



Annual activity report 2022

Annexes

Directorate-General
for Agriculture and Rural Development

Table of Contents

ANNEX 1:	Statement of the Director in charge of Risk Management and Internal Control.....	3
ANNEX 2:	Performance tables.....	4
ANNEX 3:	Draft annual accounts and financial reports	80
ANNEX 4:	Financial scorecard.....	110
ANNEX 5:	Materiality criteria.....	113
ANNEX 6:	Relevant Control System(s) for budget implementation (RCSs).....	123
ANNEX 7:	Specific annexes related to "financial management".....	128
ANNEX 8:	Specific annexes related to "assessment of the effectiveness of the internal control systems".....	148
ANNEX 9:	Specific annexes related to "Control results" and "Assurance: Reservations".....	150
ANNEX 10:	Reporting – Human resources, digital transformation and information management and sound environmental management.....	151
ANNEX 11:	Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission.....	162
ANNEX 12:	EAMR of the Union Delegations.....	162
ANNEX 13:	Decentralised agencies and/or EU Trust Funds	162
ANNEX 14:	Table of acronyms.....	163

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

I declare that in accordance with the Commission's communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.


21 April 2023

(e-signed)

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

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

The icon  refers to an item listed in the Commission Work Programme 2022.

General objective 1: A European Green Deal

Impact indicator: Greenhouse gas emissions

Explanation: This indicator measures man-made emissions of the so-called "Kyoto basket" of greenhouse gases, which are integrated into a single indicator expressed in units of CO₂ equivalents using each gas' global warming potential. It shows changes in percent of the emissions compared to 1990 levels

Source of the data: European Environmental Agency/Eurostat online data code: [EEA approximated GHG inventory for the year 2021/sdg_13_10](#)

Baseline (2018)	Interim milestone (2020)	Target (2030)	Latest known value (2021)
-23%	-20%	-55% of net GHG emissions	- 30% ²

Impact indicator: Common birds population

Explanation: This indicator shows trends in the abundance of common birds over time across their European distribution. It is a proxy for the state of biodiversity and the integrity of ecosystems, reflecting wide-ranging pressures for instance from agriculture, fisheries, energy and transport sectors. Index: 1990 = 100 (**all common species, smoothed estimate**)

Source of data: European Birds Census Council; Birdlife; Royal Society for the Protection of Birds; Czech Society for Ornithology (Eurostat online data code: [sdg_15_60](#))

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2021)
93.45	Curtail biodiversity loss	Curtail biodiversity loss	88.2

² Net GHG emissions (i.e. including the Land Use, Land Use Change and Forestry (LULUCF) sector)

Impact indicator: Pesticide risk

Explanation: The harmonised risk indicator (HRI1) estimates the trends in risk from pesticide use in the EU and its Member States. Unsustainable use of pesticides entails risks and impacts on human health and the environment. The indicator is based on statistics on the quantity of active substances in plant protection products placed on the market under Regulation (EC) No 1107/2009. Those data are multiplied by risk weighting factors for different groups of active substances as categorised in Commission Directive (EU) 2019/782. The weighting factors reflect pesticide policy, which supports the sustainable use of pesticides and promotes alternative approaches to protecting crops. The indicator is presented as an index relative to the average results for the period 2015-2017. Index: 2015-2017=100.

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

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

Baseline (2015-2017)	Interim milestone (2022)	Target (2024)	Latest known value (2022)
100	80	70	86 ³

Impact indicator: Nitrate in groundwater

Explanation: This indicator refers to concentrations of nitrate (NO₃) in groundwater measured as milligrams per litre (mg / L). Increased concentrations are caused by anthropogenic sources such as nitrogen based fertilisers used in agriculture, livestock practices or septic tanks. High levels can pose a threat to human health (e.g. when groundwater is used for drinking purposes) and to dependent ecosystems

Source of the data: European Environmental Agency Waterbase database (Eurostat online data code: [sdg_06_40](#))⁴

Baseline ⁵ (2017)	Interim milestone (2022)	Target (2024)	Latest known value (2020)
22.95 mg / L	Decrease	Decrease	20.75 mg / L

Impact indicator: Area under organic farming

Explanation: This indicator is defined as the share of total utilised agricultural area occupied by organic farming (existing organically farmed areas and areas in the process of conversion). Organic farming is a production method that puts the highest emphasis on environmental protection and animal welfare considerations

Source of the data: Eurostat (Eurostat online data code: [sdg_02_40](#))

³ A decrease of 14% from the baseline period

⁴ The aggregate for EU_V includes data for 18 EU Member States (Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Spain, France, Italy, Cyprus, Latvia, Malta, Austria, Portugal, Slovenia, Slovakia and Finland)

⁵ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2020)
8.03%	Increase	Increase	9.08%

Specific objective 1: Modernised and simplified Common Agricultural Policy framework is put in place and implemented	Related to spending programme(s): EAGF, EAFRD
---	---

Result indicator 1.1: Proportion of proposed legislative revisions that include burden reduction measures

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

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
(N/A)	Positive trend	Positive trend	0/1

Result indicator 1.2: Reduction in the number of basic acts

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
5	4	3	4

Result indicator 1.3: Reduction in number of notifications

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
Direct Payments: 26 per Member State Rural Development: 118 Market strategies: 65	27	27	Direct Payments: 26 per Member State Rural Development: 118 Market strategies: 65

Result indicator 1.4: Reduction in number of plans / programmes**Source of data:** European Commission, DG Agriculture and Rural Development

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
Rural Development: 118 Market strategies: 65	27	27	Rural Development: 118 Market strategies: 65

Main outputs in 2022**New policy initiatives**

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Contribution to preparedness for efficient implementation of the future CAP framework	Adoption of secondary legislation to clarify the legal requirements on IACS ⁶	Adoption of implementing and delegated act in Q1/2022	Commission Implementing Regulation (EU) 2022/1173⁷ Commission Delegated Regulation (EU) 2022/1172^{8, 9}
Amendment to Delegated Regulation EU 2016/232 on producer organisations, including recognition aspects and notification of information on them	Adoption of a Commission Delegated Regulation	Q2/2022	Commission Delegated Regulation (EU) 2022/2092¹⁰ Commission Implementing Regulation (EU) 2022/2091¹¹

⁶ Integrated Administration and Control System⁷ Commission Implementing Regulation (EU) 2022/1173 of 31/05/22 laying down rules for the application of Regulation (EU) 2021/2116 of the European Parliament and of the Council with regard to the integrated administration and control system in the common agricultural policy. Entry into force 08/07/22⁸ Commission Delegated Regulation (EU) 2022/1172 of 04/05/22 supplementing Regulation (EU) 2021/2116 of the European Parliament and of the Council with regard to the integrated administration and control system in the common agricultural policy and the application and calculation of administrative penalties for conditionality. Entry into force 15/07/2022⁹ The target originally foreseen in the Management Plan 2022 for DG AGRI could not be fully met because the process was more time-consuming than anticipated.¹⁰ Commission Delegated Regulation (EU) 2022/2092 of 25 August 2022 amending Delegated Regulation (EU) 2016/232 and Delegated Regulation (EU) 2017/891 with regard to notifications by Member States of recognised producer organisations, associations of producer organisations and interbranch organisations¹¹ Commission Implementing Regulation (EU) 2022/2091 of 25 August 2022 amending Implementing Regulation (EU) 2017/892 and Implementing Regulation (EU) No 511/2012 with regard to notifications by Member States of recognised producer organisations, associations of producer organisations and interbranch organisations in the fruit and vegetables and the milk and milk products sectors

