepreneurial income (family farm income) <sup>48</sup>	2012: 48 % 2011: 47 % 2010: 51 % 2009: 62 % 2008: 49 %	To maintain the ratio
Timely payments of direct aids to final beneficiaries	Budget year 2013: 97.2 % Budget year 2012: 97.2 % Budget year 2011: 96.6 % Budget year 2010: 97.1 %	100 % paid within the legal deadline

#### *Main outputs in 2013 (including policy outputs when relevant)*

- Preparation of documents for the debate on the proposal for a new Regulation of the Council and of the European Parliament on direct payments for CAP towards 2020 (COM(2011) 625 final/3) as well as for a new Regulation on the financing, management and monitoring of the CAP (section on IACS) (COM(2011) 628 final/2);
- Preparation of a Regulation of the European Parliament and of the Council laying down certain transitional provisions and amending Council Regulation (EC) No 73/2009 as regards its application in the year 2014 (COM(2013)226);
- Preparation of the detailed rules (Implementing and Delegated acts) of the proposal of the new Regulation of the Council and of the European Parliament on direct payments for the CAP towards 2020 (COM(2011) 625 final/3) as well as for a new Regulation on the financing, management and monitoring of the CAP (section on IACS) (COM(2011) 628 final/2);
- Commission Regulation establishing for 2013 the budgetary ceilings applicable to certain direct payments;
- Eleven Commission Decisions – 3 Commission implementing decisions authorising the granting of complementary national direct payments (CNDPs) in Bulgaria, Croatia and Romania and 7 Commission implementing decisions authorising granting of Transitional national aid (TNA) in 7 new MS applying SAPS in 2013.

<sup>48</sup> The agricultural entrepreneurial income is often referred to as "family farm income" and can be seen as the income concept which is closest to an indicator of standard of living of the farmers. While "agricultural factor income" represents the income generated by the farming activities which is used to reward the sum of all production factors employed (own and borrowed capital, own and rented land, own and hired labour) plus the entrepreneurship of a farmer (profit), "agricultural entrepreneurial income" results from deducting the cost of borrowed capital, rented land and hired labour from "agricultural factor income" and is hence an indicator of the capacity of a farm to remunerate its own production factors (land, labour, capital) and to generate a profit. Historical data updated.

## SPECIFIC OBJECTIVE 2

To promote a more market oriented agriculture, by extending further the shift from coupled to decoupled income support.

This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community."

Result indicators	Latest known result	Target
% of total direct payments which is decoupled	Calendar year 2011/budget year 2012: 92.13 % Calendar year 2010/budget year 2011: 91.67 % Calendar year 2009/budget year 2010: 85.3 %	Calendar year 2013/budget year 2014 onwards: 93.63 % <sup>49</sup> Calendar year 2012/budget year 2013 onwards: 93.19 % <sup>50</sup> Calendar year 2011/budget year 2012: 91.94 % <sup>51</sup>

### Main outputs in 2013 (including policy outputs when relevant)

- Preparation of documents for the debate on the proposal of the new Regulation of the Council and of the European Parliament on direct payments for the CAP towards 2020 (COM(2011) 625 final/2) as well as for a new Regulation on the financing, management and monitoring of the CAP (section on IACS) (COM(2011) 628 final/2);
- Preparation of a Regulation of the European Parliament and of the Council laying down certain transitional provisions and amending Council Regulation (EC) No 73/2009 as regards its application in the year 2014 (COM(2013)226);
- Preparation of the detailed rules (Implementing and Delegated acts) of the proposal of the new Regulation of the Council and of the European Parliament on direct payments for the CAP towards 2020 (COM(2011) 625 final/3) as well as for a new Regulation on the financing, management and monitoring of the CAP (section on IACS) (COM(2011) 628 final/2);
- Commission Regulation establishing for 2013 the budgetary ceilings applicable to certain direct payments;
- Eleven Commission Decisions – 3 Commission implementing decisions authorising the granting of complementary national direct payments (CNDPs) in Bulgaria, Croatia and Romania and 7 Commission implementing decisions authorising granting of Transitional national aid (TNA) in 7 new MS applying SAPS in 2013.

<sup>49</sup> Based on Draft Budget 2014.

<sup>50</sup> Budget 2013.

<sup>51</sup> Budget 2012.

### SPECIFIC OBJECTIVE 3

Through cross compliance, to contribute to the development of sustainable agriculture and to contribute making the Common Agricultural Policy more compatible with the expectations of the society.

Through the good agricultural and environmental condition, to contribute preventing soil erosion, maintaining soil organic matter and soil structure, ensuring a minimum level of maintenance and avoiding the deterioration of habitats, and protecting and managing water.

Through the maintenance of land under permanent pasture, to contribute avoiding a massive conversion into arable land.

This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community."

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
The % of CAP Payments covered by cross compliance	2012: 79.4 % <sup>52</sup> 2011: 80.2 % 2010: 81.4 %	Maintain the %
Opinion expressed by the public on cross compliance	83 % support the reduction of direct payments to farmers not complying with environmental rules <sup>53</sup> 84 % support the reduction for non-compliance of animal welfare rules 86 % support the reduction of direct payment to farmers not respecting food safety rules	Maintain the positive opinion
Control rate for GAEC	100 % implementation of the minimum regulatory control rate in MS, except in Italy and Germany (Thuringen) where they do not arrive to 1 % for all GAEC.	100 % implementation of the minimum regulatory control rate
The ratio of permanent pasture within a Member State in relation to the total agricultural area	The ratio has not decreased beyond the limit of 10 % in any MS except Bulgaria (-24.94 % in 2012) and Lithuania (-15.08 %)	Maintain the ratio within the limit of 10 % in relation to a reference ratio <sup>54</sup>
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>Follow up of discussion of the proposal of horizontal Regulation of the Council and of the European Parliament on CAP towards 2020 (cross compliance and Farm Advisory System).</li></ul>		

<sup>52</sup> In view of the payment profile for rural development, the percentage of payments covered by cross compliance was higher in the earlier part of the programming period 2007-2013. This reflects the fact that the rural development measures that are not falling under cross compliance have a different payment profile than the ones falling under cross compliance: measures not under cross compliance tend to have an increasing execution over the period and thus the % covered by cross-compliance will decrease over the programming period.

<sup>53</sup> Results of the last Special Eurobarometer "Europeans, Agriculture and the Common Agricultural Policy" published in 2007. Next Special Eurobarometer is foreseen in 2014.

<sup>54</sup> The maintenance of the ratio of permanent pasture means that there should not be, at national or regional level, a decrease by more than 10 % of the current ratio of permanent pasture in relation to the total agricultural area by comparison with a reference ratio reflecting this ratio at a reference period.

#### **SPECIFIC OBJECTIVE 4**

**To promote local agricultural production and to ensure a fair level of prices for commodities for direct consumption and for processing by local industries in the outermost regions of the EU and in the Aegean Islands**

**This activity contributes to the general objective 1: "To promote a viable and competitive agricultural sector which respects high environmental and production standards, ensuring at the same time a fair standard of living for the agricultural community."**

<i>Result indicators</i>	<i>Latest known result 2011 (2010)</i>	<i>Target (mid-term)</i>
Support to the Local Production (SLP) to maintain/develop the agricultural production: Utilised agricultural area (variation with respect to the previous year) <sup>55</sup>	POSEIDOM <sup>56</sup> : Guadeloupe: 41 983 ha ( 0 %) Martinique: 26 850 ha (+4 %) Guyane: 25 000 ha (-0.6 %) Réunion: 44 952 ha (-0.7 %)  POSEICAN: Canaries: 82 665 ha (-0.03 %)  POSEIMA <sup>57</sup> : Madeira: 5 428 ha (+41 %: 2007 data) Azores: 120 412 ha (+7.5 %: 2007 data)  Smaller AEGEAN ISLANDS: Not notified <sup>58</sup>	Maintenance
Specific Supply Arrangements (SSA) to ensure the supply of essential products: SSA coverage rate (relation between quantities of products benefiting from SSA support and total quantities of the same products introduced in the respective	POSEIDOM <sup>60</sup> (all products): 49 % (45 %)  POSEICAN: Canaries (cereals only): 99.34 % (97.43 %)  POSEIMA: Madeira (cereals only): 97.1 % (96.2 %) Azores (cereals only): 74.6 % (70.6)  Smaller AEGEAN ISLANDS: Not notified <sup>61</sup>	100 %

<sup>55</sup> In their annual implementation reports for 2011, the concerned MS (except Greece) have communicated data related to the common performance indicators as requested by the services of DG AGRI. However, since these indicators have been used for the second time, the provided data may not be fully in line with the requirements of the DG AGRI services and thus not mutually comparable. Therefore, these indicators shall be evaluated with the due caution.

<sup>56</sup> The French authorities explained that for this indicator the data may be different in comparison to the annual report from 2010 as the process of validation for this data was in progress (agricultural census of 2010, different methodology).

<sup>57</sup> In the annual report from 2010 and 2011 the Portuguese authorities communicated 2009 data.

<sup>58</sup> The Greek authorities have not communicated any data related to the common performance indicators requested by the services of DG AGRI in its last annual reports for 2010 and 2011. In 2010 for the first time, and after the initiative of DG AGRI services, a budget line for technical assistance was foreseen in the programme with a view to compiling a report including the agreed indicators. Nevertheless, the Greek authorities did not manage to complete the tender procedure on time, failing to provide a report with the requested elements.

<sup>59</sup> In their annual implementation reports for 2011, the concerned MS (except Greece) have communicated data related to the common performance indicators as requested by the services of DG AGRI. However, since these indicators have been used for the second time, the provided data may not be fully in line with the requirements of the DG AGRI services and thus not mutually comparable. Therefore, these indicators shall be evaluated with the due caution.



outermost region) <sup>59</sup>		
Specific Supply Arrangements (SSA) to ensure an equitable level of prices for essential products: Price index with respect to the price in the mainland for some representative products or baskets of products <sup>62</sup>	<p>POSEIDOM<sup>63,64</sup>:</p> <p>Guadeloupe: 126.1 (2010)  Martinique: 132.4 (2010)  Guyane: 124.4 (2010)  Réunion: 124.9 (2010)  [France: 124.7 (2010)]</p> <p>POSEICAN<sup>65</sup>:</p> <p>Canaries:  - rice: 1.09 (1.05)  - oil: 1.02 (1.03)  - bread: 1.00 (0.99)</p> <p>POSEIMA:</p> <p>Madeira: 0.98 (1.00)  Azores:  - rice: 1.25 (1.18)  - oil: 1.06 (1.19)  - bread: 1.1 (0.98)</p> <p>Smaller AEGEAN ISLANDS: Not notified<sup>66</sup></p>	Reduction of the gap with mainland prices
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>• Adoption of Commission implementing and delegated Regulations following the adoption of the recasting of Council Regulation (EC) No 247/2006 laying down specific measures for agriculture in the outermost regions of the Union (alignment to the TFEU) and replacing Commission Regulation (EC) No 793/2006;</li> <li>• Adoption of Commission implementing and delegated Regulations following the adoption of the recasting of Council Regulation (EC) No 1405/2006 laying down specific measures for agriculture in favour of the smaller Aegean islands (alignment to the TFEU) and replacing Commission Regulation (EC) No 1914/2006;</li> </ul>		

<sup>60</sup> The French authorities used in their annual report for 2011 a different methodology and data source to calculate this indicator (calculation based on value and not quantities, data taken from customs sources and not from SSA operators)

<sup>61</sup> The Greek authorities have not communicated any data related to the common performance indicators requested by the services of DG AGRI in its last annual reports for 2010 and 2011. In 2010 for the first time, and after the initiative of DG AGRI services, a budget line for technical assistance was foreseen in the programme with a view to compiling a report including the agreed indicators. Nevertheless, the Greek authorities did not manage to complete the tender procedure on time, failing to provide a report with the requested elements.

<sup>62</sup> In their annual implementation reports for 2011, the concerned MS (except Greece) have communicated data related to the common performance indicators as requested by the services of DG AGRI. However, since these indicators have been used for the second time, the provided data may not be fully in line with the requirements of the DG AGRI services and thus not mutually comparable. Therefore, these indicators shall be evaluated with the due caution.

<sup>63</sup> The French authorities informed in the last annual report 2011 that they will only be able to send the updated data for this indicator in 2015.

<sup>64</sup> Index of prices for a basket of food products with respect to 1998 = 100 – not comparable to the indicators provided by ES and PT.

<sup>65</sup> The global data on food and drinks basket was not communicated, instead the most representative data was given.

<sup>66</sup> The Greek authorities have not communicated any data related to the common performance indicators requested by the services of DG AGRI in its last annual reports for 2010 and 2011. In 2010 for the first time, and after the initiative of DG AGRI services, a budget line for technical assistance was foreseen in the programme with a view to compiling a report including the agreed indicators. Nevertheless, the Greek authorities did not manage to complete the tender procedure on time, failing to provide a report with the requested elements.

- Adoption of Commission Decisions approving the annual modifications of the POSEI and Aegean Islands programmes.

### **Main expenditure related outputs**

Main expenditure-related outputs	Budget line (2013)	2013	
		Output (no.)	€ million*
Single payment scheme (SPS) (Number of hectares paid) <sup>67</sup>	05 03 01 01	107 304 234	30 635
New regimes decoupled and integrated in the single payment scheme (SPS) (Number)	05 03 01 01	12	
Single area payment scheme (SAPS) (Number of hectares paid in accordance with the accession treaties and subsequent acts)	05 03 01 02	41 497 000	6 655
Others			3 207
<b>Total</b> <sup>68</sup>			40 497

Main expenditure-related outputs	Budget line (2013)	2013	
		Output (no.)	€ million*
Regime for outermost regions of the EU and in the Aegean Islands. Direct aids for banana reference area (hectares/quantities)	05 03 02 50	ES 11 200 ha PT 915 ha FR 12 267 ha	277.2
Other			157.9
<b>Total</b>			435.1

\*For each type of output, this is the total cost of the outputs produced

<sup>67</sup> The 2013 budget figure relates to appropriations and does not include assigned revenue available to this budget item at € 1 033 million.

<sup>68</sup> Not including measures covered under objective 4 of ABB 05 03.

## 4.3 ABB 04 – Rural development

### Justification of the activity at EU level

The EU rural development policy as laid down Council Regulation (EC) No 1698/2005 on support for rural development by the EAFRD (European Agricultural Fund for Rural Development) is the second pillar of the Common Agricultural Policy (ABB 04), next to market support (ABB 02) and direct payments to farmers (ABB 03), which constitute the first pillar of the CAP. Together with the first pillar, the EU rural development policy contributes to meeting the objectives of the CAP that are defined in Article 39 of the Treaty. For the period 2007-2013, the EU rural development policy aims at promoting:

- Competitiveness of the agri-food sector and forestry and ensuring the long term food production base; priority is thus given to knowledge transfer, innovation and quality in the agri-food chain and in forestry.
- Sustainable land management, in particular in relation to biodiversity, soil and water management, climate change, the protection and development of agricultural and forest systems of a high nature value and of the traditional agricultural landscape.
- Quality of life in rural areas and diversification of economic activities, in particular in the more lagging rural areas by promoting alternative job opportunities and basic services contributing to growth.

These common objectives agreed on an EU level are translated through National Strategy Plans and 94 rural developments programmes in the local and regional context of Member States. This approach allows addressing the large diversity of rural areas in a flexible and targeted way. The rural development policy is in a unique position as it complements the first pillar of the CAP but also contributes to a balanced territorial development of rural areas.

The objectives, the scope of the policy and its measures already now perfectly match with the three priorities on smart growth, sustainable growth and inclusive growth laid down in the EU towards 2020 strategy. The EU rural development policy is in key position supporting the European farmers and rural populations to overcome the challenges faced today in a changing world and economy. The EU rural development policy provides various measures for creating jobs and prosperity in rural areas, taking care of environment, safeguarding biodiversity and water resources, producing energy, combating the climate change and maintaining a lively countryside. Moreover, the EU rural development policy provides also instruments that are used in emergency situations by providing funding for reparation of damages caused by natural disasters. The most recent example is Emilia Romagna and several modifications of rural development programmes and shifts of funds that are carried out in order to support Emilia Romagna to recover from the damages in the agricultural sector caused by the earthquake of spring 2012.

In addition to the funding tool, the activity ABB 04 addresses policy issues in the field of agriculture and forestry with a strong EU dimension such as providing support for the implementation of the environmental regulatory framework, organic production, quality policy, forestry resources, biomass, renewable energy and agricultural genetic resources.

The quality and diversity of the Union's agricultural production is one of its important strengths, giving a competitive advantage to the Union's producers and making a major contribution to its living cultural heritage. Operating quality schemes for producers which reward them for their efforts to produce a diverse range of quality products can benefit the rural economy. This is particularly the case in less favoured areas, in mountain areas and in the most remote regions, where the farming sector accounts for a significant part of the economy and production costs are high. In this way quality schemes are able to contribute to and complement rural development policy as well as market and income support policies of the CAP.

The specific contribution of the European Agricultural Fund for Rural Development (EAFRD) to achieve the objectives and thematic priorities of Europe towards 2020 strategy during 2014-20 will be defined in the new Common Strategic Framework (CSF) together with the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF). This framework will also ensure a coherent and complementary cooperation and coordination between these Funds based on common principles and common thematic objectives. The thematic objectives and the ESIF contribution to their achievement are translated in Partnership Agreements to be adopted for each MS on which bases programmes for 2014-2020 will be developed in each MS or region.

Within the CAP as a whole, rural development policy will have a strong contribution to make in the field of promoting a competitive agricultural sector and sustainable food production, sustainable management of natural resources including the conservation of agricultural biodiversity and balanced and inclusive territorial development, supported by an improved management system.

The basic principle from the current, successful rural development concept of multi-annual programmes designed by the Member States in a given legal framework, based on the regional and local needs and co-financed by the EU will be maintained.

### **Description of the activity**

With nearly 59 % of the population in the 27 (28 with Croatia acceding 1 July 2013) Member States of the European Union (EU) living in rural and intermediate areas which cover around 91 % of the territory, rural development is an important policy area. Farming and forestry remain essential for land use and the management and protection of natural resources, and as a platform for economic diversification in rural communities.

Support provided through the European Agricultural Fund for Rural Development (EAFRD) can contribute significantly to the sustainability of the rural environment and helps to maintain a balance between urban and rural areas in a competitive and knowledge-based economy. The policy offers a set of pre-defined programming axis (3) and measures (over 40 measures in total) to Member States (or regions) to draw up their rural development programmes. The measures do not only cover investments, infrastructure, human capital building but also area payments to beneficiaries who provide public goods such as positive environmental impacts of land management. The programmes translate into action the priorities and needs identified by the Member States in their National Strategy Plans (NSPs), based on an in-depth analysis of the current situation of their rural areas. This includes the stages of design, implementation, monitoring and evaluation of programmes. If needed, the measures and financial allocations between measures in the rural development programmes are adjusted and modified at request of a Member State/region. The programme modifications ensure that the policy is responding adequately and timely to the challenges of changing circumstances. The Leader approach – i.e. a bottom-up approach in the implementation of rural development policy – can be used throughout the axes and offers in addition the opportunity to realise joint, transnational cooperation projects between rural areas within and outside the EU territory.

Rural development policy is supported by networking between different levels of governance and actors, knowledge sharing and exchange of good practices. The main vehicle is the European Network for Rural Development, interfaced with the national networks.

A dedicated European Innovation Partnership network is being established at EU level to facilitate the exchange between science and farming practice and to foster cooperation and the exchange of information and knowledge among innovation actors.

The activity is subject to comprehensive monitoring and evaluation based on a set of indicators and evaluation activities laid down in the Common Monitoring and Evaluation Framework.

The report of the 2000-2006 ex-post evaluation displays the achievements of the rural

development policy but also shows the need to further improve the design of the rural development programmes and delivery systems as well as monitoring and evaluation.

Rural development measures maintained and/or generated employment in rural areas, especially at the local and regional level. Environmental impacts were difficult to assess in quantitative terms but the evaluators expressed no doubts that water quality, biodiversity and landscape features had benefitted from the policy. Environmental impacts have in particular been recorded from agri-environment and forestry measures. The evaluators consider that Member States in most cases have implemented a menu of measures which is satisfactory and coherent with the objectives of their programmes. More coordination between authorities implementing development interventions in rural areas is needed.

### **Activities in 2013**

The activities of 2013 will focus on the establishment of the legal framework for the CAP towards 2020, 2014-2020 programming period. As the rural development is closely interlinked and shares provisions with the Common Provision Regulation, the negotiations of the structural funds proposals will have to be closely followed.

In addition, analytical and preparatory work has to be carried out in 2013 in order to ensure that the necessary legal acts (delegated acts, implementing acts) following the basic act will be in place in time. This also includes transitional rules and guidance documents under the new legal framework. In order to allow a smooth programming process, a number of guidance documents will be established and a contribution to the revision of the necessary electronic workflow systems (e.g. SFC, ARES, RDIS) will be provided.

DG AGRI is strongly involved in the negotiation and adoption of Partnership Agreements. In addition, guidance to Member States are provided in the establishment of the new rural development programmes in view of their adoption in time and informal dialogue with MS goes on.

As regards the management of the 2007-2013 programmes it can be expected that the high number of programme modifications will continue in particular for those cases where the programme has to be adapted to the impacts of the financial crisis and the available financial resources but also in order to address the new challenges. Closure of 2000-2006 programmes should be finalised and the cases of irregularities for the previous programme periods are to be followed up and possibly closed.

The increase in the error rate related to the implementation of the rural development policy has been addressed by an action plan. This plan included actions for identifying the root causes for errors, establishment of corrective actions and awareness raising among the concerned actors (managing authorities, paying agencies and Commission services). The identification of root causes for increased error rate under rural development and the identification and implementation of corrective actions will be continued in 2013 and further strengthened and developed as indicated by Commissioner Ciolos in the CONT committee in the framework of the discharge committee 2011<sup>69</sup>.

In the context of the Innovation Union, the Commission is launching "European Innovation Partnerships" in key areas. "Agricultural Productivity and Sustainability" is referred in this context to as a concept to improve resource-efficient, productive and low-emission agricultural production methods and land management. The Commission is preparing the use of this partnership in the period 2014-2020 already in 2013 by setting up an EIP network facility with a facility team.

Agricultural product quality policy provides producers with the right tools to better identify and promote those of their products that have specific characteristics while

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<sup>69</sup> SP(2012)882.

protecting those producers against unfair practices. With respect to agricultural product quality policy, in 2013 the registration of PDO<sup>70</sup>/PGI<sup>71</sup>/TSG<sup>72</sup> names will be continued as well as the drafting of delegated act and implementing rules for ensuring the smooth running of the application procedures under the new quality regulation. Furthermore, reports on the case for a new local farming and direct sales labelling scheme and a new term "product of island farming" shall be submitted to the EP and the Council.

The EU political and legal framework for organic farming is under review. The finalisation of the impact assessment is envisaged for end 2013 and the legal and non-legal proposals are scheduled early in 2014.

As a follow up to the evaluation of the Programme on the Conservation of Genetic Resources in Agriculture, the evaluation will be issued together with comments from the Commission, setting the scene for future activities in this area.

As regards forestry a Communication from the Commission to the Council and the European Parliament on a new EU Forest Strategy accompanied by a Staff Working Paper will be prepared.

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<sup>70</sup> Protected designation of origin.

<sup>71</sup> Protected geographical indication.

<sup>72</sup> Traditional speciality guaranteed.

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

**Increase the competitiveness of agriculture, forestry and the food industry through support for restructuring, innovation and value added quality products.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators/output indicators</i>	<i>Latest known result (% of the targets)<sup>73</sup></i>	<i>Target 2007-2013<sup>74</sup></i>
Number of participants that successfully ended a training activity related to agriculture and/or forestry supported by EAFRD	1 353 000 (61 %)	2 230 000
Value of agricultural production under recognized quality label/standards subject to support in Rural Development supported by EAFRD	€ 13.2 billion (79 %) <sup>75</sup>	€ 16.7 billion
Number of modernisation projects on farms supported by EAFRD	217 300 (38 %)	575 150
Number of supported enterprises for adding value projects supported by EAFRD	15 914 (46 %)	34 850
Number of farms participating in quality schemes under Rural Development Programs supported by EAFRD	213 500 (80 %)	293 400
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>• Assessment of NSP modification proposals submitted by MS;</li> <li>• Management of the Rural Development Programmes (annual reports, annual review meetings, Monitoring Committee meetings, programme modifications);</li> <li>• Contribution to the negotiation on the legal proposal related to the CAP towards 2020;</li> <li>• Contribution to the drafting of implementing and delegated acts related to rural development for the CAP towards 2020;</li> <li>• Preparatory work related to transitional rules;</li> <li>• Contribution to the drafting of implementing rules related to the common provisions for the CSF Funds;</li> <li>• Contribution to guidance documents related to the implementation of the CPR;</li> <li>• Contribution of the European Rural Development Network to better management of the Rural Development Programmes through analytical working groups (Focus Groups, National Rural Network initiatives); information and exchange actions (European Network for Rural Development website, project examples database, monitoring indicators) and organising events/seminars;</li> <li>• Contribution to the Commission negotiation position in the framework of the</li> </ul>		

<sup>73</sup> Cumulated monitoring data 2007-2011 from the Annual Progress Report 2011, values subject to corrections.

<sup>74</sup> Source: Annual Progress Report 2011.

<sup>75</sup> Cataluña (ES) not included.

Common Provision Regulation and following negotiations with MS on the Partnership Agreement;

- Dissemination of information about the CAP towards 2020 policy to different stakeholders;
- Implementation of targeted action plans to certain Member States as a follow-up of the action plan on rural development in the framework of the discharge 2011;
- Coordinate the contribution of DG AGRI to the implementation of the Action plan concerning the Danube strategy relative to rural development;
- Represent DG AGRI, together with other relevant DG AGRI units, in meetings of the Commission working groups, chaired by DG REGIO, DG JUSTICE or DG EMPL, participating on the Roma Task Force and in other events if necessary and ensure contacts with rural stakeholders;
- Follow up of the Action plan for implementing the Commission Communication on the integration of Roma in Europe. Reply to inter-service consultations and requests for information and coordinate the DG AGRI contributions. Coordinate the examination of National Roma Integration Strategies submitted by MS;
- Establishment of guidance documents for the implementation of the RD regulation.



## SPECIFIC OBJECTIVE 2

**Improving the environment and the countryside through support for sustainable land and forest management with specific focus on biodiversity, organic farming, water and climate change.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators</i>	<i>Latest known result (% of the targets)<sup>76</sup></i>	<i>Target 2007-2013<sup>77</sup></i>
Area supported by EAFRD under successful land management contributing to avoidance of marginalisation and land abandonment, to biodiversity, water quality, mitigating climate change, soil quality:		Maintenance or increase in ha or %
• Agri-environment (including organic farming)	41 000 000 ha (87 %) <sup>78</sup>	47 000 000 ha
• First afforestation for agricultural land and non-agricultural land	171 415 ha (25 %)	673 000 ha
• Natura 2000	913 955 ha (79 %)	1 150 000 ha
• LFA	2.8 million holdings (93 %) 52.8 million of ha (96 %)	3.0 million holdings 55 million ha
• Number of actions related to genetic resources supported in the framework of RDP (EAFRD)	8 150 applications	Target does not exist at sub-measure level
• Number of animal welfare contracts supported by EAFRD	144 653 (86 %)	169 000
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Policy outputs mentioned under objective 1;</li><li>• Examination of MS measures financed under Art. 68 (1)(a)(v) of Regulation (EC) 73/2009 and preparation of Commission decision for their approval;</li><li>• Communication drawing conclusion from the evaluation of the Community Programme on the Conservation of Genetic Resources in Agriculture and the stakeholder consultation setting the scene for future activities in this area (Agenda planning reference 2012/AGRI/011).</li></ul>		

<sup>76</sup> Cumulated monitoring data 2007-2011 from the Annual Progress Report 2011, values subject to corrections.

<sup>77</sup> Source: Annual Progress Report 2011.

<sup>78</sup> IE not included.

### SPECIFIC OBJECTIVE 3

**Improving the quality of life in rural areas and encouraging diversification of economic activity through the development of new economic activities/creation of new jobs and contributing to an adequate level of services for the rural economy.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators</i>	<i>Latest known result (% of the targets)<sup>79</sup></i>	<i>Target 2007-2013<sup>80</sup></i>
Gross number of jobs created under axis 3 RD measures (EAFRD)	20 162 (7 %)	307 000
Population in rural areas benefiting from improved services supported by EAFRD	€ 62 million (87 %)	71 million
Increase in non-agricultural gross value added (GVA) in supported businesses (EAFRD)	€ 1 147 million (37 %) <sup>81</sup>	€ 3.1 billion
Number of new tourist actions supported by EAFRD	10 647 (31 %)	34 900
Number of micro-enterprises supported/created by EAFRD	19 263 (24 %)	79 350
Number of villages renewed supported by EAFRD	27 518 (86 %)	32 150
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
• Policy outputs mentioned under objective 1.		

N.B. The low implementation level of certain indicators in particular in relation to specific objectives 2 and 3 is explained by the fact that many rural development programmes were approved by late 2007 and the programming period will run until 2015. The data can still be subject to correction.

<sup>79</sup> Cumulated monitoring data 2007-2011 from the Annual Progress Report 2011, values subject to corrections.

<sup>80</sup> Source: Annual progress report 2011.

<sup>81</sup> IE non included

**SPECIFIC OBJECTIVE 4 <sup>82</sup>**

**To encourage quality production particularly through recognising and protecting quality denominations and optional quality terms.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (multi-annual)</i>
Number of protected denominations registered (PDO/PGI/TSG)	1 158 (24.5.2013)	Maintain evolution of previous years: add around 50 new names each year
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>• Register PDO/PGI/TSG names and publish in the OJ single documents and product specifications;</li> <li>• ensuring public accurate information concerning registered PDO's and PGI's and TSG's;</li> <li>• New delegated and implementing acts implementing the Regulation on quality schemes for agricultural products and foodstuffs;</li> <li>• Report to the European Parliament and to the Council on the case for a new local farming and direct sales labelling scheme (Agenda Planning reference 2013/AGRI/021);</li> <li>• Contribution to and follow-up of the FVO audit program and related activities.</li> </ul>		

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<sup>82</sup> The objective has been slightly precised taking into account current priorities.

## SPECIFIC OBJECTIVE 5

To encourage organic production and develop the market for organic products in the EU.

This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:

- improving the capacity of the agricultural and forestry sectors to meet new challenges,
- contributing to preserving the environment and the countryside,
- improving the quality of life in rural areas,
- helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,
- contributing to the sustainable production of renewable energy".

<i>Result/Output indicators</i>	<i>Latest known result</i>	<i>Target</i>
Area under organic cultivation <sup>83</sup>	9.18 million ha (EU-27 - 2010)	Evolution in line with the demand trend: 11.02 million ha end 2013 <sup>84</sup>

### *Main outputs in 2013 (including policy outputs when relevant)*

- Review of the EU political and legal framework for organic production (Agenda planning reference 2012/AGRI/014): inter-institutional conclusions on the report to the EP and to the Council on the application of Council Regulation (EC) No 834/2007 on organic production; drafting a new European Action Plan for Organic Production; follow-up to the recommendations of the Court of Auditors; finalisation of the IA and proposals with a view to the revision of the EU political and legal framework for organic production;
- Inter institutional follow-up of alignment of Regulation (EC) No 834/2007 on organic production;
- EGTOP (Expert Group for Technical advice for Organic Production) on-going assessment of Member States requests for amendments of the technical annexes for food and greenhouses;
- Amendments to the Codex Guidelines for the Production, Processing, Labelling and Marketing of Organically Produced Foods concerning use of ethylene as sprouting inhibitor for Onions and Potatoes;
- Assessment for recognition of equivalent Control Bodies for the purpose of imports, including requests for scope extensions, analysis of yearly reports and supervision of already recognised control bodies;
- Continuation of bilateral talks with China and Turkey for preparing mutual recognition. Launch of equivalency talks with Korea and Brazil. Assessment of requests for scope extension from Japan, Canada relating to processed products and to the organic wine standard (USA, Canada, Switzerland, New Zealand and Argentina);
- Steering of the technical assessment that is contracted to external experts (applications made by 12 third countries asking for equivalence recognition – Thailand, Taiwan, Peru, Chili, Colombia, Mexico, Dominican Republic, Nicaragua, Paraguay, Honduras, Ecuador and Bolivia);
- Contributing to and follow-up of the FVO audit program and related activities;
- Coordination with the "European cooperation for Accreditation" (EA), as regards the on-going development of accreditation guidelines for the organic sector;
- Development of the "Organic Farming Information System", in particular for enhancing information flows and the follow-up of irregularities, with Member States, Control Bodies and Third Countries;
- Management of the new contract for the update of the organic website.
- Participation in research and innovation initiatives, i.e. discussions to establish the first work programme of Horizon 2020, FP7 project "Organic data network", support to TP Organics, EIP Focus Group on organic farming aimed at optimising arable yields.

<sup>83</sup> Utilised Agricultural Area (UAA) subject to certified organic cultivation plus in-conversion area.

<sup>84</sup> Past evolution of the area is considered as reflecting the demand trend. Area evolution over years 2005 to 2010 was +6.8 % per year on average (EU-27). This is the coefficient used for target quantification for 2013.

## SPECIFIC OBJECTIVE 6

To help EU agriculture, forestry and rural areas to adapt to the possible consequences of climate change and to enhance reduction of greenhouse gas emissions from farming.

This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:

- improving the capacity of the agricultural and forestry sectors to meet new challenges,
- contributing to preserving the environment and the countryside,
- improving the quality of life in rural areas,
- helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,
- contributing to the sustainable production of renewable energy".

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
The ratio of permanent pasture within a Member State in relation to the total agricultural area <sup>85</sup>	The ratio has not decreased beyond the limit of 10 % in any MS except Bulgaria (-24.94% in 2012) and Lithuania (-15.08%)	Maintain the ratio within the limit of 10 % in relation to a reference ratio. <sup>86</sup>
Area afforested <sup>87</sup>	171 415 ha (end 2011)	673 000 ha by end 2013

### *Main outputs in 2013 (including policy outputs when relevant)*

- Contributions to the co-decision process on the review of the CAP towards 2020 as regards climate change issues;
- Building a methodology for the tracking of climate-related expenditure in the CAP budget;
- Contributions to the inter-service group on adaptation, in particular as regards the preparation of the European Strategy on Adaptation to Climate Change adopted in April 2013; drafting of the section on agriculture included in the IA' annex;
- Steering, finalisation and dissemination of a study (CAPRESE) on the mitigation options related to agricultural soils;
- Follow-up and contribution to the international climate negotiations as regards aspects related to agriculture and LULUCF;
- Preparation of the terms of reference and steering of a new study: Economic assessment of GHG mitigation policy options for EU agriculture;
- Finalisation of a Communication on a New EU Forest Strategy that aims, among others, to optimise the contribution of forests and their products to climate change mitigation and the capacity of EU forests to adapt to climate change (Agenda Planning reference 2012/AGRI+/003).

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<sup>85</sup> The result indicator deals with the greenhouse gas emissions topic which is one of the indicators of the Europe 2020 Strategy.

<sup>86</sup> The maintenance of the ratio of permanent pasture means that there should not be, at national or regional level, a decrease by more than 10 % of the current ratio of permanent pasture in relation to the total agricultural area by comparison with a reference ratio reflecting this ratio at a reference period.

<sup>87</sup> Data coming from the RD programmes and the indicator concerns agricultural and non-agricultural land. Source: Annual progress reports 2011.

### **SPECIFIC OBJECTIVE 7**

**To improve the supply of food, feed and biomaterials in a resource-efficient, productive and low-emission way in harmony with environmental conditions.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture, forestry and rural areas to contribute to climate change mitigation and to adapt to its possible consequences,**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Improved flow of information between research and farming as evidenced by the establishment of an operational network facility for the Innovation partnership <sup>88</sup> concerning "Agricultural Productivity and Sustainability"	<p>The Communication to the European Parliament and Council on the European Innovation Partnership "Agricultural Productivity and Sustainability" was adopted by the Commission on 29.2.2012.</p> <p>The Communication was welcomed in COMAGRI (20.3.2012) and by the Council (18.6.2012)</p>	EIP implementing mechanisms established
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Updated work plan for innovation partnership "Agricultural Productivity and Sustainability";</li><li>• Strategic Implementation plan: working methods, resources needed, and identification of priority areas for innovative action;</li><li>• Commission working paper providing an appreciation of the "strategic implementation plan" for the innovation partnership, as proposed by the High Level Steering Board (Agenda Planning reference 2012/AGRI/010);</li><li>• Conference on possibilities and opportunities for innovation in the field of agriculture;</li><li>• Finalisation of a Communication on a New EU Forest Strategy that addresses, among others, the sustainable supply of forest biomass for the bioeconomy, including bioenergy.</li></ul>		

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<sup>88</sup> The launching of the 'European Innovation Partnerships' between the EU and national levels is one of the key initiatives of the Commission to fulfil the Flagship initiative I. Innovation Union making part of the "Europe 2020" Strategy.

### **SPECIFIC OBJECTIVE 8**

**To help EU agriculture and forestry provide sustainable supplies for bioenergy and biomaterial uses.**

**This activity contributes to the general objective 2: "To contribute to sustainable development of rural areas, in particular through:**

- **improving the capacity of the agricultural and forestry sectors to meet new challenges,**
- **contributing to preserving the environment and the countryside,**
- **improving the quality of life in rural areas,**
- **helping EU agriculture and forestry to contribute to climate change mitigation and to adapt to its possible consequences,**
- **contributing to the sustainable production of renewable energy".**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Production of renewable energy from agriculture and forestry	98.4 million tonnes of oil equivalent (2010)	To increase

#### *Main outputs in 2013 (including policy outputs when relevant)*

- Contributions to the co-decision process on the review of the CAP towards 2020 as regards issues related to forestry measures, renewable energy and renewable raw materials;
- Contributions to the inter-service group on the bio-economy
- Contributions to the further development of the EU policies on Renewable Energy and Fuel Quality, in particular regarding greenhouse gas emissions from indirect land use change (ILUC) and the development of sustainability criteria for solid and gaseous biomass.
- Finalisation of a Communication on a New EU Forest Strategy that addresses, among others, the sustainable supply of forest biomass for the bioeconomy, including bioenergy.
- Preparation of the terms of reference of a study on bioeconomy and the forest sector.