Delegated Regulation supplementing CAP Strategic Plan Regulation with additional requirements for certain types of interventions set out in that Regulation	Adoption of a Commission delegated Regulation	Q1/2022	Commission Delegated Regulation (EU) 2022/126 ¹²
Amendment to Delegated Regulation (EU) 2017/891 and to Implementing Regulation (EU) 2017/892 as regards market withdrawals for free distribution of fruits and vegetables ¹³	Adoption of Commission Amendments to Delegated and Implementing Regulations	2022	Commission Delegated Regulation (EU) 2022/2092 ¹⁴ Commission Implementing Regulation (EU) 2022/2091 ¹⁵
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Initiation and follow-up of Action Plans to address implementation deficiencies in Member States, in relation to direct payments, including POSEI/SAI. Assessment of the reported progress by regular exchanges with the MS concerned.	Adequacy of the content of the Action Plans, implementation in accordance with the agreed milestones.	All year (ongoing)	11 Action Plans for ABB03 Direct Payments

¹² Commission Delegated Regulation (EU) 2022/126 of 7 December 2021 supplementing Regulation (EU) 2021/2115 of the European Parliament and of the Council with additional requirements for certain types of intervention specified by Member States in their CAP Strategic Plans for the period 2023 to 2027 under that Regulation as well as rules on the ratio for the good agricultural and environmental condition (GAEC) standard 1

¹³ This entry was not included in the original Management Plan 2022 for DG AGRI. It implements ECA recommendation 2019/AUD/0128 (cf Special Report No 23/2019: Farmers' income stabilisation comprehensive set of tools, but low uptake of instruments and overcompensation need to be tackled).

¹⁴ Commission Delegated Regulation (EU) 2022/2092 of 25 August 2022 amending Delegated Regulation (EU) 2016/232 and Delegated Regulation (EU) 2017/891 with regard to notifications by Member States of recognised producer organisations, associations of producer organisations and interbranch organisations

¹⁵ Commission Implementing Regulation (EU) 2022/2091 of 25 August 2022 amending Implementing Regulation (EU) 2017/892 and Implementing Regulation (EU) No 511/2012 with regard to notifications by Member States of recognised producer organisations, associations of producer organisations and interbranch organisations in the fruit and vegetables and the milk and milk products sectors

Initiation and follow up of Action Plans where Member States address their implementation deficiencies in relation to measures under rural development. Assessment of the reported progress by regular exchanges with the Member States concerned. ¹⁶	Adequacy of the content of the Action Plans, implementation in accordance with the agreed milestones.	All year (ongoing)	24 Action Plans for ABB04 Rural Development
Initiation and follow up of Action Plans where Member States address their implementation deficiencies in relation to market measures. Assessment of the reported progress by regular exchanges with the Member States concerned. ¹⁷	Adequacy of the content of the Action Plans, implementation in accordance with the agreed milestones.	All year (ongoing)	3 Action Plans for ABB02 Markets
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Participation with a European Commission stand at major agricultural fairs as foreseen in DG AGRI's 2022 external communication action plan	Number of visitors at the stand	> 1 000 participants in AGRI activities	SIA Paris 2022: 3 480 participants/day Open day 2022 : 8 495 visitors Země živelka 2022 (CZ), 25-30/08/22: 1 836 participants/day Agroshow 2022(PL), 23-25/09/22: 1 488 participants/day
	Satisfaction rate of participants	> 70% satisfaction with proposed activities	> 70% satisfaction average for all fairs

¹⁶ This entry was not included in the original Management Plan 2022 for DG AGRI.

¹⁷ This entry was not included in the original Management Plan 2022 for DG AGRI

<p>Organisation of major Conferences and events (including Outlook conference and activity with Ag-Press network where relevant) as planned in DG AGRI's 2022 external communication action plan.</p>	<p>Satisfaction rate</p>	<p>> 80 % positive evaluation</p>	<p>Rural Pact conference: 90% positive evaluation EU Organic Awards; An EU school scheme fit for the future; Farming's got talent! Vocational education and training for agriculture in transition EU Agricultural Outlook Conference 80% positive evaluation for the 4 events</p>
	<p>Number of participants</p>	<p>> 200 participants per event</p>	<p>Rural Pact conference: 475 participants on site and 480 participants online EU Organic Awards (23/09/22): 80 participants on site, 970 online viewers An EU school scheme fit for the future: 78 participants on site, 1 501 online viewers Farming's got talent! Vocational education and training for agriculture in transition: 96 participants on site and 1 236 online viewers EU Agricultural Outlook Conference (08-09/12/22): 460 participants on site and 3 121 online viewers.</p>
	<p>Number of articles</p>	<p>Min. 1 article from minimum 70% of journalists participating in Ag-Press events</p>	<p>At least 1 article from 96% of journalists participating. (total number of articles after two press trips: 41)</p>

AGRI Web presence	Number of visitors	> 2 million visitors	AGRI website has received 2.15 million visits in 2022 (7.5% above target). This is a combination of visitors to the Food, farming and fisheries website until mid-July 2022 (before migration to the new publishing platform) and Agriculture and Rural Development website from mid-July until the end of 2022. Key website: New CAP 2023-2027
Reach journalists and professional communicators specialised in food and farming via the Ag-Press platform	Number of Ag-Press members Ag-Press press trips / seminars / webinars satisfaction rate	Increase rate of active members by 5% > 80 % positive evaluation feedback min. 1 article from minimum 70% of journalists participating in Ag-Press events	Increase rate of active members: 16% (71 new members in 2022, members active in the last 13 months: 430) Positive feedback after press trips: 100% At least 1 article from 96% of journalists participating in press trips.
Social media: <ul style="list-style-type: none">• Improve overall awareness of the CAP through regular social media posting• Improve awareness of the CAP among target audiences with tailored messages on social media• Encourage online interaction and offer opportunities to engage with EU policy to target audiences	Number of impressions Number of followers across all social platforms Number of engagements	> 18 million > 275 000 > 80 000 online interactions on social media	40.01 million 295 169 60 556

Production and dissemination of communication material	Number of orders for publications	> 500	39 429 orders Food for Europe podcast series – 14 episodes in 2022 with over 6 000 listens and paid promotion campaign: Food for Europe podcast DE (2 322 page views) EN (28 973 page views) FR (19 083 page views)
Information measures on the CAP (IMCAP grants 2022). Implemented by grant beneficiaries selected following an annual competitive call for proposals.	(specific to each co-funded project)	(specific to each co-funded project)	26 co-funded projects to support information measures on the CAP fully implemented between 01/07/22 and 31/08/23
Two overviews of the content of the key elements of the 28 CAP proposed strategic plans and Commission's observations ¹⁸	Publication of the overview	2022	March and June 2022. All relevant documents can be found here .
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Assistance to Member States in preparation, implementation, monitoring and evaluating of CAP Strategic Plans on all CAP areas – this work relates to all specific objectives under the Green Deal.	Replies to letters from Member States Organisation of Expert Group and Committee as well as bilateral meetings	All year (ongoing)	Continuous structured dialogue with Member States, including meetings, letters and recommendations

¹⁸ This entry was not included in the original Management Plan 2022 for DG AGRI.