N.B. A new objective has been introduced in order to better reflect current priorities and actions. For the time being, the indicator corresponds to one of the indicators of the general objective 2, bearing in mind the future system of monitoring and evaluation of the CAP.

## Main expenditure related outputs

EUR million payment appropriations	Budget line (2013)	2013	
<b>05 04 05 01 EUR million</b>	05 04 05 01	12 489	
<b>Others EUR million (incl. EAGGF Guidance)</b>	-	10	
<b>Total EUR million</b>		12 499	
		Output (no.)	
		2007/10 <sup>89</sup>	2007-2013
Training activity related to agriculture and/of forestry (Number of participants that successfully finalised training)		1 353 000	2 230 000
Modernisation projects on farms (Number of projects)		217 300	575 150
Supported enterprises for adding value projects (Number)		15 914	34 850
Participation in quality schemes under Rural Development Programs (Number of farms)		213 500	293 400
<b>Main expenditure related outputs for specific objective 2: Improving the environment and the countryside through support for sustainable land and forest management with specific focus on biodiversity, organic farming, high nature value farming, water and climate change.</b>			
<b>Main expenditure-related outputs<sup>90</sup></b>		Output (no.)	
		2007/10	2007-2013
Support under agri-environment (Number of hectares) <sup>91</sup>		41 000 000	47 000 000
Support in Less Favoured Areas (Number of hectares)		52 800 000	55 000 000
Support under Natura 2000 (Number of ha)		913 955	1 150 000
Afforested land (Number of hectares)		171 415	673 000
Organic farming supported by agri-environmental measures in the framework of RDP (Number of ha)		6 124 000 <sup>92</sup>	Target does not exist at sub-measure level <sup>93</sup>
Genetic resources supported in the framework of RDP (Number of actions)		8 150 applications	Target does not exist at sub-measure level <sup>94</sup>
<b>Main expenditure related outputs for specific objective 3: Improving the quality of life in rural areas and encouraging diversification of economic activity through the development of new economic activities/creation of new jobs and contributing to an adequate level of services for the rural economy.</b>			
<b>Main expenditure-related outputs</b>		Output (no.)	
		2007/10	2007-2013
Number of new tourist actions supported		10 647	34 900
Number of villages renewed		27 518	32 150
Number of micro-enterprises supported/created		19 263	79 350

<sup>89</sup> Cumulated monitoring data 2007-2010 from the Annual Progress Report 2010, values subject to corrections.

<sup>90</sup> All outputs mentioned in this table are provided by Member States in the Rural Development Programmes and the Annual Progress Reports.

<sup>91</sup> 2010 data including both new commitments made from 2007 onwards and previous commitments still running.

<sup>92</sup> 2010 data does not include the commitments made before 2007 which are still running.

<sup>93</sup> Organic farming and genetic resources are sub-measures of rural development and so do not have targets for the whole period, but indicators can be assessed after the receipt of the reports from the Member States.

<sup>94</sup> Idem.



## 4.4 ABB 05 – SAPARD/IPARD

### Justification of the activity at EU level

This activity is an integral part of the broader EU pre-accession strategy, assisting candidate countries to progressively align their policies with the "acquis communautaire" and preparing the economies to sustain the competitive pressure from the internal market.

It supports the efforts of Candidate Countries (currently Turkey, Croatia, the former Yugoslav Republic of Macedonia, Serbia and Montenegro) and potential Candidate Countries (Bosnia and Herzegovina, Kosovo<sup>95</sup>, Albania) working towards EU accession. It is therefore most appropriate that both policy and assistance is provided at EU level to ensure that a coordinated approach and strategy is formed and implemented. Through initiatives such as enhanced donor coordination of assistance with Member States, International Financial Institutions and other donors, taking a lead at the EU level means that maximum impact can be achieved.

It also assists the closure including debt-recovery of pre-accession assistance programmes under SAPARD to the three remaining SAPARD beneficiary countries Romania, Bulgaria and Croatia.

Under pre-accession assistance in the field of agriculture and rural development, Candidate Countries ("CCs") need to be supported to prepare for the implementation of the CAP upon accession and to develop and adapt their farming, food production and rural development structures in a sustainable way as well as to upgrade to EU standards. Their national administrations also need support to develop the capacity required for the effective and efficient management and control of policies and programmes in the field of CAP and rural development.

The overall objective of the activity ABB 05 is to strengthen the agricultural competitiveness and quality of processing and production with the upgrading to EU standards, to manage the environment and to improve the quality of life and the social fabric in rural areas of candidate countries and to build up an efficient management and control system for EU funds in preparation for their accession to the EU through the setting-up and implementation of an "EU-type" Rural Development Policy.

### Description of the activity

From 1 January 2007, the Instrument for Pre-Accession Assistance (IPA) provides the basis for the co-ordination, management and implementation of the pre-accession strategy by the Commission. It is split in five components<sup>96</sup>, one of which is the Instrument for Pre-Accession Assistance Rural Development (IPARD).

IPARD assists Candidate Countries with the preparation for the implementation of the "acquis communautaire" of the CAP and to align to EU structures, through the provision of financial assistance under multi-annual rural development programmes (2007-2013). Assistance under these programmes is based on the condition that the CCs have set up the required institutions and management and control systems for the implementation of IPARD. IPARD provides support to CCs national administrations to implement certain types of rural development measures and approaches, including agri-environmental

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<sup>95</sup> As defined in UNSCR 1244.

<sup>96</sup> I) capacity building, II) cross-border co-operation, III) regional development, IV) human resources and V) Rural Development (Instrument for Pre-Accession Assistance Rural Development – IPARD).

schemes and LEADER type measures. Operationally, this is ensured through the conclusion of Framework, Sectoral and Financing Agreements for the decentralised management of IPARD programmes in accordance with financial management and control rules of the EU and through the approval, monitoring and evaluation of IPARD programmes in partnership with the Candidate Countries.

The activity also includes provision of input and advice to potential Candidate Countries in the framework of programming under IPA Component I (institution and capacity building, coordinated and managed by the DG ELARG) to prepare their rural development strategies and national as well as IPARD programmes for the implementation of pre-accession assistance under IPARD once they obtain candidate country status.

Finally, the activity includes follow-up and preparation of the former Special Accession Programme for Agriculture and Rural Development (SAPARD) programmes, which continued to be implemented in two new Member States after accession and one candidate country for a transitional period for closure. This concerned SAPARD (2000-2006) for Romania, Bulgaria and Croatia, which until the end of 2009 were eligible for SAPARD support and for which the final balance of the EU funds of the programme still has to be settled during 2013.

During the year 2011 negotiations of an IPARD successor instrument have officially started with DG ELARG and the other component DGs (REGIO and EMPL). Substantial input has therefore been provided to the preparation of the stakeholder consultation, the impact assessment as well as the draft umbrella and framework regulation. During 2013, the activity is including further substantial legal drafting input to the setting-up of an IPA implementing regulation as well as to the establishment of an IPA Common Strategic Framework (CSF) which will need to be further detailed by country strategies to be implemented by country programmes for each of the policy areas identified in the CSF.

**Specific objectives and result indicators**

**SAPARD (2000-2006)**

**SPECIFIC/OPERATIONAL OBJECTIVE 1**  
**To contribute to the sustainable adaptation of the agricultural sector and rural areas in the three countries (Bulgaria, Romania and Croatia) eligible for Sapard support until 2009.**  
**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
All SAPARD programmes closed	Final amounts calculated. They still need to be confirmed by a final "clearance of accounts" decision.	2013

**Main evaluation results**

The 2010 synthesis report of Sapard ex-post evaluations showed that Sapard pre-accession funds used for the agricultural investment and processing investments measures have been relatively effective, contributing to the competitiveness and income at the individual level of the beneficiaries. At sector level impacts were more moderate due to the limitations of the Sapard budget.

The impacts on the rural economies have usually shown to be significant at local micro community level. The relative small budget available prevented Sapard from having a greater impact at regional and national level.

Due to the small share of the budget for the measure "Diversification of economic activities", Sapard did not significantly decrease the dependency on agriculture in rural areas.

The evaluation confirmed the positive impacts of Sapard on the set up of the institutional structures for the management and control of EU funds, job creation and maintenance of jobs, technological modernisation. The instrument also contributed indirectly to the introduction of environmentally friendly technologies because of the obligation to respect EU standards for agricultural holding and processing related investments.

**IPARD for Candidate Countries Turkey (TR), the former Yugoslav Republic of Macedonia (fYR of Macedonia), Croatia (HR) and Montenegro**

**SPECIFIC OBJECTIVE 2**

**Enabling decentralisation of assistance management to the Candidate Countries by supporting the development of the administrative and management and control capacity of the institutions implementing and managing the IPARD programmes.**

**This activity contributes to achieving all three general objectives.**

Result indicators	HR		TR		fYR of Macedonia		Montenegro	
	Latest known result Mid-June 2013	target	Latest known result Mid-June 2013	target	Latest known result Mid-June 2013	target	Latest known result Mid-June 2013	target
IPARD Agencies are in place and operational, confirmed by national accreditation	Achieved for 2 measures in 2009  Achieved for 2 measures in 2011  Achieved for 2 measures in 2013	HR obtained national accreditation for all IPARD measures except for Agri-Environment (A-E) measure.  National authorities decided not to implement A-E measures under IPARD.	Achieved for 3 measures in 2011 in 20 provinces in 2011 - conferral  Finalised for 3 measures in 22 provinces in 2012 – conferral June 2013  Finalised for 1 extra measure in 2012 (conferral on-going)	For the time being TR has decided not to pursue the national accreditation for the other measures	Achieved for 3 measures in 2009  On track for 1 measure in 2013.  Finalising by end of 2013	For the time being fYRoM is pursuing the national accreditation for Measure Technical assistance.	On-going	2013
Candidate Countries have ratified the Sectoral Agreement (SA) for the implementation of the IPARD programme	Achieved in 2009		Achieved in 2010		Achieved in 2009		On-going	2013
Multi-annual Financing Agreements (MFA) concluded.	Achieved for 2010 and 2011  On-going for 2012 and 2013	2013	Achieved for 2010 and 2011  On-going for 2012 and 2013	2013	Achieved for 2010 and 2011  On-going for 2012 and 2013	2013	On-going  delayed	2013

*Main outputs in 2013 (including policy outputs when relevant)*

- The SA modified for HR, FYR of Macedonia and Turkey;
- Adoption of the IPARD Programme for Montenegro;
- Three modifications of the IPARD programmes of TR, FYR of Macedonia and HR adopted by the Commission;
- Conferral of management granted to HR for 2 measures, TR for 1 measure (see comment above) and 25 additional Provincial Coordination Units (PCUs), for the former Yugoslav Republic of Macedonia for 1 measure (see comment above).

N.B. Only the core indicators for the activity are presented. The full list of the indicators is presented in the programmes managed by the responsible DG AGRI Unit.

### SPECIFIC OBJECTIVE 3

To contribute to the sustainable adaptation of the agricultural sector and rural areas and to the Candidate Countries' preparation for the implementation of the *acquis communautaire* concerning the CAP and related policies by:

1. improving market efficiency and implementation of Union standards,
2. preparatory actions for the implementation of the agri-environmental measures and local rural development strategies,
3. development of the rural economy.

This activity contributes to achieving all three general objectives.

<i>Result indicators</i> <sup>97,98</sup>	<i>Latest known result</i> <sup>99</sup> (Mid-June 2013) <sup>100</sup>	<i>Target (result)</i> 2007-2013
<b>Improving market efficiency and implementation of Union standards (AXIS 1):</b>		
A) Number of applications received	A) HR: 550 applications received fYRoM: 446 applications received TK: 1358 applications received	A) 583 in TR 833 in HR 2830 in fYRoM
B) Number of applications approved	B) HR: 188 applications approved fYRoM: 158 applications approved TR: 281 applications approved	B) 1422 in TR 160 in fYRoM 514 in H
C) Number of farms/enterprises supported (paid by the IPARD Agency)	C) 77 projects in HR 75 projects in fYRoM	C) 104 in TR 414 in HR 2330 in fYRoM
D) Total volume of investment (paid)	D) 45 million € in HR 2.3 million € in fYRoM n/a in Turkey	D) 164 mio € in fYRoM 304 mio € in HR
E) Increase on GVA in supported holdings	E) For the time being information not available in HR, fYRoM and TR	E) 5% in HR 5-8% in fYRoM
F) Number of farms/enterprises introducing Union standards	F) For the time being information not available in HR, fYRoM and TR	F) 290 in HR
G) Economic growth in agriculture – net additional added value in PPS	G) For the time being information not available for HR	G) 5% in HR
H) Labour productivity in agriculture – change in gross added value	H) For the time being information not available in HR, fYRoM and TR	H) increase
<b>Preparatory actions for the implementation of the agri-environmental measures and local rural development strategies (AXIS 2):</b>		
<b>Local rural development strategies</b> A) Number of applications received B) Number of applications approved C) Number of recognised LAGs D) Total population of LAGs	In HR A) 49 applications received B) 30 LAG currently being contracted in HR  Contracting under axis 2 has not started in TR and fYRoM, as the accreditation and conferral processes in the countries are not finalised yet.	A) 40 in HR B) 25 in HR C) 25 in HR D) 715.000 in HR

<sup>97</sup> The targets have been updated to take account of the final amount of IPARD funds available for 2013.

<sup>98</sup> As Montenegro only recently received the CC status and the IPARD Programme is not approved yet, result indicators can only be provided subsequently. For Serbia the transfer from Annex II (potential candidate country) of IPA Regulation 1085/ 2006 of 17 July 2006 to Annex I (official candidate country) is still pending. Consequently, an IPARD programme cannot be approved yet by the Commission for Serbia.

<sup>99</sup> The results are provided for projects contracted and paid.

<sup>100</sup> Data for fYRoM, TR and HR applicable May 2013, based on bi-monthly monitoring tables. It should be noted that the first TR AIR covering the 2007-2012 implementation is only due to be submitted at the end of June 2013.

<b>Development of the rural economy (AXIS 3):</b>		
<p><b>1) Improvement of rural infrastructure</b></p> <p>A) Number of applications received  B) Number of applications approved  C) Number of beneficiaries  D) Total volume of investment</p>	<p>No projects have been contracted yet by fYRoM under this measure. TR does not intend to implement this measure.</p> <p>A) HR: 210  B) HR: 35  C) HR: 4  D) HR: 0.5 mio €</p>	<p>A) 2580 in TR  205 in HR  B) 174 in HR  C) 148 in HR  D) 59 mio in HR</p>
<p><b>2) Diversification of rural economy</b></p> <p>E) Number of applications received  F) Number of applications approved  G) Number of beneficiaries  H) Total volume of investment</p>	<p>E) HR: 329  fYRoM: 153  TR: 1134  F) HR: 54  fYRoM: 9  TR: 57  G) HR: 10  fYRoM: 0  TR: 57  H) HR: 1.1 million € paid  fYRoM: 0 mio €  (project cancellations)</p>	<p>E) 380 in HR  417 in fYRoM  F) 350 in HR  155 in fYRoM  G) 329 in HR  155 in fYRoM  H) 39 mio in HR  31 mio in fYRoM</p>
<p><i>Main outputs in 2013 (including policy outputs when relevant)</i></p>		
<ul style="list-style-type: none"> <li>• Management of the implementation of 3 IPARD programmes 2007-2013 (including their amendments).</li> </ul>		

#### SPECIFIC OBJECTIVE 4

**To provide guidance in building institutional capacities of Candidate Country Serbia and potential Candidate Countries Bosnia and Herzegovina, Albania and the Kosovo to manage the IPARD rural development programmes, after having received a Candidate status.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result (Mid-June 2013)</i>	<i>Target</i>
<p>Setting up of the implementing structures:</p> <ul style="list-style-type: none"> <li>• Designation, identification and start of operation of NAO and National Fund in accordance with the provisions of the Framework</li> <li>• Setting- up and start of operation of IPARD Agency in accordance with the provisions of the Framework and Sectoral Agreement. Setting up and start of operation of Managing Authority in accordance with the provisions of the Framework and Sectoral Agreement</li> <li>• Successful contribution of relevant IPA component I projects to building institutional capacities in the countries concerned.</li> </ul>	<ul style="list-style-type: none"> <li>• 17 advisory missions to the potential Candidate Countries were carried out.</li> <li>• Advice to the national authorities was provided in 12 technical meetings in Brussels or in the countries concerned.</li> <li>• 5 IPARD capacity-building IPA component I projects are being implemented</li> <li>• Managing Authority and IPARD Agency have been set up in Albania and Serbia. In Albania these bodies are preparing to implement an IPA 2010 project on "piloting IPARD". ToR of a similar project to be implemented by FAO in BiH are being finalised.</li> <li>• Study on potential for diversification in agriculture in Albania and Montenegro was carried out</li> </ul>	<ul style="list-style-type: none"> <li>• NAO and National fund established and operating in 2013 in Serbia or later when the countries are accepted as candidate countries</li> <li>• IPARD Agency operating in 2013 in Serbia or later when the countries are accepted as candidate countries</li> <li>• Managing Authority operating in 2013 in Serbia or later when the countries are accepted as candidate countries</li> <li>• Institutional capacities in the countries concerned built up through IPA component I projects in 2013.</li> </ul>
<p>Signature of Sectoral Agreement between the Commission and Albania and Serbia, subject to these countries becoming Candidates.</p>	<p>Not relevant for Albania yet as country is not yet official candidate to the EU</p> <p>Delayed for Serbia as country is not yet officially recognised as Candidate in the IPA Regulation</p>	<p>Sectoral Agreement signed in 2013 for Serbia or later when the countries are accepted as candidate countries</p>
<p>Submission of IPARD programmes for Albania and Serbia to the Commission, subject to these countries becoming Candidates.</p>	<p>Albania and Serbia have presented several draft IPARD Programmes</p>	<p>IPARD Programme submitted in 2013 by Serbia and later when the countries are accepted as candidate countries</p>
<p><i>Main outputs in 2013 (including policy outputs when relevant)</i></p>		
<ul style="list-style-type: none"> <li>• Albania started to use the institutional capacities created to manage IPARD in implementation of the IPA Component I Project on investment support to agriculture;</li> <li>• Serbia has created institutional capacities to manage the IPARD funds; the IPARD Programme is adopted providing for that Serbia has passed from Annex II to Annex I of the IPA Regulation.</li> </ul>		



### **SPECIFIC OBJECTIVE 5**

**To contribute to the sustainable adaptation of the agricultural sector and rural areas and to the Beneficiary Countries' (Turkey, FYR of Macedonia, Serbia, Bosnia and Herzegovina, Montenegro, Albania) and Kosovo's preparation for the implementation of the *acquis communautaire* concerning the CAP and related policies post 2013 by:**

- 1. improving market efficiency and implementation of Union standards,**
- 2. preparatory actions for the implementation of the agri-environmental measures and local rural development strategies,**
- 3. development of the rural economy.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
External relation instruments' umbrella regulation post 2013 (including IPA) adopted	On-going, on track to be finalised in 2013	2013
IPA framework regulation post 2013 adopted	On-going, on track to be finalised in 2013	2013
IPA implementing regulation post 2013 adopted	On-going, on track to be finalised in 2013	2013
IPA budget management mechanism post 2013 adopted	On-going, on track to be finalised in 2013	2013
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Contribution to the negotiations on the external relation instruments' umbrella regulation post 2013 (including IPA);</li><li>• Contribution to the negotiation and drafting of the IPA framework regulation post 2013;</li><li>• Contribution to the negotiation and drafting of the IPA implementing regulation post 2013;</li><li>• Contribution to the setting up of the rules regarding the IPA post 2013 budget management mechanism;</li><li>• Contribution to the setting-up of transitional rules;</li><li>• Drafting of guidelines for the implementation of measures under the post 2013 Instrument for IPARD;</li><li>• Dissemination of information about the post-2013 policy for different stakeholders.</li></ul>		

## Main expenditure related outputs

€ million payment appropriations	Budget line (2013)					2013	
						Output (no.)	€ million*
IPARD 05 05 02	05 05 02						53.8
Total							53.8
<b>Main expenditure-related outputs</b>		Output (no)					
		Output 2007-2011			2007-2013*		
<b>Improving market efficiency and implementation of Community standards (AXIS 1):</b>							
Number of farm investments for restructuring and/or upgrading to community standards	10						16 433
Number of farms introducing manure storage and handling facilities.	3						104 in TR 50 in HR
Number of young farmers supported	5 in HR						25 % of all final beneficiaries in HR
Number of supported producer groups	Implementation of this measure has not yet started						50 in TR
Number of enterprises supported to restructure and/or to upgrade to community standards	5						1985
<b>Preparatory actions for the implementation of the agri-environmental measures and local rural development strategies (AXIS 2):</b>							
Number of potential Local Action Groups (LAGs) established and supported	Implementation of AXIS 2 measures has not yet started						37 – 74 in TR 10 in HR
Number of Local development strategies approved							1600 in TR 10 in HR
Number of contracts with final beneficiaries to support agri-environmental measures							**
<b>Development of the rural economy (AXIS 3):</b>							
Number of small and medium sized enterprises (SMEs) supported	Projects have been contracted but not paid, yet						4688
Number of rural infra-structure projects supported	Projects have been contracted but not paid, yet						195 in HR
Number of training actions supported. Number of people trained.							**
<b>Technical assistance</b>							
Number of technical assistance actions supported	Implementation of this measure has not yet started						634
Number of meetings of the monitoring committees	24						36

\*Output numbers for TR are for 2007-2013, for HR and FYR of Macedonia for 2007-2011. For Montenegro they will only be available after the IPARD Programme adoption.