Assessment of Member States' Strategic Plans	Assessment and approval	2022	All Strategic Plans were assessed, received an Observation Letter and eventually approved by end 2022
DG AGRI Better Regulation Network ¹⁹	Set-up of the network	Q3/2022	AGRI Better Regulation Charter endorsed in March 2022, Better Regulation Network operational since Q2/2022
Special Eurobarometer survey on agriculture and the CAP to keep track of EU public opinion on a range of issues relevant to the Commission's work with a view to better target Commission communication actions in relation with the CAP	Organisation and publication of the survey	2022	Special EB 520 published on 21/06/22
Amendments to the new Spirit Drinks Regulation (EU) 2019/787 to improve certain production and labelling provisions	Adoption of a number of Commission Delegated Regulations	Q1/2022	Commission Delegated Regulation (EU) 2022/1303 ²⁰
Commission Implementing Regulation amending Commission Regulation (EC) No 2870/2000 laying down Community reference methods for the analysis of spirit drinks and repealing Commission Regulation (EEC) No 2009/92 determining Community	Adoption and publication in the OJEU	Q1/2022	This draft Implementing Regulation has been the object of a long consultation with experts of Member States and the draft has been finalised in November 2022, the Interservice Consultation has been finalised in December 2022 and the feedback mechanism in January 2023. The draft

¹⁹ This entry was not included in the original Management Plan 2022 for DG AGRI.

²⁰ Commission Delegated Regulation (EU) 2022/1303 of 25 April 2022 amending Regulation (EU) 2019/787 of the European Parliament and of the Council as regards the definition of and requirements for ethyl alcohol of agricultural origin.

analysis methods for ethyl alcohol of agricultural origin in the preparation of spirit drinks, aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails			regulation is on the agenda for vote by the Committee on Spirit Drinks the 02/02/23.
Amendments to Regulation 2019/934 on oenological practices in order to take account of technical progress, i.e. new resolutions of the International Organisation of Vine and Wine OIV	Adoption of Commission Delegated Regulations as necessary	When necessary pending the adoption of new OIV recommendations	Amendments were finally not needed in 2022. An update of this Regulation is foreseen for 2023 following the adoption of some OIV resolutions.
Adaptations to amendments of the basic act (CMO amending Regulation (EU) 2021/2117) as regards the vine planting authorisations scheme ²¹	Adoption and publication of Commission Regulations	Q4/2022	Commission Delegated Regulation (EU) 2022/2566 ²² Commission Implementing Regulation (EU) 2022/2567 ²³
Mapping and first analysis of CAP Strategic plans (contributing to the Report to EP and Council describing the joint efforts of Member States towards EU Green Deal targets and CAP objectives)	Start of contract	2022	The renewal contract was signed on 30/06/22 and entered into force on 01/07/22. Concept note finalised, task started.

²¹ The entry was not included in the original Management Plan 2022 for DG AGRI.

²² Commission Delegated Regulation (EU) 2022/2566 of 13 October 2022 amending and correcting Delegated Regulation (EU) 2018/273 as regards the scheme of authorisations for vine plantings published 23/12/2023, JO L 330 p. 134

²³ Commission Implementing Regulation (EU) 2022/2567 of 13 October 2022 amending Implementing Regulation (EU) 2018/274 as regards the scheme of authorisations for vine plantings

Synthesis of Member States ex-ante evaluations of the National CAP Strategic Plans (Evaluation Helpdesk)	Start of contract	Q3/2022	Task started in Q4/2022
CAP Networks – Evaluation Helpdesk ²⁴	Start of contract	Q1/2022	Contract started in Q2/2022 (renewal for 2022-2023)
Drafting of the set of indicator fiches (output/result context & impact indicators) and the related guidance ²⁵	Publication & continuous updates of the fiches and cover note	Q4/2022	Fiches and cover note first published on AGRI Europa in Q2/2022 and regularly updated.

Specific objective 2: Support viable farm income and resilience across the Union to enhance food security through the CAP

Related to spending programme(s): EAGF, EAFRD

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

Explanation: The agricultural entrepreneurial income measures the remuneration of owned factors of production (land, capital, labour). Expressed as share of average wages in the whole economy²⁶, it provides an indication of the attractiveness of the farming activity.

Unit of measurement: %

Source of data: European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: [aact eaa01](#), [aact ali01](#), [nama 10 a10](#) and [nama 10 a10 e](#))

Baseline²⁷ (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
47.0%	Reduce the gap	Reduce the gap ²⁸	49%

²⁴ This entry was reflected under "Evaluations and fitness checks" in the original Management Plan 2022 for DG AGRI.

²⁵ This entry was not included in the original Management Plan 2022 for DG AGRI.

²⁶ In the post-2020 PMEF, this indicator will be defined as follows:

Labour costs (wages and salaries plus non-wage costs such as employers' social contributions)²⁶ in industry, construction and services are compared to the agricultural entrepreneurial income plus compensation of employees per annual work unit.

²⁷ Compared to DG AGRI's Strategic Plan, the baseline year needed to be changed to 2018 in order to ensure adequate progress monitoring over the period 2020-2024.

²⁸ The ratio should move towards 100%.

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

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

Unit of measurement: Index (2010=100)

Source of data: European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: [aact_eaa06](#))

Baseline²⁹ (Avg 2017-2019)	Interim milestone (2022)	Target³⁰ (2024)	Latest known results (2022 estimated)
129.4	Increase	Increase	162.85

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

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

Unit of measurement: EUR/AWU

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

Baseline³¹ (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020 provisional)
0.84	Reduce the gap	Reduce the gap ³²	0.89

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

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

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

Unit of measurement: %

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

²⁹ Compared to DG AGRI's Strategic Plan, for the sake of clarity and better communication, this indicator is now expressed as an index rather than as a variation compared to a three-year average.

³⁰ Due to the modified baseline, the milestone and target had to be adapted as well.

³¹ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

³² The ratio should move towards 1.

Baseline ³³ (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
84.6%	Remain stable	Remain stable	86.7%

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

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

Unit of measurement: %

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

Baseline (2018)	Interim milestone (2022)	Target ³⁴ (2025)	Latest known results (2021)
1.41%	Increase	5.44%	1.94%

Main outputs in 2022			
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Evaluation of POSEI	Start of contract	2022	Evaluation launched Q4/2022.
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Assessment of Member States POSEI/SAI programs and support to other relevant units	Completeness of the programs	All year (ongoing)	All assessments provided on time.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as</i>	N/A	N/A	- Relevant social media/web/media activities. Food security EU Data crunch

³³ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in methodology.

³⁴ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

<p><i>indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i></p>			<ul style="list-style-type: none"> - Contribution to the Commission corporate page on global food security - Creation of a DG AGRI specific page on ensuring global food supply and food security. - Launch of the European Commission's dashboard on food security in the EU - Contribution to press releases on global food security and for supporting EU farmers and consumers and availability and affordability of fertilisers - New webpage: European Pigmeat Reflection Group (previously part of the pork policy page) - New layout and structure for the Food for Europe podcast webpage - Podcast episode #16 on 'Russia's invasion of Ukraine: is our food security under threat?', over 450 listens
---	--	--	---

Other important outputs

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Provide support to Member States in the implementation of the current direct payment policy	Replies to letters from Member States / stakeholders	All year (ongoing)	Letters from Member States were replied Bilateral meetings were organised Expert groups and committees were held
	Bilateral meetings		
	Organisation of		

	Expert groups and Committees		Platforms were given to Member States to exchange best practices
	Facilitate Member States exchange of experience and of good practices		
Preparation of annual reports on direct payments	Annual implementation report claim year 2020	Mid 2022	Report published end 2022 ³⁵
	Update key data on 80/20 and related analyses	Mid 2022	Postponed to 2023 due to CAP Plans approval
	Fiche by Member State claim year 2020	September 2022	Discontinued due to reform
	Overview of Member States' decisions for claim year 2023	End 2022	Discontinued due to reform
Communication on safeguarding food security and reinforcing the resilience of food systems ³⁶	Adoption of communication	2022	Communication published on 23/02/23
Communication on ensuring availability and affordability of fertilisers ³⁷	Adoption of communication	2022	Communication published on 09/11/22
Follow-up on the recommendation of the High-Level Group on Sugar as regards the launch of a study on the resilience of the sector	Publication of the study report	Q1/2022	Study published on 31/01/22

³⁵ The delay is due to the work on the assessment of CAP Strategic Plans

³⁶ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

³⁷ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

Establish a European Food Security Crisis preparedness and response Mechanism (Farm to Fork) involving public authorities from Member States and third countries as well as stakeholders	Member States' authorities appointed by direct invitation.	Q2/2022	Member States and third countries authorities were appointed. Following a public call, 30 stakeholders' organisations were appointed as members, as were a dozen of observers. The EFSCM has been established and met five times after Russia's unprovoked aggression of Ukraine (see next entry).
	Third country authorities appointed by direct invitation		
	Public call for applications to stakeholders published in the Register of Commission expert groups		
Convene the first expert group meeting of the European Food Security Crisis preparedness and response Mechanism	1 meeting	As from Q2/2022	One regular, three ad-hoc and one extraordinary meetings (on drivers of food security) took place.
Annual report on the state of preparedness and activities of the European Food Security Crisis preparedness and response Mechanism to other EU institutions and to the general public	1 report	As from end 2022	N/A for 2022 A first report will be due by November 2023.
Digital platform to support the European Food Security Crisis preparedness and response Mechanism for exchange of information	Digital platform in place	Q4/2022	A dedicated webspace on CIRCABC is in place
Dashboard for the monitoring of food supply and food security	Dashboard in place	Q4/2022	A first version of the Dashboards has been released on 08/12/22. Additional features will be developed in 2023.

Exceptional adjustment aid to producers in the agricultural sectors (EUR 500 mio including crisis reserve) ³⁸	Adoption	Q1/2022	Commission Delegated Regulation (EU) 2022/467 ³⁹
	Implementation by Member States	Q3/2022	Notification of measures by Member States by 30/06/22. Deadline for payments to beneficiaries: 30/09/22 Final budget execution by 30/09/22: 98,4%
Private storage aid for pigmeat ⁴⁰	Adoption and implementation	Q2/2022	Commission Implementing Regulation (EU) 2022/470 ⁴¹ 47 500 tonnes applied for
European Pigmeat Reflection Group ⁴²	Constitution and operation	6+1 meetings (From March 2022 to January 2023)	Kickoff meeting on 10/03/22 Another five meetings held between April and November 2022. Report of the group in preparation, to be presented at final meeting on 18/01/23
Communication on ensuring availability and affordability of fertilisers ⁴³	Publication	2022	Communication published on 09/11/22
Lessons from the 2014-2016 market disturbance dairy measures (FCW-1)	Start of contract	2022	1 st interim report delivered on 18/10/22. Case studies being performed. 2 nd interim report due by 02/2023. 3 rd interim report due by 03/2023. Final report due by 07/2023

³⁸ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

³⁹ Commission Delegated Regulation (EU) 2022/467 of 23 March 2022 providing for exceptional adjustment aid to producers in the agricultural sectors

⁴⁰ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

⁴¹ Commission Implementing Regulation (EU) 2022/470 of 23 March 2022 granting aid for private storage for pigmeat and fixing the amount of aid in advance

⁴² This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

⁴³ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

Implementing Regulation on exceptional market support measures for the eggs and poultrymeat sectors in Poland ⁴⁴	Publication of a Commission Implementing Regulation	Q4/2022	Commission Implementing Regulation (EU) 2022/2406 ⁴⁵
Temporary exceptional measures derogating from Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the fruit and vegetables sector caused by Russia's invasion of Ukraine ⁴⁶	Adoption and implementation	2022	Commission Delegated Regulation (EU) 2022/1225 ⁴⁷ Commission (EU) 2022/1228 ⁴⁸ Commission Delegated Regulation (EU) 2022/1623 ⁴⁹

Specific objective 3: Enhance market orientation and increase competitiveness, including greater focus on research, innovation, technology and digitalization

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

Result indicator 3.1: Increasing farm productivity: Total factor productivity⁵⁰

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

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

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

⁴⁴ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI

⁴⁵ Commission Implementing Regulation (EU) 2022/2406 of 8 December 2022 on exceptional market support measures for the eggs and poultrymeat sectors in Poland

⁴⁶ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI

⁴⁷ Commission Delegated Regulation (EU) 2022/1225 of 14 July 2022 on temporary exceptional measures derogating from Regulation (EU) No 1308/2013 of the European Parliament and of the Council to address the market disturbance in the fruit and vegetables sector caused by Russia's invasion of Ukraine

⁴⁸ Commission Implementing Regulation (EU) 2022/1228 of 14 July 2022 derogating from Implementing Regulation (EU) 2017/892 for the year 2022 as regards applications for aid as well as applications for advance payments and for partial payments due to the crisis caused by Russia's invasion of Ukraine

⁴⁹ Commission Delegated Regulation (EU) 2022/1623 of 14 July 2022 derogating from Delegated Regulation (EU) 2017/891 for the year 2022 as regards the value of marketed production, the national strategy and the recovery of Union financial assistance for multiannual commitments in the fruit and vegetables sector due to the crisis caused by Russia's invasion of Ukraine

⁵⁰ This indicator is also used in the Programme Statements.