\*\*Support under these measures will most likely only start in the period. Consequently, these measures still need to be further developed in the programmes which will then also include the definition of output indicators.

### Comments to be taken into account:

- No output can be reported for TR for the time being as implementation of programmes has only started in the end of 2011. Implementation under some few measures has started in 2010 in HR and in FYR of Macedonia and under a few further measures in 2011 but outputs in terms of contracted and paid projects are only partially known, yet as the processes are still ongoing. Significantly more output results will be available in 2012. An exception to this rule is "meetings of the Monitoring Committees" which have already started in 2008.
- Agri-environment measure under Axis 2 is for the time being not prepared for implementation. Therefore targets are not further developed in the programmes.
- All indicators in the programmes will be subject of a thorough review during the on-going evaluation process.
- Under Axis 3, the measure "training" is not yet part of the accreditation process during the initial implementation phase of programme implementation. The targets set for this measure still need to be further developed once it will be applied by the countries and integrated in the programmes.

## 4.5 ABB 06 – External Relations

### Justification of the activity at EU level

Under Article 207 of the Treaty on the Functioning of the European Union, the Union has exclusive competence in international trade matters. To this end, the EU must be represented in international agricultural negotiations and fora in order to attain the objectives of the Union's commercial and agricultural policy. Its role is therefore to promote the Union's agricultural interests in multilateral fora, notably the World Trade Organisation (WTO), to develop and implement the agricultural dimension of the Association Agreements, of the Free Trade Agreements (FTA) with Third Countries and a large number of specific agricultural trade agreements, and to manage trade and political relations with third countries for agriculture, including promotion or protection of Geographical Indications. In addition, agriculture and rural development play a key role in the enlargement process and in our cooperation programmes with partner countries.

### Description of the activity

The overall objectives of the external relations activities of the DG AGRI are to promote and defend the EU agricultural sector internationally in a changing world trade environment, to preserve the European model of agriculture, and to contribute to sustainable economic development.

This activity covers participation and negotiations in various multilateral fora, including the WTO, OECD, G8 and G20, the FAO and other UN agencies<sup>101</sup>, as well as bilateral relations and negotiations with almost all industrialised countries developing countries and regions or key regional groupings and the African Union. It also comprises agricultural relations with European Neighbourhood countries and EU candidate or potential candidate countries, and coordination of the enlargement process in agriculture, including accession negotiations. The activity includes economic analysis of trade, agricultural policy in third countries and other international matters in agriculture.

A comprehensive and more proactive external policy aimed at expanding agricultural trade, developing new agricultural markets – focused on emerging markets and high value added products – and integrating the agricultural economies of our neighbours, contributes to the "prosperity" initiative through improvements in competitiveness and growth.

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<sup>101</sup> WTO – World Trade Organisation, OECD - Organisation for Economic Co-operation and Development, , G8 - The "Group of Eight" - an international forum for the governments of [Canada](#), [France](#), [Germany](#), [Italy](#), [Japan](#), [Russia](#), the [United Kingdom](#) and the [United States](#); G20 includes G8 countries and Australia, Brazil, China, India, Indonesia, Mexico, Saudi Arabia, South Africa, Republic of Korea and Turkey; FAO - Food and Agriculture Organisation, World Food Programme, International Fund for Agricultural Development (IFAD) UN - the United Nations, including the UN Secretary General Task Force on the Global Food Security Crisis United Nations Conference on Trade and Development (UNCTAD).

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

**To promote the EU agriculture sector through successful negotiation and cooperation within the World Trade Organisation (WTO) and other multilateral organisations such as the Organisation for Economic Co-operation and Development (OECD), Food and Agriculture Organisation (FAO), the United Nations Commission on Sustainable Development and other UN fora, International Olive Council, International Sugar Organisation, International Grains Council and inputs to G8 and G20.**

**This activity contributes to the general objective 3: "To promote the European agricultural sector in world trade."**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Successful conclusion of modalities on agriculture under the Doha Development Agenda (DDA); in particular for early progress at the 9 <sup>th</sup> Ministerial Conference (Bali, December 2013)	Discussions in the Committee on Agriculture Special Session have picked up on the basis of papers submitted by the G-20 and G-33 groups	Successful outcome of Bali Ministerial Conference, whilst ensuring overall progress on the DDA; progress depends also on the positions taken by partner countries in these multilateral negotiations.
Successful conclusions of preparatory bilateral negotiations between EU and potential candidates for membership to the WTO	Accessions in progress with respect to 24 candidate countries.	Ongoing in 2013 (dependent on evolution of country – specific negotiations).
Contribution to Rio+20 process	Preparation of EU position and of informal negotiations. Contribution to the Council conclusions, and to the proceedings of the UN Open Working Group (OWG).	Ministerial session Follow-up of activities to Rio+20 outcome in the run up to next UNGA session in 2013
Cooperation with the OECD	Participation in: - technical meetings - 3 working parties under the Committee for Agriculture (CoAg) meeting twice yearly- 1 CoAg meeting  Main reports adopted: FAO-OECD Market Outlook, 2012-2021; 2012 Monitoring & Evaluation (all OECD countries + others)	2013 planned participation: - 2 technical meetings - 7 working parties - 2 CoAg meetings 2013 Activity report
Active cooperation, exchange of information and participation in IOC extra- and ordinary sessions and technical meetings	Cooperation and exchange of information	To maintain an active cooperation, exchange of information and participation in: - 2 (extra-) ordinary sessions - Approx. 8 technical meetings

Active cooperation and exchange of information with ISO	Cooperation and exchange of information on the basis of: 2012: - 6 MECAS studies - 12 Statistical Bulletins (monthly) - 12 Monthly Market Reports - 4 Quarterly Market Outlooks 2013 (as of 20 June) - 3 MECAS studies - 5 Statistical Bulletins (monthly) - 5 Monthly Market Reports - 2 Quarterly Market Outlooks	To maintain an active cooperation and exchange of information on the basis of the deliverables by ISO for policy analysis and proposals, market analysis and technical notes.
Active cooperation and exchange of information with IGC	Cooperation and exchange of information on the basis of: 2012/13: - 12 Grain Market Reports (GMR) - 250 Daily Monitors (Grain, Rice & Oilseeds) - 52 Grain Market Indicators (GMI) - 52 Rice Market Bulletins - 52 Oilseeds Market Bulletins - 52 Ocean freight rate reports - 1 World Grain Statistics - 1 Grains Shipments	To maintain an active cooperation and exchange of information on the basis of the deliverables by ISO for policy analysis and proposals, market analysis and technical notes.
Active cooperation and exchange of information with OIV	Close cooperation and exchange of information, participation to OIV meetings and seminars: - meetings in OIV: Commission Oenology, Commission Viticulture, Commission Health and Safety, Commission Economy and Law, Scientific and Technical Committee, General Assembly, Symposium - meetings at Council level (Working Party on Wines and Alcohol) to prepare OIV meetings - Proposal for Council decision on a Union position at OIV General Assembly - amendment of Commission Regulation 606/2009 (Reg 53/2011) Recommendation to the Council for a special status of the Union in the OIV.	To increase the cooperation with the OIV in obtaining for the EU an official status at OIV. To regularly incorporate new OIV oenological practices in the Union legislation.  Protocol on a particular status for the Union in the International Organisation for Vine and Wine
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>• Decisions flowing from a DDA agreement, including from the Bali Ministerial Conference (AP 2010/AGRI+/027).</li> </ul>		

## SPECIFIC OBJECTIVE 2

**Improve market access for agricultural products by negotiating or revising bilateral agreements and by resolving trade irritants, advance protection for EU geographical indications in third countries and contribute to sustainable economic development in particular in developing countries.**

**This activity contributes to the general objective 3: "To promote the European agricultural sector in world trade."**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Bilateral negotiations leading to improved market access	18 ongoing or imminent negotiations: Mercosur, India, Singapore, Malaysia, Vietnam, Ukraine (concluded at chief negotiators level Dec. 2011), Russia, Georgia, Armenia, Moldova, Iceland, South Africa (within full SADC <sup>102</sup> EPA) and comprehensive EPAs with EAC <sup>103</sup> , ESA <sup>104</sup> , Pacific, West and Central Africa, Canada, Tunisia (review). Scoping exercise with Thailand and Japan (finalised in 2012) and with USA (ongoing), possibly leading to launch of FTA negotiations in 2013. In addition, possible opening of negotiations with ENP South partners in 2013.	To conclude agreements leading to improved market access for EU products and contribute to sustainable economic development in developing countries
Bilateral market access negotiations and agreements concluded	Various negotiations concluded recently, including with Switzerland, Norway, Palestine, Morocco, Israel, South Korea. Agreements with Peru, Colombia, Central America likely to enter into force in 2013.  <i>Comparison of EU export values to Korea first 3 quarters (January-September 2012 vs. 2010:</i> <i>Milk and cream: +178 %, beers +42 %</i> <i>Food preparations +18 %, Cheese and curd +29 %,</i> <i>Wine +21 %, Chocolate +18 %, Pig meat +34</i>	To seek to maintain and wherever possible improve market access

<sup>102</sup> Southern African Development Community.

<sup>103</sup> East African Community.

<sup>104</sup> Eastern and Southern Africa.

	%. 17 existing dialogues (Australia, Canada, New Zealand, Japan, China, India, Russia, Ukraine, Switzerland, Algeria, Egypt, Morocco, Israel, Jordan, Lebanon, Tunisia, Brazil). First meeting of the dialogue on Agriculture with Brazil held in November 2012. Numerous regular or ad-hoc committees and meetings on agriculture with key trading partners.  ENPARD: To develop initiatives with relevant partners in the European Neighbourhood to strengthen the agricultural and rural development dimension in the action programmes	To maintain dialogue leading to better mutual understanding of agricultural policy in general and agricultural trade policy in particular. Where relevant, dialogues to maintain or improve market access for EU. Further develop and formalise the concept of ENPARD so that it fits the needs of individual ENP countries. Implement ENPARD actions on the ground.
Bilateral trade irritants removed/reduced	<b>Algeria:</b> Ongoing negotiations on compensation after unilateral suspension of trade concessions by Algeria in 2010. <b>Argentina:</b> Informal import restrictions of food products. <b>Brazil:</b> Investigation of a possible safeguard on EU wines concluded without imposition of measures. <b>Peru:</b> countervailing duties on olive oil: appeal in progress. <b>Mexico:</b> olive oil, bovine products, imports procedures for pig meat breeding pigs and pig semen, and for fruit and vegetables. <b>India:</b> import restrictions on poultry, pork and fruits. <b>Russia:</b> Grain export ban lifted 1.7.2011 <b>Russia:</b> improved understanding on functioning and prevented negative impact to bilateral trade, SPS issues: supported SANCO efforts in lifting ban on exports of live animals due to Schmallenberg virus. <b>Russia</b> (Customs Union with Belarus and Kazakhstan): worked at reducing trade distortive impact of Russia and Customs Union (draft) legislation on wine and alcohol. <b>US:</b> Mutual recognition of organic standards agreed in 2011 and applied since June 2012. <b>Ukraine:</b> cancelling of export quotas on wheat and barley. Quotas on export of rye and buckwheat (1 000 tonnes for each) have been retained.	Avoid trade irritants, eliminate them or reduce their impact
Bilateral agreements on protection of	7 concluded: FTA with <b>Korea</b> , Agreement initialled in March 2011 within Association Agreements ( <b>Central America</b> ) or Free	Improved protection for EU geographical indications

<sup>105</sup> DG AGRI is chef de file for the institutional dialogues.

geographical indications concluded	<p>Trade Agreements (<b>Colombia and Peru</b>), Agreement signed with <b>Moldova</b> 26.6.2012; Agreement with <b>Georgia</b> published and entered into force (1.4.2012). GIs agreement with <b>Switzerland/Liechtenstein</b> concluded (20.10.2011).</p> <p>Administrative Memorandum of Understanding with the African Regional Intellectual Property Organization (ARIPO) signed on 26.11.2012 to improve the protection of EU geographical indications in Africa.</p> <p>EU GI's expected to be protected under the future agreements with Central America, Peru and Colombia. Georgia, Moldova and Swiss agreements protect virtually all 3000 + EU GI's.</p> <p>1 imminent: Morocco 2 possible: Russia, Norway</p>	
EU share of total OECD imports of agricultural products from developing countries	<p>2011: 48.0 % 2010: 48.6 % 2009: 51.6 % 2008: 54.0 % 2007: 52.4 % 2006: 49.4 % 2005: 48.0 %</p>	To maintain the EU as the world's number 1 importer of agricultural products from developing countries

*Main outputs in 2013 (including policy outputs when relevant)*

- Interinstitutional follow-up of the EU – South Africa Agreement on Trade, Development and Cooperation (OJ L 311 of 4.12.1999, p.3) and its amendments;
- Interinstitutional follow-up of Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 617/2009 opening an autonomous tariff quota for imports of high-quality beef (AP 2011/AGRI/014);
- [Proposal for a] Council Decision as regards the conclusion of an agreement with China on Geographical Indications (2011/AGRI/008);
- Establishment of a list of prospective Geographical Indications (GIs) and a GI protection system according to art. 145 EU-Cariforum EPA;
- Follow-up of the MoU with ARIPO, with a series of workshops to promote GIs foreseen in 2013;
- Follow up and implementation of the EPA agreements in force: Cariforum, Pacific and ESA interim EPA (Madagascar, Mauritius, Seychelles, Zimbabwe);
- Set up and make operational the Contact Group on Agriculture with the African Union Commission (AUC).



### **SPECIFIC OBJECTIVE 3**

**To promote the EU interests and positions on agriculture and rural development in the relations with enlargement countries and to assist the enlargement countries in their alignment to the CAP**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Timely contribution to the Commission's work in the area of enlargement	<ul style="list-style-type: none"><li>- Accession Treaty with Croatia was signed in December 2011. The referendum on accession held in Croatia in January 2012 was positive.</li><li>The Treaty was ratified in all Member States, accession is foreseen on 1 July 2013.</li><li>- Following the European Council decision in December 2011 accession negotiations with Montenegro opened in June 2012.</li><li>- On 1.3.2012 the European Council granted Serbia candidate status.</li><li>- Stabilisation and Association Agreements signed with all Western Balkan countries except Kosovo (for which negotiations of a possible SAA likely to start in second half of 2013)</li><li>- Accession negotiations with Turkey in chapter 11 are frozen since December 2006; work continues on meeting the technical opening benchmarks for this chapter.</li><li>- On 10.10.12 Commission proposed granting candidate status to Albania provided that certain conditions are fulfilled;</li><li>- Accession negotiations with Iceland opened in July 2010, screening report adopted by the Council in 2011. In October 2012 Council endorsed opening benchmark strategy assessment report.</li></ul>	100 % All contributions to Commission's activities concerning enlargement in the area of agriculture and rural development delivered on time Monitoring of Croatia's' preparation in the pre-accession period Preparation of screening report for Montenegro

Timely assessment of Croatia (acceding country), Candidate and Potential candidates in the preparation for accession to the EU in agriculture and rural development	2012 Progress Reports on the state of preparedness of candidate and potential candidate countries in chapter 11 adopted on 10.10.2012.	100 % Preparation of acceding, candidate and potential candidate for EU membership in the area of agriculture and rural development. Contribution to the Progress Report and Strategy Paper 2013- evaluation progress of acceding, candidate and potential candidates in the preparation for EU accession
Degree of advancement of the adaptation exercise of bilateral trade agreements to take account of the accession of Croatia to the EU	Adaptation exercise concluded at negotiator level with Montenegro, the former Yugoslav republic of Macedonia and Albania.	All bilateral trade agreements to be adapted in line with the mandate from the Council
EU improvement of market access and successful management of the trade relations with enlargement countries, including efficient tackling of trade irritants	Trade developments Trade agreements in place with all enlargement countries except Kosovo. Revision of wine protocol for former Yugoslav Republic of Macedonia started in 2008. Trade irritants Turkey: Beef ban. Positive developments in 2010, 2011 and 2012 but still not satisfactory.	Conclusion of new wine protocol with former Yugoslav republic of Macedonia Lifting of the beef ban by Turkey

*Main outputs in 2013 (including policy outputs when relevant)*

- Monitoring of Croatia's' preparation in the pre-accession period and technical support – completed;
- Support to the competent units/services for the insertion of Croatia in the CAP legislative proposals – completed;
- Preparation of screening report for Montenegro;
- Contribution to the Progress Report and Strategy Paper 2013 – evaluation progress of candidate and potential candidate countries in the preparation for EU accession;
- Assessment of negotiation position of Iceland for chapter agriculture ;
- Assessment of fulfilment of conditions to open negotiations with Turkey;
- Advice to candidate and potential candidate countries in the transposition of the EU acquis, setting up appropriate administrative structures and strengthening administrative capacities to implement the EU acquis in agriculture and rural development;
- Contribution to the programming of the Instrument for Pre-accession Assistance, component 1;
- Preparation of negotiating position and participation to the negotiations with all countries involved in the adaptation exercise;
- Technical modifications to the trade agreements following the adaptation exercise.
- Opening of negotiations with Kosovo for a SAA (Stabilisation and Association Agreement).

## **Main expenditure related outputs**

<b>Main expenditure-related outputs for objective 1:</b> To promote international cooperation and contribute to the development and the stability of the olive oil, sugar and grains markets	Budget line (2013)	2013	
		Output (no.)	€ million*
Number of votes held by the EU in the IOC	05 06 01	686	5.820
Number of votes held by the EU in the ISO	05 06 01	533	0.405
Number of votes held by the EU in the IGC	05 06 01	373	0.390
Other			0.014
<b>Total</b>			<b>6.629</b>

## 4.6 ABB 07 – Audit

### Justification of the activity at EU level

Since agricultural expenditure is mostly implemented under shared management, the Commission's responsibility for the implementation of the budget under Article 317 of the Treaty on the Functioning of the European Union and the need for effective protection of the EU's financial interests require that the Commission verifies the conditions under which payments and controls have been carried out by the Member States.

### Description of the activity

This activity concerns the audit of agricultural expenditure through clearance of accounts procedures, mainly by means of system controls in the Member States, in order to protect the financial interests of the EU.

Agricultural expenditure is mostly based on a shared-management system where both the Member States and the Commission have responsibilities. The legal framework is laid down in Council Regulation (EC) No 1290/2005 on the financing of the CAP, applicable from financial year 2007, and covers expenditure under both the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD). This expenditure may only be covered by EU financing if executed by accredited paying agencies, which are subject to the conditions laid down in the above-mentioned regulation.

The audit work comprises financial clearance and conformity clearance. Both types of audits may lead to financial corrections whereby expenditure which does not comply with the EU rules is disallowed and recovered from the Member States. A similar procedure applies under the SAPARD and IPARD programmes.

On the basis of Article 34 of Council Regulation (EC) No 1290/2005, financial corrections under conformity clearance decisions as well as irregularities are designated as revenue assigned to the financing of EAGF and EAFRD expenditure.

Finally, the activity comprises audits of direct expenditure as well as the coordination of the DG AGRI's relations with the European Anti-Fraud Office (OLAF).

Under the IACS (Integrated Administration and Control System), the LPIS-GIS (Land Parcel Identification System – Geographic Information System) and the on-the-spot checks are key elements to ensure that area-based direct aids paid to farmers are properly administered and controlled by the Member States prior to payment and declaration to the Fund. In order to assist the Member States carrying out the on-the-spot checks on aid application, satellite imagery is made available to the national authorities allowing them to determine the area of agricultural parcels. A common source of data at EU level is more efficient, in audits carried out in 2008 and before particular as it ensures an equality of treatment. The availability of satellite data as a means of parcel identification acts as a supplementary safeguard against fraudulent claims by farmers and as an additional control element for the Member States' authorities. This imagery should also serve to update the information in the LPIS-GIS.

In reply to the reservations issued in 2011 and 2012 AAR, DG AGRI has adapted its plans of audits. Some audits to Member States or regions with high error rates were added to the plan. In addition, in all planned audit missions, increased focus on the error rates has been added to the objectives of the audits. Besides, following the result of DAS 2011, it was decided that the number of staff for RD audits (EAFRD expenditure) will be increased so as to raise the number and coverage of audits in the next two years.

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

To provide the Commission with reasonable assurance that Member States have put in place management and control systems in conformity with EU rules designed to ensure the legality and regularity of the underlying transactions financed by the EAGF, EAFRD, SAPARD and IPARD and, where this is not the case, to exclude the expenditure concerned from EU financing so as to protect the EU's financial interests.

This activity contributes to achieving high standards in implementing all general objectives set out in this Management plan.

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target 2013</i>
% of planned audit missions carried out	51 % of number of audit missions planned for 2013 carried out <sup>106</sup>	100 % of number of audit missions planned for 2013
Timely completion of audit reports and observation letters to Member States	Average of around 50 days to finalise audit reports, and around 75 days for observation letter in national language in 2013  9 reports for audits carried out in 2012 were not completed by March 2013.	Reduce average to finalise - audit reports to below 60 days - observation letters in working language to 65 days - observation letters in national language to below 90 days Finalise all reports and observation letters for 2012 audits by March 2013
Closure of audits carried out in 2010 and before	23 audits carried out in 2008 and before are still open.  82.2 % (264 out of 321) of audits carried out in 2009 are closed and 73.8 % (211 out of 286) of audits carried out in 2010 are closed.	Closure by 31.12.2013 of at least 95 % of the audits carried out in 2009 and of at least 85 % of the audits carried out in 2010  Closure by 31.12.2013 of 100 % of the audits carried out in 2008 and before

<sup>106</sup> For Rural Development, in the follow-up to DG AGRI's action plan, 4 audits were cancelled and replaced with by 5 of which 3 have carried out to date. However this is not reflected in the % of missions carried out as the replacements were not included in the original audit work plan.

Review of the clearance of accounts system	A schedule of work ("building blocks") to be carried out has been established and circulated. 20 actions have been identified for preparation of legislation and/or guidelines and in order to ensure the smooth implementation of the reform. The "Action Working Groups" meet regularly for discussion and produce working papers for discussion. Several WP-s have already been discussed and at directorate level. The results will be used in the preparation of the new legislation and guidelines as well as in the revision of the procedures within the Directorate for an even more effective and transparent audit work.	1 July 2014 <sup>107</sup>
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*Main outputs in 2013 (including policy outputs when relevant)*

- Financial clearance of the accounts presented by the paying agencies of Member States and Applicant Countries according to the financial clearance procedures provided for in EU legislation, and exclusion of expenditure which does not comply with EU rules;
- Adoption of Commission decision on Member States' paying agencies by 30.4.2013;
- Adoption of Commission decision on Member States' and SAPARD paying agencies whose annual accounts were disjoined in 2008-11 by the end of 2013;
- Prepare conformity clearance procedures and prepare corresponding decisions, covering relevant cases, in March (Decision 41), July (Decision 42), and November 2013 (Decision 43);
- Prepare decisions on conferral of management regarding IPARD;
- Propose improvements to the system for gaining reasonable assurance on the legality and regularity of the underlying transactions;
- Increase in audit intensity with regard to EAFRD expenditure in order to follow-up the action plan put in place further to the reservation in the Director General's AAR for 2011;
- Training Strategy and Plan for systematic training of auditors in order to provide a high quality and transparent audit activity;
- Methodology for the calculation of residual error rate will be further developed.

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<sup>107</sup> Linked to CAP reform implementation.

**SPECIFIC OBJECTIVE 2**

**To contribute to improving EU legislation concerning Member States and Applicant Countries' management and control systems for agricultural expenditure.**

**This activity contributes to achieving high standards in implementing all general objectives set out in this Management plan.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Timely contribution to CAP towards 2020 legislation	10 Trilateral meetings with EP and Council on the Horizontal Regulation on the Financing, monitoring and monitoring of the CAP. Political agreement on 26/06/2013.	100 % timely delivery
Timely improvements to EU legislation concerning Member States' and Applicant Countries' management and control systems for agricultural expenditure	Regulation (EC) No 375/2012 amending Regulation 885/2006 on rules for the accreditation of paying agencies and the clearance of accounts of the EAGF and EAFRD. Commission implementing Regulation (EU) No 937/2012 amending Regulations (EC) No 1122/2009 and (EU) No 65/2011 as regards the method for determining applicable interest on undue payments to be recovered from beneficiaries of the direct support schemes for farmers under Council Regulation (EC) No 73/2009, of support for rural development under Council Regulation (EC) No 1698/2005 and of support for the wine sector under Council Regulation (EC) No 1234/2007	100 % timely delivery
Initial work on alignment of DG AGRI approach on how to deal with deficiencies in public procurement procedures with that of other shared management DGs	An internal working group has made an inventory of how public procurement is audited which is set out in a file note completed by end 2012 and which also indicates the next steps to be taken. DG REGIO has launched in April 2013 an inter service consultation on the update of the Commission's guidelines for determining financial corrections for non-compliances with the rules on public procurement. DG AGRI gave a favourable opinion under the condition that certain comments are taken into consideration. The final draft guidelines are still being discussed with DG REGIO. Furthermore, AGRI-E-F-G is chef de file for an action plan to analyse the root causes for the high error rates in the RD sector. A special workshop with the MS (management committee) has been held on 29 April 2013 in order to discuss with the MS the actions to be taken to reduce the high error rates in the RD sector.	Contribution to the inter-service harmonisation and establishment of an action plan for CAP expenditure in order to reduce the errors due to non-respect of public procurement - first quarter 2013

*Main outputs in 2013 (including policy outputs when relevant)*

- Contribute to the design of the general management and control framework for the post-2013 period;
- Improvements to EU legislation concerning Member States' and Applicant Countries' management and control systems for agricultural expenditure;
- Update and amend recommendations, manuals and guidelines, where necessary;
- The involvement of the audit staff in the drafting of new implementing and delegated acts.

**Main expenditure related outputs**

Main expenditure-related outputs	Budget line (2013)	2013	
		Output (no.)	€ million
Number of applications controlled by satellite	05070102	380 000	6.8
Accounting Clearance decisions (negative expenditure)	05070106	1	-200.0
Conformity clearance EAGF	05070107		108.3
<b>Total</b>			<b>-84.9</b>



## 5. SPECIFIC OBJECTIVES FOR HORIZONTAL ACTIVITIES

### 5.1 ABB 08 – Policy Strategy and Coordination

#### Justification of the activity at EU level

"Policy Strategy and Co-ordination" is a horizontal activity covering the conception, development, and implementation of the CAP. Its tasks form an integral part of the management and development of the CAP, and must therefore by their nature be ensured at Union level.

#### Description of the activity

The ABB Activity "Policy Strategy and Coordination" aims at supporting policy making and promotes the development of a strategic planning culture within the DG in accordance with the Commission Strategic Planning and Programming cycle so that legislative proposals and non-legislative acts pass smoothly and efficiently through the institutional system. It aims at the development of an administrative culture of better regulation by screening existing policies and proposals for simplification where appropriate, and the use of evaluation and impact assessment as valuable policy instruments for shaping policy. With the introduction of the ordinary legislative procedure for the CAP under the Lisbon Treaty on 1 December 2009, the European Parliament is on an equal footing with the Council as a co-legislator on the CAP. In 2009, the DG AGRI put in place an internal mechanism in order to deal with the ordinary legislative procedure in an effective and efficient manner. Furthermore, the DG AGRI elaborated internal working arrangements to centralise all procedural and coordination aspects of the DG AGRI's contacts with other EU institutions. A major activity of the DG AGRI is the negotiation of the CAP reform with the other institutions which requires substantial efforts. The continued dialogue with the agricultural non-governmental organisations also plays an increasingly important role. The activity includes matters relating to the correct application of agricultural law and the internal market. Active promotion of the policies of the DG through provision of information, communication, awareness rising with media and general public and dialogue with decision-makers and other key stakeholders, brings its contribution to the successful implementation of the DG AGRI's main policies. Sound coherence of the different activities within the DG, efficient and effective liaison internally and with the horizontal services, the Cabinet and the other institutions involved, are essential to strengthen and further support DG AGRI's policy strategy. The areas covered are:

- Overall policy conception and formulation of the CAP on the basis of policy analysis, micro/macro-economic and quantitative analysis, including the Farm Accountancy Data Network (FADN), impact assessments and evaluation of present policy instruments;
- Co-ordination with other policy areas;
- Legal affairs, simplification and decision making procedures, state aid/competition and infringements, control of implementation of the *acquis*, complaints;
- Information and communication policy, relations with the other institutions and stakeholders, strategic planning and programming;
- Evaluations and studies carried out following calls for tenders in accordance with the multi-annual DG AGRI Evaluation Plan (annex 3) and the Studies and Data Purchase Plan, which are regularly reviewed and updated.

The above activities entail only administrative expenditure. In terms of operational expenditure for the Union Budget the following parts of the activity are concerned:

- The Farm Accountancy Data Network (FADN);
- The surveys on the structure of agricultural holdings;
- Information activities, including subventions to those parties carrying out CAP information actions;
- EAGF operational technical assistance.

On 19 October 2011, the Commission presented a set of **legal proposals** designed to make the CAP a more effective policy for a more competitive and sustainable agriculture and vibrant rural areas. After the EP and Council concluded their positions on the CAP reform proposals, DG AGRI's work with the other institutions focused on the trilogues. These proposals encompass the establishment of a monitoring and evaluation framework for measuring the performance of the CAP measures. A stakeholder conference was held on 20-21 September 2011 as a launch event. Following this conference several working groups devoted considerable efforts to the preparation of this framework. A research working group will coordinate the work and reflections on research and the interface with innovations in agriculture. All these working groups operate under the aegis of the DG AGRI Task Force on monitoring, evaluation and research for the CAP towards 2020.

A Task Force on Research and Innovation has been set up in April 2012. The contribution focuses on the coordination of the technical issues. A first discussion of research and innovation under Horizon 2020 took place at the COMAGRI on 24 April 2012. A roadmap for the preparatory work of agricultural research under Horizon 2020 was agreed, a more detailed programmatic document has been prepared in the first semester of 2013 (but not tabled yet), and the work programme for 2014-2015 is under preparation.

## Specific objectives and result indicators

### SPECIFIC OBJECTIVE 1

To inform and increase awareness of the CAP by maintaining an effective and regular dialogue with stakeholders, civil society, and specific target audiences based on two key messages below:

(1) The CAP has provided 50 years of service to European citizens, going beyond food production into public goods delivery.

(2) The CAP is a living policy, evolving with society's needs and expectations:

- meeting the challenges of food security, climate change, sustainable use of natural resources and balanced territorial development,
- increasing the competitiveness of the farming sector, both economic and ecologically,
- contribute to smart, sustainable and inclusive growth in rural Europe in line with "Europe 2020" strategy.

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Public awareness of CAP	The Latest Eurobarometer survey (July 2012) shows that 81% Europeans agree that the EU should increase its own food production to depend less on imports, and 77 % agree that EU should produce more to satisfy the needs of its own citizens and demand outside the EU. Most EU citizens regard agriculture as making a positive contribution to preserve rural areas. There is a broad consensus that agriculture plays a beneficial role. (Source: Eurobarometer).	Maintain high support for the main ideas of the reformed CAP
Number of people reached through CAP related campaigns	61.800 visitors for Road-Shows and more than 100 actions at national and EU level.  City Farm Event: - approx. 5.000 visitors to the DG AGRI and AGRI stakeholder pavilions - approx. 20.000 visitors exposed to the CAP@50 branding - dissemination of event information to approx. 400 national member organisations	Steady increase for future campaigns
Networking – number of participants reached by events	1 meeting with media (35 participants) 1 annual networking event (250 participants).	Maintain if not increase participation
Number of page visits on AGRI Europa website	June 2012-May 2013: 4.43 mio June 2011-May 2012: 4.11 mio (Source: EUROPA Analytics)	Maintain and if possible increase the number of visits

*Main outputs in 2013 (including policy outputs when relevant)*

- Overall evaluation of the CAP@50 Campaign, implemented in 2012. Evaluation (finished in February 2013);
- Pre-qualitative study, campaign concept.
- Implementation of the CAP Campaign 2013-2015 (web, toolkit, city farm event, print, stakeholders engagement in the campaign, audio-visual material, promotional material);
- Development and strengthening of the European network of AGRI journalists;
- Participation/organisation of fairs in Brussels/Member States;
- Organisation of conferences on CAP related topics;
- Financial support to third parties' communication actions on CAP (grants), special focus on the main CAP reform issues;
- Organisation of the second edition of the CAP communication Awards and CAP networking event.

N.B. New indicators "Number of people reached through CAP related campaigns" and "Networking – number of participants reached by events" have been introduced in order to better reflect the activity and its results.

## SPECIFIC OBJECTIVE 2

**To facilitate decision making on strategic choices for the CAP and to support other activities of the DG by means of economic and policy analyses, studies and coordination of research activities**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Timely contribution to the decision making process for the CAP towards 2020	- complementary analyses during negotiations for the CAP 2014-2020, as necessary - publications (among which on internet: briefs, market monitoring, statistics)	100 % timely deliveries: - supporting policy and economic analysis - publication of key documents on the future of the CAP - provision of documents on the future Research policy for agriculture
Representativeness of information about the EU farm economic situation collected by the Farm Accountancy Data Network (FADN)	Observed coverage of EU agricultural production: - 90 % coverage of the Standard Output in 2010 - 90 % coverage of the Utilised Agricultural Area in 2010 - number of farms: 82872 in accounting year 2010	90 % coverage of the EU agricultural production as expressed in Standard Output 90 % coverage of the Utilized Agricultural Area Number of farms in accounting year 2010: 92 538
Adequate knowledge of Farm's structure <sup>108</sup>	First use of Agricultural Census 2010 survey results in analyses and data requests	Update of farm structure indicators and analyses with the results of the 2010 Agricultural Census data
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Annual statistical reports on "Agriculture in the EU" and "Rural Development in the EU";</li><li>• Annual FADN reports: Economic Overview, Beef report, Dairy Report and Cereals report;</li><li>• Monthly notes on food price developments.</li></ul>		

<sup>108</sup> The timing of the agricultural census and the farm structure surveys (FSS) is fixed in Council Regulation 571/88 (up to FSS 2007) and Regulation (EC) No 1166/2008 of the European Parliament and the Council (for FSS 2010 onwards) and this survey is conducted usually every five years.

### SPECIFIC OBJECTIVE 3

To ensure smart regulation through simplification, impact assessment and evaluation, and analytical support to policy conception and to international negotiations

This activity contributes to achieving all three general objectives.

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Common monitoring and evaluation framework for the CAP towards 2020	Last meeting with MS on 27.02.2013	In place by end 2013
Degree of implementation of the annual evaluation plan	ongoing <sup>109</sup>	100 % of evaluations completed/launched according to the initially set timetable <sup>110</sup> Number of new evaluations launched: 4 Number of evaluations completed: 5
Degree of implementation of the annual studies plan set in the evaluation and studies plan	ongoing <sup>111</sup>	Number of new studies launched: 4 Number of studies completed: 6
Contribution to the Commission "Simplification Scoreboard" for the MFF 2014-2020	First Simplification Scoreboard adopted on 10.9.2012 Second Simplification Scoreboard adopted on 26.2.2013	Timely contribution to the scoreboard throughout the legislative process.
Contribution to the Commission Regulatory Fitness initiative (REFIT)	Ongoing: Outcome of the mapping of the CAP acquis reported on 17.4.2013.	Timely contribution to the REFIT initiative upon request of the Secretariat General.
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Simplification effects of the CAP reform;</li><li>• Cooperation with the Learning Network of Directors of Paying Agencies and Coordinating Bodies on various technical aspects related to the implementation of the CAP reform.</li></ul>		

N.B. A new indicator "Contribution to the Commission Regulatory Fitness initiative (REFIT)" has been introduced to better reflect the activity.

<sup>109</sup> Due to the nature of the activity, information on the degree of attainment of the targets can only be given at the end of the year.

<sup>110</sup> Target has been adapted for the rest of 2013: one evaluation was cancelled; one study (EP pilot project) was completed in December 2012 (two months in advance of the original planning). See also Annex 4.

<sup>111</sup> Due to the nature of the activity, information on the degree of attainment of the targets can only be given at the end of the year.