Baseline⁵¹ (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
104.5	Increase	Increase	108.9 (provisional data)

Result indicator 3.2: EU commodity prices compared to world prices⁵²

Explanation: This indicator reflects the price gap between EU and world prices, based on a weighted average price, covering beef, pig meat, poultry, soft wheat, maize, barley, sugar, butter, cheddar, WMP⁵³ and SMP⁵⁴. EU prices are based on Member States notifications and World price references are mainly based on US prices for meat and crops and Oceania for dairy products, except for beef (Brazil), Barley (Black Sea) and Sugar (London white sugar 05)

Unit of measurement: Ratio

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

Baseline⁵⁵ (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
1.13 In 2017, the EU prices were on average 13% above world prices	EU prices brought closer to the world prices	EU prices brought closer to the world prices ⁵⁶	0.96 In 2022, the EU prices were on average 4% below world prices

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

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

Unit of measurement: Number of EIP groups supported

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

Baseline (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2023)
541	1700	2000	2673

⁵¹ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

⁵² This indicator is also used in the Programme Statements.

⁵³ Whole milk powder

⁵⁴ Skimmed milk powder

⁵⁵ Original DG AGRI Strategic Plan baseline was calculated for EU-28.

⁵⁶ The ratio should move towards 1.

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

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

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

Baseline (2017)	Interim milestone (2020)	Target (2024)	Latest known results (2022)
86	203	280	348

Result indicator 3.5: Area under Satellite Monitoring [for BPS/SAPS]

Explanation: This indicator aims at measuring the uptake of new technology and digitalisation by CAP administrations in Member States: share of area receiving direct support (through the basic payment scheme (BPS)/single area payment scheme (SAPS)) that is covered by Checks-by-Monitoring or by the Area Monitoring System (AMS).

Unit of measurement: ratio between the BPS/SAPS hectares covered with Checks-by-Monitoring or AMS and the latest available data on the total area under BPS/SAPS in the EU

Source of data: Member States notifications on Checks-by-Monitoring; European Commission, DG Agriculture and Rural Development

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
3%	10%	50%	24.55%

Main outputs in 2022

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Support Member States in putting in place the QA for area monitoring system by providing technical guidance	Developing technical methodologies for guidance, with the support of the Joint Research Centre	Publication of technical documentation by mid-2022	Technical methodology documentation on the sampling procedure and the grouping of unit amounts was provided to Member States (September to December 2022)
	Targeted support in bilateral meetings	All year long (ongoing)	Bilateral meetings were held

Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Evaluation on the CAP's impact on knowledge exchange and advisory activities ⁵⁷	Publication	2022	Evaluation published
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Organisation of seminars / webinars to prepare Horizon Europe partnerships and/or A Soil Deal mission with external stakeholders	Number of seminars / webinars	2 webinars in 2022 per mission / partnership	<p>Candidate partnership on agroecology - three virtual workshops with external stakeholders were organised with the SCAR Strategic Working Group on Agroecology to support SRIA (Strategic Research and Innovation Agenda) preparation:</p> <ul style="list-style-type: none"> - 29/04/22: SRIA launch, involving a wide range of stakeholders (with support of SCAR tender) - 13/07/22: dedicated workshop with relevant Horizon Europe partnerships and missions, involving EC staff and partnership/mission country representatives, to identify synergies - 22/11/22: workshop to present the results of the SRIA public consultation, involving the respondents to the consultation. - Candidate partnership

⁵⁷ The entry was not included in the original Management Plan 2022 for DG AGRI.

			<p>on agriculture of data - 3 webinars with external stakeholders.</p> <p>Candidate partnership on animal health and welfare – participation in many webinars in collaboration with the partnership core group, SCAR collaborative working group on animal health and welfare and ICRAD ERA-NET to prepare SRIA and organisation of partnership.</p> <p>Soil Mission: More than 70 events with external stakeholders (around 10 organised by the Commission and around 60 organised by Member States and/or by external organisations) where the Soil Mission was presented by the Mission Secretariat or the Mission Board in 2022. Several external communication materials produced: 2 videos, 1 factsheet, 1 podcast episode, 1 report. Special campaign at the occasion of World Soil Day 05/12/23. New social media campaign launched and still on going.</p>
Organisation of EIP-AGRI seminars/webinars with the participation of up to 150 external stakeholders	Number of seminars / webinars	1 seminar / webinar in 2022	1 Seminar on smart circular farming to address high energy and fertiliser prices

Organisation of EIP-AGRI workshops with the participation of up to 80 external stakeholders	Number of workshops	2 workshops in 2022	1 workshop on conversion to organic farming organised in Florence 1 Workshop on young innovative entrepreneurs organised in Dublin
Preparation of EIP-AGRI publications	Timely and effective provision of all products in 2022	1 magazine (Agrinnovation) 2 brochures 12 newsletters 6 fact sheets 12 short press articles 6 short videos/animations	1 Agrinnovation magazine 2 brochures: one on organic another on HE 2023 calls 12 newsletters 7 fact sheets 15 short press articles 6 short videos/animations
Promoting the uptake of new technologies by raising awareness of the existing innovative solutions and explaining benefits in the CAP implementation context.	Regular participation to conferences promoting the use of new technologies	All year (ongoing)	Ongoing
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	News: - Commission launches a call for tenders concerning a study on the role of information and communication technologies to improve market transparency - Research and Innovation for food security – factsheet BCO – connectivity for Europe – no one left behind Short-term outlooks for EU agricultural markets (April, July, October 2022) Publication of short-term outlook balance sheets in Agri-food dataportal

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Ensuring the co-chairing and coordination of the programming of Cluster 6 research actions (Strategic plan and Work programme, including the preparation of HE partnerships and missions)	Publication of Work programmes 2023-2024	2022	Horizon Europe Cluster 6 (including the HE co-funded partnerships ⁵⁸) work programmes 2023-2024 were pre-published on 29/11/22 and adopted on 6/12/2022.
Preparation and organisation of the Programme Committees relating to the programming and implementing of Horizon research actions	Timely and effective organisation	2022	Co-organisation (together with RTD and DG ENV) of four Cluster 6 Programme Committees (08/02, 05/04, 08/06/22, 27/10/22) and five thematic workshops (8-10/02/22) with Cluster 6 Member States' delegates.
Ensuring secretariat of the 'A Soil Deal for Europe' mission, including the organisation of Mission Board meetings, outreach actions and coordination with concerned DGs and stakeholders as well as preparation of Work programme 2022 and 2023 for the Soil Deal mission	Timely and effective organisation	2022	Organisation of final meeting with outgoing Mission Board (09/03/22). Selection and nomination of a new Mission Board (2022-2025) and organisation of 3 meetings (04/10/22, 24/10/22, 12/12/22). Organisation of 3 meetings with the Soil Mission working group (sub-group) of the Strategic Programme Committee (06/04/22, 09/06/22, 28/10/22). Organisation of 8

⁵⁸ Agroecology living labs and Research Infrastructure, Animal Health and Welfare and Agriculture of Data

			<p>meetings with the Mission Owners Group (28/01, 14/02, 24/02, 24/03, 17/05, 04/07, 27/09, 07/12/2022).</p> <p>Presentation of the Mission at COMAGRI (03/02/22)</p> <p>Presentation of the Mission to Member States' ministries (FR 23/03/22; ES 05-06/04/22; AT 26/04/22; HR 31/05/22; LT 14/06/22, GR 11/07/22, DE 27/09/22, PT 16/11/22).</p> <p>Presentation of the Mission in more than 70 outreach events in 2022.</p> <p>Presentation of Work Programmes at the Missions Info days (19/01/22 and 18/05/22).</p> <p>Presentation/training to Mission National Contact Points (NCPs) (20/01/22, 28/04/22, 07/12/22)</p>
	Publication of Work Programme 2022 and 2023	2022	<p>Work Programme 2022 published on 10/05/22 (Deadline for application 27/09/22)</p> <p>Preparation of Work programme 2023 and publication on 06/12/22</p> <p>Deadline for applications 20/09/23.</p>
Selection of proposals for funding from 2021 and 2022 calls (implementation by the executive agency REA)	Proposals selected for funding (both single and two stage)	Spring – Autumn 2022	<p>Projects selected under Cluster 6 Work Programme 2021 signed Grant Agreement. Calls 2022 single stage under Grant Agreement</p> <p>Preparation. Calls 2022 two stages: second stage</p>

			closed in Autumn 2022. For 11 projects selected under Soil Mission Work Programme 2021, Grant Agreement signed and some already starting (EUR 63 mio funding). 18 projects under 2022 Call currently under Grant Agreement Preparation.
Coordinating DG AGRI actions relating to the digitalization of agriculture and rural areas, including designing an EU digital strategy, contribute to foresight exercises, assessing Member States digital strategies in the CSPs, following relevant Commission legislative initiatives (such as Data Act, Data Governance Act, AI Act), follow-up of Digital Europe Programme and the Digital Decade Policy programme and setting-up the Common European Agriculture Data Space ⁵⁹	Contributions provided as requested	2022	Timely contributions particularly in respect to the CAP Strategic Plans assessments, inter-service groups and consultations (minimum 23 ISSG/ISC on digital and data initiatives) and contribution to programming of the Digital Europe Programming (DEP) and to the implementation of relevant DEP measures
	Proposal selection	2022	Achieved
	Number of main initiatives coordinated or contributed to	2 initiatives in 2022	Foresight study with JRC on long-term implications of digital transformation for farmers and rural areas launched in March 2022 ongoing. 7 workshops organised with experts, farmers and rural areas stakeholders. Follow up of initiatives on Data Space (CSA on Common European Agricultural Dataspace launched in October 2022) and of Digital Europe Programme

⁵⁹ The scope of this action has been extended after DG AGRI's re-organisation.

			ongoing (Data Space Support Center launched in October 2022). Initiatives on stakeholder information and involvement on actions under DEP and Horizon.
Market observatory for fruit and vegetables	6 Meetings and reports (stone fruit, pip fruit, tomatoes, citrus)	2022	Six meetings held as planned
Market observatory for wine	2 Meetings and reports	2022	Two meetings held as planned
Market observatory for meat	3 Meetings and reports	2022	Three meetings held as planned
Market observatory for milk	4 Meetings and reports	2022	Four meetings held as planned
Market observatory for crops	2 Meetings and reports	2022	Due to the war in Ukraine, three ad-hoc meetings were organised in the first semester. Two more meetings took place in the second semester.
Market observatory for sugar	2 Meetings and reports	2022	Two meetings held in 2022.
New obligation for Member States to notify levels of stocks of cereals, oilseeds and rice (announced in COM(2021)133 final) ⁶⁰	Regulation adopted	2022	Commission Implementing Regulation (EU) 2022/791 ⁶¹
Study / survey linked to the use, set-up and/or implementation of financial instruments and loans / guarantees	Study / survey to be launched	2022	4 (Launched in June 2022)

⁶⁰ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

⁶¹ Commission Implementing Regulation (EU) 2022/791 of 19 May 2022 amending Implementing Regulation (EU) 2017/1185 as regards the notification of levels of stocks of cereals, oilseeds and rice

Capacity building for national authorities for financial instruments	7 new targeted coachings for EAFRD Managing Authorities	2022	1
Events, publications and communications, dedicated websites and social media profiles of the EAFRD stream of fi-compass	4 awareness-raising events, including an EU annual conference (250 participants)	2022	2 (413 participants)
	5 case studies brochures and videos 3 fi-compass newsletter 2 Podcasts	Timely and effective provision of all products in 2022	19 case studies brochures and videos 3 fi-compass newsletter
	EAFRD webpage views: 5 000 EAFRD website views (number of visits across the whole EAFRD content): 15 000 EAFRD Hub profiles (total, including new): 2 300 Linkedin: 1 700 followers Twitter: 1 200 followers YouTube (number of EAFRD video views): 2 000	2022	EAFRD webpage views: 7 474 EAFRD website views (number of views across the whole EAFRD content): 35 546 EAFRD Hub profiles (total, including new): 2 405 LinkedIn: 2 249 followers Twitter: 1 244 followers YouTube (number of EAFRD video views): 2 080
Study on strategies to diversify the protein sources in feed used in different livestock production systems in the EU	Finalisation and publication of the study	Q4/2022	Contract signed on 14/06/22 ⁶² . Work is ongoing, interim deliverables received, final report due by Q4/2023.

⁶² The planning for this study has been changed, new target date for finalisation is Q4/2023.

Synthesis of the evaluations of the national strategies for sustainable operational programmes of POs, APOs, PGs ⁶³	Start of contract	Q1/2022	Final deliverable received on 15/06/22 Study published on 15/12/22 ⁶⁴
--	-------------------	---------	---

Specific objective 4: Improve the farmers' position in the value chain notably through the CAP	Related to spending programme(s): EAGF, EAFRD
---	---

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

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

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
(N/A)	Positive trend	Positive trend	1/1

Result indicator 4.2: Improving farmers' position in the food chain: Value added for primary producers in the food chain⁶⁵

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

Unit of measurement: % of total GVA

Source of data: European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat data codes: [nama 10 a10](#), [urt 10r 3gva](#), [nama 10r 3gva](#))

Baseline ⁶⁶ (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2020)
26.8%	Increase	Increase	25.9%

⁶³ This entry was reflected under "Evaluations and fitness checks" in the original Management Plan 2022 for DG AGRI.