**SPECIFIC OBJECTIVE 4**

**To support DG AGRI by providing sound legal services and consolidated legal texts thus ensuring that its policies and their implementation are in compliance with the legal framework of the EU**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Proportion of positive opinions from the LS in inter-service consultations launched by DG AGRI	100 % to 15.05.2013	>90 % of consultations
Rapidity of response on signataires submitted for paraphe on legal issues and on notes submitted asking for legal advice	2012: 95.92 % of respected deadlines from January to end May 2013	>85 % dealt with within deadlines laid down in the vademecum fixing the rules for legal consultation

**SPECIFIC OBJECTIVE 5**

**To ensure correct application and enforcement of Common Agricultural Policy law thus contributing to the smooth functioning of the internal market (state aid and infringement procedures).**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Timeliness of treatment of all notifications of state aid cases received	100 %	100 %
Appropriate treatment of all new infringement / complaint cases notified <sup>112</sup>	100 %	100 %
Timeliness of treatment of all new draft technical standards received	100 %	100 %
Proportion of agreements from the LS to proposals launched by DG AGRI in the context of the consultation process foreseen by the monthly infringement decision taking-procedure	100 %	90 %

<sup>112</sup> Refers to both – sound legal analysis and observation of procedures.

## SPECIFIC OBJECTIVE 6

**To implement the Commission planning and programming process and provide full assistance to the Directorate-General in the decision making processes so that it delivers its policy objectives contributing to the overall Commission strategy in an effective, timed, efficient and accountable manner.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target</i>
Percentage of elements of the Strategic Planning and Programming (SPP) cycle delivered on time	100 % (All elements delivered on time up to 15.06.2013)	100 %
Delivery rate (adoption by the College) - CWP - Other Agenda Planning (AP) proposals	Situation 15.06.2013: 2012 CWP: 0 % (2 initiatives postponed from 2012, now both foreseen for 3 <sup>rd</sup> quarter 2013) 2013 CWP: - (1 initiative in 2013 CWP is now planned for February 2014) Other AP proposals: 2 initiatives adopted in 2013 - Out of 32 initiatives foreseen for 2013 = 6 % - Out of 2013 initiatives except CWP (total of 30 initiatives) = 7 %	100 % implementation
Awareness by staff of the units' objectives set out in DG AGRI Management Plan <sup>113</sup>	2012: 90 % of staff aware or partly aware (59 % aware and 31 % partly aware) 2010: 82 % (52 %, 30 %)	Maintain the awareness of staff and, if possible, increase
Regular (at least once a quarter) and effective reporting to the Director General on the progress of the implementation of the Commission's Work Programme (CWP) and of the other important legal proposals	100 % (15.06.2013)	To report to the Director General at least once every quarter and each time it is requested and/or necessary
Timely handling of procedures including the ISC	100 %	100 %
Number of delays in DG AGRI replies to ISC	2013(Jan-May): 65 out of 861 (7.54 %) 2012: 105 out of 1 881 (5.58 %) 2011: 186 out of 1 940 (9.6 %) 2010: 289 out of 1 932 (15.4 %) 2009: 250 out of 1 559 (16.0 %) 2008: 377 out of 1 901 (19.8 %)	Steady reduction
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>Contribution to Programme Statement (part of the Draft Budget), Commission Working Programme (CWP), Management Plan (MP), Annual Activity Report (AAR).</li> </ul>		

<sup>113</sup> Results from SPP anonymous online survey with DG AGRI's staff in June 2012.



## SPECIFIC OBJECTIVE 7

**To maintain continuous dialogue and cooperation with EU institutions, national parliaments, other institutional stakeholders and civil society, including the participation in meetings of the Council, the SCA and working parties, European Parliament, COMAGRI and other committees, as well as attendance to trilogues (accompany & follow-up on the ordinary legislative procedure).**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Questions/requests from other Institutions, including Parliamentary Questions, replied to within the deadline	From 1.01.2013 to 31.5.2013, 614 EP questions (204 lead /410 associated), 1 request from national parliaments, 24 MEP letters to the Commissioner and 3 letters from MEPs signed by DG and 17 Petitions (8 lead/9 assoc.) were dealt with <sup>114</sup> 1.1 to 31.5.2013: > 99 % replies within deadline	Maintain the present high rate of replies within deadline
Participation of the Commissioner and DG AGRI's officials in high level meetings with other EU institutions	Commissioner's participation from 1.1. to 31.5.2013: - 3 times in EP plenary and 1 time in COMAGRI. Plenaries: DG AGRI's participation in 5 plenaries and in 10 meetings of COMAGRI - EESC: from 1.1. to 31.5.2013 the Commissioner attended 1 EESC meeting with Chairman Campli and no plenary meeting. - CoR: from 1.1. to 31.5.2013 the Commissioner has attended no CoR meetings. Participation of DG AGRI in EESC meetings: 30 and in the CoR: 5 - Council meetings: 6 times DG AGRI's participation from 1.1 to 31.5.2013: - Council: 6 times - SCA: 17 times - WPs: 21 times - trilogues: 27 times DG AGRI participation in pre-GRI: 11 DG AGRI participation in advisory/working groups:31	The Commissioner represents the Commission in the most important meetings
- Number of open EP and Council discharge recommendations as well as ECA recommendations addressed to AGRI in RAD - Number of open recommendations in RAD addressed to AGRI that has expired a deadline	- 66 (situation as of 30.06.2013)  - 0 (situation as of 30.06.2013)	As low as possible (depends on the number of rec. issued)  0

<sup>114</sup> Figure coming from PETITION2, the electronic system for petitions.

### Main expenditure related outputs

Main expenditure-related outputs (Objective 1) <sup>115</sup>	Budget line (2013)	2013	
		Output (no.)	€ million
Grants awarded to third party organisations to implement actions to improve the level of understanding of the CAP among the EU citizens	05 08 06	10	2.5
Grants networking	05 08 06	4	0.2
Media Networking	05 08 06	20	0.6
Stakeholders:			
Fairs	05 08 06	10	1.7
Conferences	05 08 06	3	0.8
Other	05 08 06		
Actions targeting general public/CAP reform			
Events	05 08 06	2	1.0
Publications/Audio-Visual	05 08 06	15	0.6
Web	05 08 06	1	0.1
Studies	05 08 06	1	0.5
Other	05 08 06		
<b>Total</b>	05 08 06		8.0

Main expenditure-related outputs (Objective 2 and 6)	Budget line (2013)	2013	
		Output (no.)	€ million*
Data collection on EU FADN data: <b>holdings</b>	05 08 01	85 685	14.64
Data collection on structure of agricultural holdings: <b>holdings</b>	05 08 02		0.45
Technical assistance	05 08 09		2.67
Other			1.55
<b>Total</b>	05 08		19.31

\* This excludes budget item 05 08 06 for which the main expenditure related outputs are included in the first table above (see Objective 1 above) and the pilot project relating to exchanging best practice for cross compliance (budget item 05 08 11) and coordinate research on the use of homeopathy and physiotherapy in livestock farming (budget item 05 08 12).

<sup>115</sup> The outputs and the detailed breakdown of the appropriations for budget line 05 08 06 differ from the information in the Activity Statements, as the information presented above reflects the latest and updated communication strategy. The total appropriations for the budget line concerned remain unchanged.

## 5.2 AWBM 01 – Administrative support

### Description of the activity

This activity covers the work of the horizontal services: Human Resources Management, Training and Logistics within AGRI, Budget management and Finance, Information and Communication Technologies, Internal Control and Risk Management, Document management, Security and data protection. These services provide high quality administrative support, advice, assistance and control and monitoring of resource use of the DG AGRI.

This activity also provides internal audit services within the DG AGRI. Audit services are designed to provide assurance of the soundness of internal controls and of financial and operational management as well as accounting and reporting systems.

### Specific objectives and result indicators

#### **SPECIFIC OBJECTIVE 1**

**To establish, perform, monitor and report on the financing of the CAP and Rural Development so that sound and regular financial management of these policies is assured.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
% of budget execution (commitments) with respect to budget appropriations	99.9 % (2012) <sup>116</sup>	99 %
% of budget execution (payments) with respect to budget appropriations	99.9 % (2012) <sup>117</sup>	99 %
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"> <li>• Establishment of the 2014 Agricultural Budget (including the Draft Budget and Amending Letter);</li> <li>• Assessment of the Budgetary impact of draft policy initiatives and legal acts of the CAP;</li> <li>• Reporting on current and previous budget years (including Early Warning System report and Budget Forecast Alert);</li> <li>• Reliable and timely production of the accounts of DG AGRI.</li> </ul>		

<sup>116</sup> Final figures taking account of initial budget, transfers and amending budgets.

<sup>117</sup> Final figures taking account of initial budget, transfers and amending budgets.

## SPECIFIC OBJECTIVE 2

To define, plan, set-up, maintain and develop high quality Information Technology (IT) infrastructures, tools and services so that (i) the staff is adequately supported in their operation, with the appropriate levels of training and security, and so that (ii) a high quality information system life cycle is assured in support of DG AGRI's activities.

This activity contributes to achieving all three general objectives.

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Implementation of the relevant parts of the Schéma Directeur (ICT Investment Plan of DG AGRI).	47 % (mid-June 2013) <sup>118</sup>	95 %
Servers' availability (averaged over one year)	>99 % (October 2012)	≥99 %
Maximum time to: - resolve the problems related to standard IT applications/infrastructures: - appropriately escalate the problem if its resolution depends on intervention of non-AGRI entities (ex. DIGIT)	October 2012: <sup>119</sup> Target has been met for:  - Critical: 100 % - Urgent: 73 % - Normal: 89 % - Low: 100 % - Scheduled: 100 %	- Critical: immediate - Urgent: 1h30' - Normal: 2h30' - Low: 2 days - Scheduled: on schedule Target should be met for at least 92 % of calls
Information Systems User Satisfaction	83 % (April 2013) <sup>120</sup>	>/= 80 %, to be progressively increased
<i>Main outputs in 2013 (including policy outputs when relevant)</i>		
<ul style="list-style-type: none"><li>• Schema Directeur;</li><li>• High quality Information Systems for DG AGRI.</li></ul>		

<sup>118</sup> Based on financial execution.

<sup>119</sup> Based on figures provided by the EC call management tool (SMT) mixing the performance of the DG AGRI and DG DIGIT helpdesks (from 18/03/2013, the PC and Office Automation support has been transferred to DG DIGIT – ITIC project). The ITIC start-up phase and assigning problems back and forth explain the underperformance in regards of the targets for the normal and urgent problems.

<sup>120</sup> The survey focus is exclusively on several parameters related to user satisfaction on DG AGRI key Information Systems (friendliness, response time, availability, etc.). Results are discussed with the System Owners to identify actions for improvement. These actions require substantial effort and appropriate time for implementation, so the target has been revised and will be progressively increased in the future.

### SPECIFIC OBJECTIVE 3

**To attract, deploy, develop and retain highly qualified staff and provide them with working conditions that support them in the accomplishment of their tasks.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Average vacancy rate of available permanent posts	30.06.2013: 7.9 % <sup>121</sup> 2012: 6.7 % 2011: 4.4 %	Vacancy rate < or = Commission average (Oct 2011-Sep 2012: 5.5%)
HR capacity utilisation <sup>122</sup>	2012: 92.7 % <sup>123</sup>	>= 90 %
Management positions held by women <sup>124</sup>	01.07.2013: 23.1 % MM, 21.4 % SM 31.12.2012: 25 % MM, 23.5 % SM 31.12.2011: 30.2 % MM, 16.7 % SM	MM AGRI target 2013: 29.6 % SM Commission target 2013: 25.8 %
Mobility rate	30.06.2013: 20 % 2012: 23.5 % 2011: 20.9 %	Keep target at 20 % +/- 2 %
Staff satisfaction with <sup>125</sup> : - job - quality of HR management - private/ professional life balance	<b>HR survey 2010</b> 70 % (Com: 68 %) 44 % (Com: 43 %) 78 % (Com: 71 %) <b>AGRI survey 2011</b> 84 % 80 % 78 % <b>2007</b> 80 % n.a. 76 %	Equal or better results than Commission average in 2010 staff satisfaction survey of DG HR Equal or better results than 2006/07 survey on workload and career development in DG AGRI
Budget execution global envelope (commitments) <sup>126</sup>	24.06.2013: 69.9 % 2012: 95 % 2011: 100 %	95 % by year end
<b>Main outputs in 2013 (including policy outputs when relevant)</b>		
<ul style="list-style-type: none"> <li>• Strategic Training Framework and Training programme;</li> <li>• Implementation of mobility policy;</li> <li>• Support and advice to career development &amp; mobility;</li> <li>• Recruitment of personnel (in particular in respect of targets for staff from Croatia);</li> <li>• Implementation of rights and obligations of staff;</li> <li>• Support to management regarding staff evaluation and promotion;</li> <li>• Office Space Plan;</li> <li>• Implementation of the administrative budget (global envelope);</li> <li>• Follow-up of IAS audit (HR plan, task mapping, workload assessment);</li> <li>• Implementation of staff allocation in line with the new MFF.</li> </ul>		

<sup>121</sup> Particularly high because the reserve includes 10 vacant posts that have to be returned to DG HR on 01/07/13 (redeployment tax) and 10 AST posts blocked for transformation into AD posts.

<sup>122</sup> (Posts available+Contract agents) – (vacant posts+unused posts+part-time loss in FTE+parental/family leave loss in FTE+sickdays in FTE+CCP/secondments < 6 months in FTE).

<sup>123</sup> Latest available data is for August where the FTE loss due to parental leave is particularly high. Therefore the HR capacity utilisation is lower than usual. No updated data available for the first half year 2013 because DG HR discontinued to provide the HR scoreboard.

<sup>124</sup> Calculation of targets according to the Commission's Equal Opportunities Strategy 2010-2014: DG specific targets for middle management (MM) baseline is 2010 (in AGRI: 14 female MM=25.9 %; 8 MM retirements expected until end 2014 (2F+6M), target of 50/50 replacement => recruitment of 4 female MM; end value would be 16 female MM=29.6 %). Senior management (SM) targets are for the Commission as a whole. The targets have been adapted the Commission's Equal Opportunities Strategy 2010-2014.

<sup>125</sup> The DG HR survey (305 AGRI respondents) is conducted every 2 years. The DG AGRI survey had 428 respondents and is planned to be conducted every other year.

<sup>126</sup> The global envelope is part of administrative credits used to finance external personnel, missions, meetings and representation costs, training and conferences, studies and the development of IT systems.

#### **SPECIFIC OBJECTIVE 4**

**To maintain effective document management system; ensure compliance with personal data protection rules in force, and ensure a high level of transparency and security in DG AGRI.**

**This activity contributes to achieving all three general objectives.**

<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Percentage of filing of documents in DG AGRI	99.05 % of AGRI documents were filed in Ares <sup>127</sup>	100 % of documents ARES filed
Respect of deadlines in answering requests for documents and mails from citizens; respect of deadlines in managing the complaints and requests for information on application of European law	All requests were answered within the established deadline of 15 working days. <sup>128</sup> 100 % 2011: 167 requests 2012: 208 (incl. 25 complicated) 2013(01/01-31/05): 119  100 % 2010: 76 files treated 2011: 126 files handled 2012: 72 files 2013 (01/01-31/05): 45	100 % of request for documents and information answered within established deadlines  100 % of deadlines for managing the complaints and requests for information on application of European law respected
Notification of identified personal data processings in DG AGRI	100 % (27 identified personal data processing, of which 27 are in the register)	100 % of identified processings included in the register of the DPO
Good functioning of the BCP, proven by updates and tests of the BCP; implementing the decisions of the Security Committee of DG AGRI	Business Continuity Exercise Programme for DG AGRI (April 2012 – December 2015)  DRP Test conducted successfully in June 2012  DG AGRI participation in the Duty Officer Exercise in July 2012  NOAH exercise for Loi 130 staff conducted after the evacuation on 23 October 2012  Successful participation in the BCP Corporate exercise in November 2012  Lunchtime conference on RUE (the system for RESTREINT UE) on 23 May 2013	2013 BCP update finalized by October 2013

<sup>127</sup> Statistics generated from ARES for the period 01/01-31/05/2013.

<sup>128</sup> Prolongations based on art.6, § 2 and § 3 and Art 7, § 3 of Regulation 1049/2001 were needed for the complicated requests such as: Algozini (9 requests in one day, 2013/2958-2967), Beyers 998 et 994/2013, Butler 5625, 5627, 5898/2012 (handled in 2013), Hewson (2013/3227), Grazioli (2013/1968), Pranauskas (18 requests 2013/292-301 and 2013/435-443 in one month), Rihouey 8 requests in one day), Sabido 2399/2013, Sanchez (2013/2361), Waelbroeck 725/2013 in order to complete the search for the documents in cooperation with different services of the Commission involved. Such requests require an extensive search and verification of the documents, and in most cases numerous consultations with third parties.

Rapid reaction to/confirmation of messages sent by the central ARGUS system	Update of the Duty Officer guidelines (Annex 8 of the BCP) Regular updates of the NOAH/ARGUS database No ARGUS Phase II alerts during the reporting period	Good functioning of the Duty Officer system put in place in DG AGRI
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<b>SPECIFIC OBJECTIVE 5</b>		
<b>To implement, maintain and report on an effective and reliable internal control system so that:</b>		
<ul style="list-style-type: none"> <li>○ <b>the control procedures put in place give the necessary guarantee concerning the legality and the regularity of the underlying operations;</b></li> <li>○ <b>risk of errors in operations is minimised and;</b></li> <li>○ <b>reasonable assurance can be given that resources assigned are used according to the principles of sound financial management.</b></li> </ul>		
<b>This activity contributes to achieving all three general objectives.</b>		
<i>Result indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
<b>Internal Audit</b>		
Level of implementation of the audit plan and rationale for any changes to the plan <sup>129</sup>	100 % of the 2012 Audit work programme (AWP), as modified in July 2012 <sup>130</sup> and February 2013 <sup>131</sup> had been implemented on 31.3.2013. Regarding the AWP 2013 as approved on 14 February 2013: -for 3 audits, the draft report has been issued on respectively 28/6, 1/7 and 2/7 2013 - 1 other audit has been launched on 17 June.	100 % implementation by 31/3/n+1 <sup>132</sup>  All draft reports published by the end of the planning year (31/12)
Level of acceptance by the auditees of audit recommendations issued by the IAC	97 % of which : <ul style="list-style-type: none"> <li>• Critical – n/a</li> <li>• Very important – 100 %</li> </ul>	>90 %
% of accepted audit recommendations - implemented, - implemented within the deadlines	69 % for 2012 (87 % for 2011) 67 % for 2012 (92 % for 2011) <sup>133</sup>	>90 % >80 %

<sup>129</sup> The indicator has been slightly precised to reflect better the activity.

<sup>130</sup> Ares(2012)908497 of 26 July 2012.

<sup>131</sup> On 14 February 2013, the Director-General adopted the 2013 audit work plan and decided that 3 audits originally foreseen for 2012 would be postponed until 2013 and integrated in the 2013 AWP. See Ares(2013)191858 of 14 February 2013.

<sup>132</sup> The first part of the target running from ¼ to ¼ was deleted as the internal audit unit changed back to working with a planning year=calendar year so this transitional calculation is no longer relevant.

<sup>133</sup> Cf "Follow up report 2012", Ares(2013) 511257 of 26 March 2013.