⁶⁴ [Synthesis of evaluation reports from Member States regarding their national strategies for sustainable 2013-18 operational programmes in the fruit and vegetables sector.](#)

⁶⁵ This indicator is also used in the Programme Statements (in values).

⁶⁶ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

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

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

Unit of measurement: %

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

Baseline (2017)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
49% Fruit and vegetables	Increase	Increase	47% Fruit and vegetables

Result indicator 4.4: Number of registered Geographical Indications

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

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

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
3136	Increase	Increase	3 495

Result indicator 4.5: Number of Member States having transposed the UTP Directive⁶⁷ into national law and established enforcement authorities

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

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

Baseline (2020)	Interim milestone (2021)	Target (2024)	Latest known results (2022)
0	Commission interim report on the state of the transposition and implementation of the Directive in 2021	27	27 ⁶⁸

⁶⁷ [Directive \(EU\) 2019/633](#) of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain.

⁶⁸ <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX%3A32019L0633>

Main outputs in 2022			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Delegated and Implementing Acts for amended Regulation on the Common Organisation of the Markets – Geographical indications	Entry into force	Q2/2022	Commission Delegated Regulation (EU) 2022/891 ⁶⁹ Commission Implementing Regulation (EU) 2022/892 ⁷⁰
Guidelines on the antitrust derogation for sustainability agreements in agriculture – in collaboration with DG COMP	Launch of the call of evidence and public consultation	Q1/2022 Adoption of the guidelines foreseen in 2023	Call of evidence and public consultation launched on 28/02/22 and closed on 23/05/22
Initiatives linked to regulatory simplification and burden reduction			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Revision of the EU geographical indications (GIs) systems in agricultural products and foodstuffs, wines and spirit drinks; Legislative initiative / Regulation of the European Parliament and of the Council	Adoption of a legal proposal	Q1/2022	Legislative proposal ⁷¹ adopted on 31/03/22

⁶⁹ Commission Delegated Regulation (EU) 2022/891 of 1 April 2022 amending Delegated Regulation (EU) No 664/2014 supplementing Regulation (EU) No 1151/2012 of the European Parliament and of the Council with regard to the establishment of the Union symbols for protected designations of origin, protected geographical indications and traditional specialties guaranteed and with regard to certain rules on sourcing, certain procedural rules and certain additional transitional rules

⁷⁰ Commission Implementing Regulation (EU) 2022/892 of 1 April 2022 amending Implementing Regulation (EU) No 668/2014 laying down rules for the application of Regulation (EU) No 1151/2012 of the European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

⁷¹ COM(2022) 134

Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Management of the GI registers of PDO/PGI/TSG/GI	Legal registers kept updated	2022	Ongoing
Management of lists of GIs protected under bilateral agreements within Glview	GIs protected under agreements updated in Glview	2022	36 agreements in force regularly updated
First cooperation meeting of UTP enforcement authorities	1 meeting	Q2/2022	2 meetings organised (15/06/22, 05/10/22)
Implementation of Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain	Continuation of transposition check and pursuit of non-communication infringement cases	Q2/2022	Transposition check completed for 27 Member States
	Compliance check, launch of enforcement actions (EU Pilot, infringement procedure), where necessary	Q4/2022	Compliance check is ongoing for all Member States; enforcement actions (EU Pilot) have been launched for 16 Member States.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<ul style="list-style-type: none"> - Web page on unfair trade practices in the food chain revamped + publication of online survey - Social media campaign on the geographical indications policy review (7 108 331 video views on Instagram) - Ag-Press trip to Czech Republic dedicated to

			geographical indications Podcast episode #12 on 'France: portrait of an agriculture in transition' with over 570 listens and Podcast episode #18 on 'A snapshot of Czech agriculture' with over 270 listens
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Registration of geographical indications and traditional specialities guaranteed	Number of registered names	Increase	3 495
Farm to Fork: Forum on best practices in the food supply chain	1 meeting	2022	Meeting held on 10/11/22
Pilot Project - Establishing an operational programme for the agricultural sectors: structuring the agri-food sectors to safeguard the handing-on of family farms and the sustainability of local agriculture	Interim deliverable(s)	2022	Preliminary final deliverable received on 20/12/22
Mapping of vulnerabilities and critical infrastructure in the food chain	Start of contract	2022	Output to be carried out by JRC within "Communication on resilience"
Study on the use of new information and communication technologies to ensure better market transparency ⁷²	Start of the contract	Q4/2022	Start of the contract rescheduled for Q1/2023

⁷² This entry was not included in the original Management Plan 2022 for DG AGRI.

Second annual survey on UTPs ⁷³ targeting suppliers covered by the Directive across all Member States ⁷⁴	Survey completed	Q1/2022	Survey completed in March 2022
--	------------------	---------	--------------------------------

Specific objective 5: In line with the Farm to Fork Strategy, improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare through the CAP			Related to spending programme(s): EAGF, EAFRD
Result indicator 5.1: Proportion of proposed legislative revisions that include burden reduction measures			
<p>Explanation: This indicator measures how the Commission upholds its commitment to ensure that proposals for legislative revisions incorporate burden reduction measures, in the broader context of REFIT programme and One-In, One-Out approach. The indicator shows how many proposed legislative revisions out of the total, for each relevant specific objective, include measures that concretely reduce burden.</p> <p>Source of data: European Commission, DG Agriculture and Rural Development</p>			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
(N/A)	Positive trend	Positive trend	0/0
Result indicator 5.2: Limiting antibiotic use in agriculture: sales/use in food producing animals			
<p>Explanation: This indicator illustrates farmers actions to improve the response of EU agriculture to societal demands on food and public health such as fighting antimicrobial resistance (AMR), focusing on the development of total sales of veterinary medicinal products containing antimicrobial substances.</p> <p>Unit of measurement: mg/PCU</p> <p>Source of data: European Surveillance of Veterinary Antimicrobial Sales Consumption (ESVAC) project⁷⁵</p>			

⁷³ Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain

⁷⁴ This entry was reflected under "Evaluations and fitness checks" in the original Management Plan 2022 for DG AGRI.

⁷⁵ <https://bi.ema.europa.eu/analyticsSOAP/saw.dll?PortalPages>

Baseline ⁷⁶ (2018)	Interim milestone (2022)	Target (2030)	Latest known results (2021)
118,3 mg/PCU	Decrease	Decrease	97 mg/PCU The latest ESVAC report shows that sales of antibiotics for use in animals in Europe fell by more than 47% between 2011 and 2021

Result indicator 5.3: Sustainable use of pesticides: Reduce risks and impacts of pesticides⁷⁷

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

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

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

Baseline ⁷⁸ (2015-2017)	Interim milestone (2022)	Target (2030)	Latest known results (2020)
100	Decrease	Decrease 50% reduction in categories E and F Annex IV Commission Directive (EU) 2019/782	86

⁷⁶ Compared to DG AGRI's Strategic Plan, the value was updated based on COM(2020) 846 [Annexes to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Recommendations to the Member States as regards their Strategic Plan for the Common Agricultural Policy](#)

⁷⁷ All references to pesticides refer to plant protection products only. Biocides are included in the term pesticides, but data on biocides are not included in this indicator.