<b>Assistance and Central Financial Control</b>		
Error rates relating to centralised direct management through assistance before payment	Error rates (return of files) <sup>134</sup> : From 01/01 to 28/02/2013 Ex ante: 3.81 % From 01/03 to 31/05/2013 Ex ante: 3.95 % Ex post: 2.41 %	Error rates (return of files): Maintain the rates compared to previous year
Respect of payment deadlines provided for in the Financial Regulation (FR)	Situation 31/05/2013: 98.1% of the payments respect the contractual deadline. No payments subject to late interest payment	Respect of the deadlines by the Financial Regulation  No payment of late interest on payments
Awareness of financial rules and regulations among financial actors by assistance and training organised	Situation on 31/05/2013: 140 agents trained	Training: 80 agents trained <sup>135</sup>
<b>Internal Control</b>		
Formal compliance with internal control standards: - Degree of compliance	100% (compliance with 61 of 61 requirements reported in 2012 Annual Activity Report, March 2013)	100 %
Effective implementation of prioritised control standards: - Degree of staff awareness of prioritised control standards - Degree of implementation of planned actions on prioritised control standards	2012: increased positive results on ethics (control standard No 2) and document management (control standard No 11);  100% (December 2012)	Maintain and if possible improve results  100 %
Support and coordination of the risk management process: - Establishment and maintenance of a DG Risk Register with the critical and significant risks - Degree of implementation of the foreseen action plans to manage the significant and critical risks in the Register	2013 Risk Register finalised (December 2012) – action on track to establish its update (June 2013)  Degree of implementation is overall satisfactory; nevertheless some risks will need to be carried over with an update action plan.	Keep up-to-date DG Risk Register  100 % implementation of planned actions for 2012

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<sup>134</sup> The information under latest known result had to be adapted (specified) following the entry into force of the revised vade mecum for direct management on 01/03/13. Under the previous system, operative until end of February, 100% of financial transactions were subject to ex ante controls; under the new system, following a risk assessment, the ex-ante controls for certain financial operations have been replaced by an ex post control (compliance) of a 20% sample of randomly selected records.

<sup>135</sup> The target will be reassessed after adoption of FR and IR.



<b>Key indicators on legality and regularity</b>		
Reception of certificates and reports of certification bodies on functioning of paying agencies' internal control systems	99 % for financial year 2012 96 % for financial year 2011	100 % received to be able to be taken into account for the AAR
Reception of statements of assurance signed by the directors of paying agencies	100 % for financial year 2012 100 % for financial year 2011	100 % received to be able to be taken into account for the AAR
Reception of opinions of certification bodies on statements of assurance	99 % for financial year 2012 96 % for financial year 2011	100 % received to be able to be taken into account for the AAR
Percentage of expenditure (EAGF+ EAFRD) with statistics or 100 % check	94 %	95 %
Reception of opinion of certification bodies on the quality of the on-the-spot controls	For financial year 2012(2011): EAGF – IACS 100 % (97 %) EAGF – non IACS 91 % (84 %) EAFRD – IACS 98 % (92 %) EAFRD – non IACS 96% (89 %)	100 % received to be able to be taken into account for the AAR
Reception of opinions of certification bodies on the accuracy of the control statistics	For financial year 2012(2011): EAGF – IACS 95 % (91 %) EAFRD 91 % (82 %)	100 % received to be able to be taken into account for the AAR
Reception of annual summaries by the coordinating bodies	100 % (for financial year 2012) 90 % (for financial year 2011)	100 % received to be able to be taken into account for the AAR
<b>Fraud prevention and detection</b>		
Development and implementation of DG AGRI's anti-fraud strategy	DG AGRI's anti-fraud strategy (AFS) was approved by the Director-General on 12.9.2012. The AFS was presented to DG AGRI at the "Ethics Day" on 14/09/2012 and to the hierarchy of the DG on 23.11.2012. Internal procedures for the handling of denunciations and OLAF cases have been approved by the Director-General on 15 March 2013. All documents relating to the AFS are available to staff on the AGRI-intranet. AFS has been presented at the Conference of Directors of Paying Agencies and Coordinating Bodies and in a meeting of the Rural Development Committee in Brussels in late 2012.	- Implementation in accordance with the schedule set out in the strategy: - Presentation of anti-fraud strategy to Member States by end 2013 - Appointment of an anti-fraud co-ordinator reporting directly to the Director-General, (first quarter 2013)

Prevention of fraud <sup>136</sup>	<p>Training actions ongoing. 3 fraud-prevention and detection seminars have been held in Croatia, Macedonia and Turkey. Guidance notes on the detection of Red Flags for fraud on manipulated investment projects, on the artificial creation of funding conditions, and on second-hand equipment have been drafted and sent to the Paying Agencies mentioned above.</p> <p>Presentation of AFS at Conference of Directors of Paying Agencies (Ireland, April 2013)</p>	<p>Design of a specific training to increase fraud awareness within the DG in first quarter 2013</p> <p>3 Seminars to be organised in candidate countries by mid-2013. Further fraud-prevention seminars in Turkey and Romania until end of 2013.</p> <p>Presentation of the AFS to Managing Authorities of RDPs in MS by the geographical units.</p>
Timely referral of denunciations to OLAF for investigation	2012/2013: 21 cases referred	100 %
<b>Sound financial management</b>		
Level of financial corrections	In 2013 conformity clearance decisions adopted for € 644 m. (2013/123/EU of 26/02/2013 for € 414 m and 2013/214/EU of 2.5.2013 for € 230 m.	€ 700 million N.B. While around €700 million is clawed back to the EU budget each year via conformity clearance decisions, the attainment of a certain level of financial correction is not an objective <i>per se</i> – rather, the aim is to ensure that management and control systems function correctly and that EU funds are thus spent correctly. €700 million is the best available estimate of financial correction based on historic averages.
<b>Main outputs in 2013 (including policy outputs when relevant)</b>		
<ul style="list-style-type: none"> <li>• Financing decisions;</li> <li>• Updated vademecums and circulars on financial matters;</li> <li>• Assistance to authorising officers by sub-delegation (via meetings, notes, e-mail, bilateral contact, etc.);</li> <li>• Monitoring of financial circuits and sub-delegations;</li> <li>• Timely delivery of reports on internal control (assessment of formal compliance, action on effectiveness, reports to the Commissioner);</li> <li>• DG Risk Register in place.</li> </ul>		

<sup>136</sup> The target has been adapted to 2013 plan.

## **6. ANNEXES**

### **6.1 Annex 1. -**

## 6.2 Annex 2. -

## 6.3 Annex 3. Prioritised internal control standards for effective management

Standard	Brief description of the reasons for prioritisation (if the Standard was prioritised in n-1 state the reason for continuing to do so)
2. <b>Ethics</b>	This standard will continue to be prioritised so as to implement the full array of actions set out by the DG AGRI Anti-fraud strategy adopted in September 2012. Action will focus on awareness-raising for staff, targeted actions for evaluating the fraud-proofing of DG AGRI policies and procedures, reinforcement of cooperation with OLAF, enhanced guidance and support on fraud prevention and detection to management authorities and paying agencies in Member States/Candidate Countries.
3. <b>Staff allocation and mobility</b>	The standard is selected with a view to focus action on a more effective and efficient staff allocation, against the overall context of the reduction in staffing that the Commission must achieve in the next 5 years and the recommendations to be issued by the Internal audit service.
9. <b>Management supervision</b>	The standard is selected as part of DG AGRI continuous efforts for reinforcing assurance and good governance. Action will focus on targeted awareness activities for a shared understanding and more consistent implementation of management supervision core principles in DG AGRI, such as internal training or workshops to clarify the working arrangements and exchanging good practice in respect of monitoring and reporting tools.

## 6.4 Annex 4. Planning of evaluations and other studies

	Title of evaluation or study (possibly working title)	Intended use of the evaluation or study		Type of evaluation or study		Timing		Associated services
		CWP initiative/ expenditure instrument that the evaluation or study will support	Other purpose*	Prospective** (P) or retrospective (R)	External (E), internal (I), internal with external support (I&E)	Start (month/ year)	End (month/y ear)	
<b>I. Ongoing evaluations (work having started in previous years)</b>								
	Synthesis of rural development ex-post evaluations (2000-2006)	CAP post-2013	2	retrospective	external	Dec-10	Feb-12	REGIO, MARE
	Evaluation of the structural effects of direct support		1+3	retrospective	external	Dec-11	Jun-13	ESTAT, JRC
	Evaluation of Council Regulation (EC) No 870/2004 on the Conservation, Characterisation, Collection and Utilisation of Genetic Resources in Agriculture		2	retrospective	external	Oct-11	Jun-12	SANCO, RTD, ENV
	Evaluation of measures applied under the CAP to the wine sector (including restructuring measures)		1	retrospective	external	Dec-11	Nov-12	MARKT, TRADE, SG
	Evaluation of the school fruit scheme		3	retrospective	external	Nov-11	Oct-12	COMM, EAC, RTD, SANCO, SG
	Evaluation of measures applied under the CAP to the cereals sector		1	retrospective	external	Dec-11	Nov-12	ENER, ENV, TRADE, SG
	Synthesis of mid-term evaluations of rural development programmes 2007-2013	CAP post-2013	3	retrospective	external	Dec-11	Nov-12	BUDG, ENV, REGIO, RTD, SG
	EU Forest Action Plan ex-post evaluation	Review of the EU Forestry Strategy	3+4	retrospective	external	Nov-11	Oct-12	DEV, ENER, ENTR, ENV, JRC, RTD, SANCO
	Evaluation of the school milk scheme		1+3	retrospective	external	Dec-12	Oct-13	To be confirmed
	Evaluation of EU legislation on organic farming	Review of organic farming legislation	3	retrospective	external	Sep-12	Sep-13	CLIMA, ENTR, MARE, RTD, TRADE, SG, SJ
	Evaluation of apiculture programmes		3	retrospective	external	Jul-12	Jul-13	ENV, ESTAT, RTD, SANCO, SG
	Synthesis of Sapard ex-post evaluations (RO, BG, HR)		3	retrospective	external	Dec-12	Sep-13	To be confirmed

<b>II. Evaluations planned to start in 2013 or later</b>								
<b>Evaluations starting in 2013</b>								
Evaluation of measures applied under the CAP to the cotton sector		1	retrospective	external	Sep-13	Jun-14	To be confirmed	
Evaluation of the Economic Partnership Agreements		3	retrospective	external	Dec-13	Nov-14	To be confirmed	
Evaluation of market and trade implications of veal marketing standards		3	retrospective	external	Dec-13	Oct-14	To be confirmed	
Evaluation of investment support under the rural development policy		3	retrospective	external	Dec-13	Nov-14	To be confirmed	
<b>Evaluations planned for 2014</b>								
Evaluation of agricultural information policy		3	retrospective	external			To be confirmed	
Evaluation of environmental effects of CAP measures applied to the wine sector		3	retrospective	external			To be confirmed	
Synthesis of rural development ex-ante evaluation (2014-2020)		2	prospective	external			To be confirmed	
<b>Evaluations planned for 2015</b>								
Evaluation of geographical indications of spirit drinks		3	retrospective	external			To be confirmed	
Evaluation of GIs in trade agreements		3	retrospective	external			To be confirmed	
Synthesis of RD ex-post evaluations 2007-2013		2	retrospective	external			To be confirmed	

<b>III. Other ongoing or planned studies ***</b>								
<b>Ongoing studies</b>								
e-Governance study at EU/MS level for Rural Development		3	P/R	external	Dec-11	Jul-12	REGIO	
Price transmission in the sugar sector		3	retrospective	external	Dec-11	Oct-12		
Special Eurobarometer 389		3	P/R	external	Mar-12	Jul-12	COMM	
Study on measuring water content in poultry meat		3	retrospective	external	Nov-11	Dec-12	JRC	
Value of production under PDO/PGI (wines and spirits)		3	retrospective	external	Nov-11	Dec-12	MARKT, TRADE	
Study on land abandonment		3	P/R	Internal	Sep-11	Oct-12	JRC	
Global crop monitoring and forecasting (feasibility study)		3	prospective	Internal	May-11	Mar-12	JRC	
Study on labelling of products of mountain farming		3	P/R	Internal	Oct-11	Nov-12	JRC	
Carbon preservation and sequestration in agricultural soils		3	P/R	Internal	May-12	Oct-13	JRC, CLIMA	
Assessing the added value of PDO/PGIs		3	P/R	external	Dec-12	Oct-13	To be confirmed	
Delimitation of areas with natural handicaps		3	P/R	internal	Dec-12	Nov-13	JRC	
GI's as a development tool for agriculture in ACP countries		3	prospective	external	Dec-12	Oct-13	To be confirmed	
Mandatory origin labelling for pig, poultry and sheep and goat meat		3	prospective	external	Sep-12	Jul-13	ENTR, SANCO	
Analysis of future developments in the milk sector		3	prospective	external	Dec-12	Jul-13		
Global crop monitoring and forecasting (phase2)		3	prospective	internal	Aug-12	Oct-13	JRC	

<b>Ongoing EP pilot projects</b>								
Support for farmers' cooperatives		5	P/R	external	Dec-10	Dec-12	COMP, ENTR	
Cost of compliance with EU legislation		5	retrospective	external	Dec-11	Feb-14	SANCO	
Farmers' exchange programmes (EP-PP)		5	P/R	external	Sep-13	Sep-15	To be confirmed	
<b>Studies starting in 2013</b>								
Study on modelling feed consumption in the EU		3	P/R	external	Dec-13	Nov-14	To be confirmed	
Study on the competitiveness of European wines		3	P/R	external	Nov-13	Oct-14	To be confirmed	
Study on mandatory origin labelling for meats and milk		3	prospective	external	Oct-13	Jul-14	To be confirmed	
Global crop monitoring and forecasting (phase3)		3	prospective	internal	Nov-13	Oct-14	JRC	
Special Eurobarometer		3	P/R	external	Dec-13	Mar-14	COMM	
<b>Studies planned for 2014</b>								
Cost of and good practices for FADN data collection		3	P/R	external			To be confirmed	
Study on rural tourism		3	P/R	external			To be confirmed	
Study supporting the implementation of the CAP monitoring and evaluation framework		3	prospective	external			To be confirmed	
<b>Studies planned for 2015+</b>								
Study on the impact of a free trade agreement		3	P/R	external			To be confirmed	
Contribution of the forest sector to the bio-economy		3	P/R	external			To be confirmed	
EU marketing standards for fruit and vegetables		3	P/R	external			To be confirmed	
Study on administrative burden reduction		3	P/R	external			To be confirmed	

\*For example: as required in the specific legal acts, for use in Fitness checks or for accountability purpose

\*\* Please note that impact assessments should not be included

\*\*\* Study understood as 'a document resulting from intellectual services necessary to support the institution's own policies or activities' [ARES(2012)247073]

1: Evaluation cycle

2: Required by legislation

3: Requested by AGRI units for the preparation of impact assessments, reports to Council and European Parliament, policy reviews and analysis

4: Commitment in the EU Forest Action Plan

5: EP request



## 6.5 Annex 5. -

## 6.6 Annex 6. Actions stemming from the AAR, audit recommendations and the Synthesis Report

1. Actions stemming from reservations made in AAR 2012						
Reservation	ABB activity	Actions	Expected result	Timetable for implementation	Responsible unit	Mid-term progress review
1/ Serious deficiencies in direct payments in Portugal, Bulgaria and France	ABB 03	<b>Bulgaria:</b> action plan committing to updating LPIS on a continuous basis and to enhance assistance to farmers for introduction of 2012 aid application	Completion of action plan	Completed	J.3	Close monitoring via the audit activities of DG AGRI until it is demonstrated via the control results (claim year 2012) that the action plan is effectively implemented.
		<b>Portugal:</b> reinforced action plan to improve and update LPIS and to eliminate delays in on-the-spot checks	Completion of action plan	Completed	J.3	Close monitoring via the audit activities of DG AGRI until it is demonstrated via the control results (claim year 2013) that the action plan is effectively implemented.
		<b>France:</b> a specific action plan in view of remedying the various deficiencies which have been detected	Elaboration of action plan; appropriately timed progress reports; regular audit missions	to be decided + continuous	J.3	FR authorities have been asked to establish a specific action plan comprising milestones and deadlines. A first draft is still awaited.

		<p><b>General action plan:</b> Analysis of the root causes</p>	<p>Analysis of the root causes for the errors and reflection on mitigating and/or remedial actions</p>	<p>Continuous</p>	<p>Dir. D/Dir. J</p>	<p>DG AGRI has established a working group co-chaired by Directorates D and J reporting directly to the Director-General to analyse the error rate situation for direct payments and propose actions for the current and future CAP.</p>
		<p><b>Improvement of the quality of control statistics</b></p> <p>Certification bodies will deliver an opinion on the legality and regularity of the transactions underlying the expenditure</p>	<p>Improvement of the quality of control statistics</p> <p>Validating, via a representative sample of already controlled transactions, the results of the controls performed by the Member States, as reported in their control statistics.</p>		<p>J.5</p>	<p>A second version of the Draft guidelines have been drawn up in May 2013 and have been discussed in bilateral meetings with the certification bodies during the period May - July; the results of these discussions will feed into the third version of the guidelines, which will then be presented to the certification bodies in the expert meeting planned for October. Member States have been invited to use the draft version of the guidelines already on a voluntary basis for the 2013 claim year.</p>

	<p>Automated transmission of the control statistics from the Member States</p> <p>Monitoring the effectiveness of LPIS systems through LPIS Quality Assessment: Member States are obliged, as from claim year 2010, to assess the quality of their Land Parcel Identification Systems.</p> <p>Ensure structures and procedures for reinforced day-to-day monitoring of IACS implementation in the MS with particular focus on MS with situations requiring attention.</p>	<p>Decrease of the risk of reporting errors and ensure that a single methodology is used in all the Member States.</p> <p>The Joint Research Centre (DG JRC) screens the results from a technical angle and reports back to MS so that they can bring about any necessary improvements to their LPIS. DG AGRI monitors and ensures feedback from its policy management angle.</p>		<p>J.1</p> <p>D.1/J.3</p> <p>To be defined (ARES (2013) 2575461)</p>	<p>DG AGRI has launched a test phase for the automated transmission of the control statistics from the Member States</p> <p>The first years constituted a pilot phase and, as of 2013, DG AGRI will be streamlining the process in order to improve its value as a management tool to both Member States and the Commission. LPIS QA responsibilities for 2014 to be clarified. Pending structural action (cfr. Note ARES(2013)2575461).</p> <p>Pending structural action (ARES(2013)2575461).</p>
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Reservation	ABB activity	Actions <sup>137</sup>	Expected result	Timetable for implementation	Responsible unit	Mid-term progress review
2/ Rural development expenditure	ABB 04	General comprehension of the error	Detailed analysis of the root causes; analysis of statistics	Continuous	G.1 / J.4	DG AGRI has established a working group reporting directly to the Director-General to analyse the error rate. For EAFRD, in 2010 DG AGRI set up a task force within unit J4 to analyse the reasons for high error rates in Axis 2 and improve the quality of the control statistics. The task force carried out 8 audit missions and contributed to a thorough revision of the guidelines for statistics issued in 2011 and 2012, especially for Axis 2. For the improvement of control statistics cf. above.
		Possible actions for reducing error rate	Action plans for MS with an error rate above 2%; guidance; enhance audit capacity	End 2013; continuous	G.1 / GUs / J.4	<b>Audit activities:</b> Audit activities have been stepped up and the audit capacity was reinforced. Specific actions continue on dissemination of information to the MS authorities in order to encourage them to address the weakness identified. Total number of enquiries on the EAFRD: - in 2012: 21 - in 2013: 35 with 18 already carried out by 24.06.2013 Revision of the guidelines for MS for the control statistics were issued for the reporting years 2011 and 2012 (cf. above). <b>Actions undertaken in collaboration with the MS:</b> As a follow-up to the actions plans developed by 14 MS in 2012, a letter was sent in January

<sup>137</sup> Cf. DG AGRI AAR 2012, p.111-112

						<p>2013 by the Director-General to the national authorities of all the MS requesting a precise action plan to address the errors identified. Replies were received in February/March 2013 and have been followed-up with all MS to clarify the actions to be undertaken.</p> <p>To disseminate, assess and discuss the results of the actions agreed with the MS, a seminar took place in Brussels on 29 April 2013 with participation of the Managing Authorities and the Paying Agencies.</p> <p>In July 2013 another letter was sent to all the Managing Authorities for providing by mid-September an up-date of the action plans in view of a second seminar with the Managing Authorities and Paying Agencies scheduled for 16 October 2013.</p> <p>Moreover, by end of June 2013 a report was provided to the European Parliament (Cocobu) outlining the actions taken to address the high error rate. The report was requested by the EP in its discharge resolution for the financial year 2012.</p>
		Training	Better understanding of the concept of error rate and of measures to reduce the rate among staff concerned in DG AGRI	Continuous	G.1 / J.4	<p>Training and Q&amp;A sessions for desk officers in GUs.</p> <p>Guidance on verifiability and controllability of measures for 2014-2020 period (art. 69 RDR) will be developed during Q4 2013 and presented to the RDC.</p>
		Reporting	Commission's staff working document to EP	June 2013	G.1 / J.4	A staff working document on the root causes of errors in rural development and corrective actions has been submitted by the end of June 2013 to the EP.

		Follow-up	Follow-up of actions taken by MS to address the error rate	Continuous	G.1 / GUs/ J.4	Continued monitoring through joint meeting of the Directorates E/F/G/J based in particular on the activities of Directorates E and F with Member States authorities, the activities of Director G in the Rural Development Committee and the audit activities of Directorate J. For 26 October 2013 a second seminar with MS managing authorities and paying agencies has been scheduled in order to take stock of the corrective actions undertaken.
		Other	Interruptions and suspensions; controllability		GUs/ AOSD	An amendment to Regulation 883/2006 allows for a more rapid procedure for interruption and possible subsequent suspension of payments in case severe shortcomings in a MS implementation of the policy is revealed.

Reservation	ABB activity	Actions	Expected result	Timetable for implementation	Responsible unit	Mid-term progress review
3/ Deficiencies in the supervision and control of organic production	ABB 04	Reinforcement of supervision and controls of certified organic products, including notably exchange of information (regular reporting, follow-up of irregularities), traceability, audits of control systems in Member States and third countries exporting to the EU through:				
		Audits of Member States and recognised third countries and control bodies for the purpose of equivalence	A complete cycle of audits will have evaluated the proper functioning of the control system and made recommendations to rectify any identified shortcoming	By 2015	H.3 + FVO	On track: audits are being carried out according to plan
		Improvements to the legislative framework	Enhanced controllability through clarification and harmonisation of the rules, reinforced risk-based approach, simplification and modernisation of the control system including through electronic certificates, enforcement tools	Commission proposal on 1 <sup>st</sup> quarter 2014	H.3 / M.1	On track: - supervision and control provisions reinforced under the current legal framework (amendments to Commission Regulation 889/2008 <sup>138</sup> , applicable from 1.1.2014); - impact assessment accompanying the review of the political and legal framework for organic farming going on according to schedule.

<sup>138</sup> By Commission Implementing Regulation 392/2013.



		Reinforcement of procedures and exchange of information	Enhanced supervision through improved working processes and IT tools	December 2013 for the internal procedures; deadlines for the IT modules in the Schéma Directeur	H.3 / I.3	On track: several internal procedures developed for enhanced efficiency (management and review of Third Countries' list + Control Bodies)
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## 2. Actions taken to implement audit recommendations affecting the DoA

Recommendation	ABB activity	Actions	Expected result	Timetable for implementation	Responsible unit	Mid-term progress review
Fraud prevention and detection (IAS-B3-2011) The IAS recommended DG AGRI to improve the effective cooperation with OLAF in the field of fraud prevention by considering working arrangements between both services in this field, including the exchange of relevant information from both services' databases.	AWBM 01	Enhanced cooperation between OLAF and DG AGRI	Increased efficiency in fraud correction, and then prevention.	Original expected completion date: 31/12/2012, revised to 31/12/2013.	Antifraud Adviser	DG AGRI and OLAF are still discussing (July 2013) and clarifying their working arrangement provisions relating to the reporting of the implementation of financial recommendations by DG AGRI for timing reasons (the timing of the financial clearance procedures does not allow for any reporting at the dates OLAF had originally planned for its annual report). The absence of written working arrangements does however not represent an operational risk for either service as their cooperation – set aside the question of reporting - functions smoothly

<p>IPARD (IAS-B3-2011) Act so as to avoid /reduce delays in the implementation of IPARD programmes</p>	<p>ABB 05</p>	<p>- Action plan established by responsible units, which identifies the main bottlenecks in the implementation of IPARD and contains a list of actions to address the identified issues, including simplification. - Set up of a specifically designated Task Force (created on 22/4/2013, first meeting on 25/6/2013) to assess whether the remaining risks identified by DG AGRI regarding the management and control structures for indirect management of IPARD funds would be acceptable in order to grant a conditional conferral of management.</p>	<p>The results and lessons learned are being followed up in the programmes, where possible still under IPARD I and in any case under IPARD II where it is being assured that the legislative framework under discussion in the Council and European Parliament will allow DG AGRI the flexibility to lighten the demands on both the beneficiaries and the management and control structures</p>	<p>Original expected completion date: 31/12/2012, revised to 31/12/2013.</p>	<p>G.4, J.5</p>	<p>The implementation of the recommendation is progressing. However, the final date of its implementation depends on the final agreement of the legislators. The legislative and programming set-up of IPA II consisting of two basic acts (IPA Regulation and Common Implementing Regulation) and an delegated act (IPA rules of application), an IPA programming framework and an IPA programming guide, country strategy papers and bi-lateral financing agreements for each of the countries is progressing ,but not at the pace originally foreseen.. The new deadline for implementation is set to 31 December 2013 due to delays in the Council and the European Parliament. DG AGRI will continue to make sure that the "lessons learned" during IPA I will be taken duly into account.</p>
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<p>IAS audit on Control strategy (design and monitoring of the control strategy for the programming period 2007-2013) The IAS identified a lack of a sufficiently formalised audit strategy and gaps in the definition of the audit universe, the setting-up of quantitative and measurable objectives (e.g. audit coverage), and the related capacity analysis and recommend to remedy these weaknesses.</p>	<p>ABB 07</p>	<p>All recommendations were accepted by the DG and the related action plan was assessed as satisfactory by the IAS</p>	<p>Enhanced control strategy, contributing to provide assurance to the AO.</p>	<p>Until end 2013 (for the vast majority of the actions)</p>	<p>Directorate J</p>	<p>The action plan is on-going. All the actions scheduled for 2013 have been launched, notably in relation to training of auditors, reinforced follow-up of recommendations and better monitoring of the audit activities. IAS audit on the implementation of the control strategy is to be finalised in September 2013, the recommendations would be taken on board from 2014.</p>
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<p>IAS audit on the Management and monitoring of staff To pursue efforts to develop mechanisms and tools for task mapping purpose, put in place tools/methods to gather sufficient and reliable information concerning the workloads, and develop an HR plan.</p>	<p>AWBM 01</p>	<p>All recommendations were accepted. The action plan was assessed as satisfactory overall.</p>	<p>More efficient management and allocation of staff.</p>	<p>Mid 2014</p>	<p>I.5</p>	<p>The implementation of the recommendation is progressing. On the task mapping, the data collected end 2012 has been reallocated to the taxonomy of macro-activities and policy domains developed for the entire DG. Results will be consolidated by end July 2013. On the workload assessment, there is an on-going screening of existing workload assessment tools in other DGs and analysis of possible workload indicators to be used in DG AGRI. Reflections on options on-going. On HR plan, the first draft was done by March 2013.</p>
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<b>3a. Ongoing actions stemming from the Synthesis Report 2011</b>					
Action from Synthesis Report	ABB activity	Expected result	Timetable	Responsible unit	Mid-term progress review
Dialogue between Director-General and Member of the Commission		The Member of the Commission and the Director-General meet at least twice a year in order to discuss the internal control weaknesses highlighted or the caveats expressed in the services' annual activity report and the action plans devised in order to remedy them.	ongoing	I.6	In place
Implement outstanding IAS recommendations		Directors-General and Heads of Service should ensure that the outstanding recommendations are given due attention.	ongoing	01/all	In place
Continue harmonisation of materiality criteria		Continue harmonisation of materiality criteria and to agree on a single set of criteria and presentation for the 2012 AAR.	AAR 2012	I.6/J.1	See point 3.b
Cumulative financial risk under multi-annual control strategy		Services operating multiannual programmes should disclose in their AAR a cumulative financial risk under a multiannual control strategy, so that this will be the only approach from 2012 onwards.			
Rigorous implementation of interruptions + suspensions		The Commission will continue to rigorously exercise its supervisory role by pressing Member States to address the deficiencies detected in their management and control systems and also by applying interruptions and suspensions of payments, as well as financial corrections whenever necessary. The Commission will focus its efforts notably on these systems, through concerted preventive and corrective actions.	ongoing	AOSD AO	See point 3.b
Reporting on Financial Instruments		The Commission instructs all services to report on their FI activities in their AARs. It also instructs the services in charge of the Structural and Rural Development Funds to report on the results of the evaluation and the audit work undertaken in this area in their AARs for the year 2012.	AAR 2012	G.1	Done. Information on the results of the work undertaken in this area was included in 2012 AAR.
Commission Anti-Fraud Strategy (CAFS)		The Commission instructs the Services to include in their AARs information on fraud prevention as part of the assessment of their internal control systems, reflecting the implementation of the sectoral strategy and describing measures to mitigate fraud risks.	AAR 2012	I.6 /J.1 Adviser	Done. Information on fraud prevention was included in 2012 AAR.

<b>3b. Ongoing actions stemming from the Synthesis Report 2012</b>					
Action from Synthesis Report	ABB activity	Expected result	Timetable for implementation	Responsible unit	Mid-term progress review
To deepen the performance framework that should underpin all future AARs		Performance-driven culture throughout the organisation, ex-ante setting of objectives, regular monitoring, ex-post measurement and reporting of achievements.	Continuous	I.6, G.3, L.1, L.4	New monitoring and evaluation framework will be in place for CAP 2014-2020.  Performance-related information was reported in AAR 2012.
DG AGRI to continue its efforts and extend the harmonisation of materiality criteria in line with the guidelines for shared management. To examine the situation of Member States where the error rate is above 2% in particular by examining national audit opinions and statistics provided concerning error rate.		Harmonised approach for determining materiality based on an assessment of the national management and control systems, using the error-rates projected in the Annual Control Reports from the national authorities and calculating a cumulative residual error rate.	AAR 2013	I.6, J.1	In 2012 AAR, following IAS limited review on the calculation of the error rate, DG AGRI followed a more integrated approach of the calculation of residual error rate, taking into account the various levels of assurance obtained from the certification bodies, the Court of Auditors and its own audit findings. This approach covered decoupled direct aid and will be adapted as necessary and extended to the rest of the first pillar (direct aid) and to the second pillar (rural development).
Review of internal control strategy		Directorates General to review their internal control strategy to ensure the controls they implement are efficient and cost-effective, and that they adjust the control intensity to the risks they confront while having due regard to their impact on the achievement of policy objectives.	Continuous	ICC, J.1, I.6 DG	AGRI will follow the guidance by DG BUDG once available.

Interruptions and suspensions of payments		AOD's should systematically interrupt payment procedures and propose to the College that payment procedures be suspended as soon as the applicable conditions are met and until the necessary corrective measures have been implemented by the relevant national authorities.	Continuous	AOD	In 2013, amendment of article 43 of the Commission proposal for a new regulation on the financing, management and monitoring of the CAP for the new programming period 2014-2020 which would broaden the possibility for the Commission to suspend payments when serious deficiencies are detected and would allow for a further harmonisation of the legislation on suspension across policies. For the current programming period, regulation 883/2005 was amended in view of reinforcing the procedure for interrupting payments.
Commission Anti-Fraud Strategy (CAFS)		Development and implementation of an anti-fraud strategy	End 2013	Anti-fraud adviser	Done DG AGRI will continue to include information on fraud prevention as part of its assessment of the internal control system.



## **6.7 Annex 7. Executive agencies' annual work programme**

DG AGRI is not concerned by this annex.

## 6.8 Annex 8. Communication strategy

No	Communication Objective(s)	Message	Audience	Proposed actions/ type of activity	Date/ location	DG COMM Services	Ex-ante evaluation	Budget
<b>Policy objective/Policy output</b>								
External communication strategy for the CAP, under Council regulation 814/2000, for the period 2010-2015								
1	Inform on CAP reform and its contribution to "Europe 2020"	<i>The CAP is an evolving policy, constantly adapting to EU citizens' needs.</i>	1/ Media 2/ Stakeholders 3/ General public (including youth, schools)	1/ <b>Media:</b> farm trips, study trips, networking (see table "Flagship project 1")  2/ <b>Stakeholders:</b> fairs and conferences, Networking, communication award (see table "Flagship project 2")  3/ <b>General public:</b> Campaign, Surveys, Grants (see tables "Flagship project 3 and 4)	1/ 2013 MS + Bxl  2/ 2013  3/ 2012 27 MS + Bxl	1/ REPs cooperation  2/ REPs cooperation  3/ DG COMM - EB	1/ - satisfaction survey - web and media statistics - media coverage reports  2/ - satisfaction survey - n° of visitors - n° of participants  3/ - n° of visitors - website statistics - public opinion survey	8 mio € (tbd)  30 staff

## FLAGSHIP PROJECT 1: MEDIA RELATIONS AND NETWORKING

WHAT	WHO (target group)	HOW	WHEN and WHERE	Target	How much
<b>Field trips on CAP themes</b>					
5 Visits to farms and, if applicable, fairs	5 x 15 journalists	Trip to farm and possibly AGRI stand on fair demonstrating EU's agriculture diversity/ key elements of CAP reform	France (SIA), Croatia (1Q), Ireland (presidency) or Spain/Bulgaria (2Q), Lithuania (presidency), Slovakia(3Q-4Q)	80 % positive feedback Min 50% on e-platform	200.000
<b>Study trips to Brussels + field trip BE or neighbouring country</b>					
3 study trips: CAP	3 x 10 young journalists, 1 photographer	General introduction to EU/CAP/Institutions, field trip on CAP theme (tbd)	BE (1Q) NL (2Q) FR (4Q)	Min 50 % on e-platform 80% positive feedback	60.000
<b>Networking: ag-press &amp; ENAJ</b>					
Meeting of the European Network of Agricultural Journalists ENAJ	34 guild members (17 ENAJ MS at present)	DG AGRI to cover part of the costs. Guilds to organise.	Ireland (2Q)	100 % on e-platform	50.000
Ag-press annual networking event	+/-200 ag-press journalists	Annual networking event	December, Brussels	80 % Positive feedback Min 70 % on e-platform	250.000
Journalist prize	Young European journalists	Together with ENAJ and promoted on ag-press.	Finalists to attend annual event/press trip		Covered previous lines
e-platform for European journalists; www.ag-press.eu	European journalists	maintenance and if needed, improvements to structure and layout	all year	Positive feedback from users	40.000
<b>AV products for journalists</b>					
VNR and diffusion plan (mostra) for the CAP decision	media and journalists	to be promoted to MS media by contractor	to be produced Q1-Q2, ready for CAP		100.000
<b>TOTAL</b>					<b>700.000</b>

**FLAGSHIP PROJECT 2: STAKEHOLDERS/ NETWORKING, EVENTS AND CONFERENCES**

	<b>WHAT</b>	<b>WHO</b> (target group)	<b>HOW</b>	<b>WHEN and WHERE</b>	<b>Target</b>	<b>HOW much</b> (budget)
<b>1.</b>	<b>4 mid size Fairs and 3 ad-hoc pop-up stands</b>	Stakeholders	Stand + events (Contractor MC)	<b>AGRIFLANDERS (January)</b>  <b>IRL, LT, HR (2d half)</b>	* min 200 questionnaires/fair * min 30 persons/ cooking events. * min 15 persons/ stakeholders' networking event	On 2012 budget 600.000
	<b>2 big size fairs</b>	Stakeholders General public	Stand + events (Contractor MC)	<b>Jan 2014 Germany (GW)</b>  <b>Feb 2014 France (SIA)</b>	* min 200 questionnaires/fair * min 30 persons/ cooking events. * min 15 persons/ stakeholders' networking event	700.000
<b>2.</b>	<b>Conferences</b>	Stakeholders	One big Conference on the CAP reform 2 smaller topical Conferences (tbd) Conference-debate preparing the International Year of family Farming 2014	<b>2d half of 2013</b>	* min 250 participants Tbd  tbd	300.000 2x 100.000=200.000  190.000
<b>3.</b>	<b>Networking</b>		<b>Communication award</b> <b>Networking meetings</b>	<b>June-Dec 2013</b> <b>Q1, Q3</b>	*min 100 entries Tbd	100.000 50.000
<b>4.</b>	<b>Co-organised event(s)</b>	With other DGs (REPS, EDICS)organisations	tbd	<b>2013</b>	<b>tbd</b>	50.000
	<b>TOTAL</b>					<b>2.190.000</b>

### FLAGSHIP PROJECT 3: GENERAL PUBLIC/CAP CAMPAIGNS

No	WHAT	WHO (target group)	HOW	WHEN and WHERE	Target	HOW much (budget)
1.	<b>CAP campaign</b>	General Public Stakeholders Teachers/Schools	tbd	tbd	tbd	1.300.000
2.	<b>2 Surveys</b>	Target groups	Qualitative	Q 2/3	Tbd	210.000
		General public	Quantitative	Q4 (or Q1 2014)	1 % of EU population polled	400.000
3.	<b>Publications</b>	General public	Print and reprint of publications depending on demand	na	tbd	200.000
	<b>TOTAL</b>					<b>2.110.000</b>

### FLAGSHIP PROJECT 4: GRANTS

No	WHAT	WHO (target group)	HOW	WHEN and WHERE	Target	HOW much (budget)
1.	<b>Call for Proposals</b>	Stakeholders	Call for proposals (CAP reform in 2013 as main subject)	Launch: July 2013 Implementation: 2014	* Min 80% best practice * 100% contracts implemented according to sound financial management	3.000.000
	<b>TOTAL</b>					<b>3.000.000</b>

### Overall Budget of the external communication projects and activities foreseen in 2013

PROJECTS 2013	BUDGET
<b>FLAGSHIP PROJECT 1: MEDIA ACTIVITIES AND NETWORKING</b>	700.000
<b>FLAGSHIP PROJECT 2 : STAKEHOLDERS NETWORKING, EVENTS AND CONFERENCES</b>	2.190.000
<b>FLAGSHIP PROJECT 3: GENERAL PUBLIC AND CAP CAMPAIGNS</b>	2.110.000
<b>FLAGSHIP PROJECT 4: GRANTS</b>	3.000.000
<b>TOTAL GENERAL</b>	<b>8.000.000</b>