⁷⁸ Compared to DG AGRI's Strategic Plan, the value was updated based on COM(2020) 846 [Annexes to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Recommendations to the Member States as regards their Strategic Plan for the Common Agricultural Policy](#).

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

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

Unit of measurement: %

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

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
5.4%	Increase	Increase	5.4%

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

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

Unit of measurement: %

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

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
65.5%	Increase	Increase	98%

Main outputs in 2022

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Legislative proposals for the new EU agri-food promotion policy (Regulation EU 1144/2014)	Adoption of the proposal by the College	First half of 2022	Positive opinion of the Regulatory Scrutiny Board on the impact assessment given on 15/03/22. Final interservice steering group meeting held on 13/05/22. Awaiting political agreement on the legislative proposal

Initiatives linked to regulatory simplification and burden reduction

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Revision of EU marketing standards for agricultural products: - EU marketing	Preparatory work and proposal for legislative act(s)	Expected adoption Q2-Q4/2022	Roadmap published (Q1/2021), public consultation carried out (Q3/2021), Impact

<p>standards and "Breakfast Directives"</p> <ul style="list-style-type: none"> - Modernisation of outdated standards, legislative simplification, alignment with the Lisbon treaty, sustainability dimension under Farm to Fork - Reduce sugar content in fruit juices and added sugar in jams by amending Breakfast Directives (in the context of the Farm to Fork Strategy) - Adapt marketing standards for fruit and vegetables to achieve sustainability goals as currently set up in Implementing Regulation (EU) No 543/2011 <p>Follow up on Evaluation of marketing standards within the CMO Regulation in view of adoption of a new EU marketing standard for cider (tentative) (in the context of the Farm to Fork Strategy)</p>			<p>Assessment submitted to the Regulatory Scrutiny Board, second draft submitted (Q3/2022). Adoption planned for Q1/2023⁷⁹</p>
--	--	--	---

⁷⁹ The initiative was slightly delayed to allow updating the impact assessment after the second opinion of the RSB.

Technical revision of the EU legislation related to the olive oil marketing standards	Adoption of the revised Regulations (DA and IA)	Q1/2022	Commission Delegated Regulation (EU) 2022/2104 ⁸⁰ Commission Implementing Regulation (EU) 2022/2105 ⁸¹
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Evaluation of the EU school fruit, vegetables and milk scheme (back-to-back evaluation and impact assessment)	Finalisation and publication of 2 support studies	Q4/2022	1 st evaluation support study published on AGRI Europa in Q4/2022. Finalisation of the 2 nd support study delayed (planned for Q2/2023).
Public consultations			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Consultation strategy for the review (Evaluation & Impact Assessment) of the EU school fruit, vegetables and milk scheme	Internet-based consultation	Q2/2022	Public consultation operated from 05/05/22 to 28/07/22. Factual summary published
	Eurobarometer	Q3/2022	Eurobarometer published in June 2022.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Joint AGRI / SANTE Farm to Fork Conference	Number of participants Satisfaction rate	> 400 participants 80% positive evaluation	Conference cancelled by DG SANTE: Farm to Fork topics included to the EU Agricultural Outlook Conference in Dec 2022

⁸⁰ Commission Delegated Regulation (EU) 2022/2104 of 29 July 2022 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards marketing standards for olive oil, and repealing Commission Regulation (EEC) No 2568/91 and Commission Implementing Regulation (EU) No 29/2012

⁸¹ Commission Implementing Regulation (EU) 2022/2105 of 29 July 2022 laying down rules on conformity checks of marketing standards for olive oil and methods of analysis of the characteristics of olive oil

Evaluation & Impact Assessment of the EU school fruit, vegetables and milk scheme	Stakeholders' Conference - Number of participants Satisfaction rate	> 200 participants 80% positive evaluation	Conference held on 24/11/22. 78 participants on site (out of 91 invitations) and 1 501 participants following the event via webstreaming Conference report published
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	Webpages: - Quality schemes explained - Launch of the first EU organic awards - New study unveils how the CAP is contributing to animal welfare and antimicrobial use reduction - Social media campaign on the geographical indications policy review (7 108 331 video views on Instagram) Ag-Press journalist trip to Czech Republic devoted to geographical indications. Podcast episode #14 on 'EU Organic Awards' with over 550 listens
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Annual work programme (AWP) and call for proposals under promotion policy	1 AWP and 2 calls	Coverage of the topic of this specific objective	Commission Implementing Decision C(2022) 9498 ⁸² (AWP 2023) 50% of the budget for promotion programmes directly contributes to the

⁸² Commission Implementing Decision of 16.12.2022 on the financing of information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and the adoption of the work programme for 2023

			<p>objectives of the Farm to fork strategy (i.e. promotion of the EU organic label, sustainable production inc. animal welfare and promotion of fresh fruits and vegetables).</p> <p>Call for proposals for simple programmes was published on Search Funding & Tenders (europa.eu) and for multi programmes on Search Funding & Tenders (europa.eu). 55 simple programmes and 28 multi programme proposals have been selected for EU co-financing.</p>
Assessing the need for additional secondary legislation in the field of organic production	All needed secondary legislation finalised / under development	Q4/2022	All needed secondary legislation (on, for instance, pet food, insects, salt, control system, etc.) finalised / under development
Continuing the implementation of the Action Plan for the Development of Organic Production	Implementation of the Action Plan on track	Q4/2022	Action Plan being implemented according to schedule
Amendment to Delegated Regulation (EU) 2017/40 as regards the accompanying educational measures and the approval of aid applicants (School Scheme)	Publication of a Commission Delegated Regulation	Q1/2022	Commission Delegated Regulation (EU) 2022/245 ⁸³

⁸³ Commission Delegated Regulation (EU) 2022/245 of 13 December 2021 amending Delegated Regulation (EU) 2017/40 as regards the accompanying educational measures and the selection and approval of aid applicants

Amendment to Implementing Regulation (EU) 2017/39 as regards the aid applications, payment of the aid and on-the-spot checks (School Scheme)	Publication of a Commission Implementing Regulation	Q1/2022	Commission Implementing Regulation (EU) 2022/246 ⁸⁴
Exceptional rules for the Member States' second requests for Union aid for school fruit and vegetables and for school milk and derogating from Implementing Regulation (EU) 2017/39 as regards the reallocation of Union aid, for the period from 01/08/22 to 31/07/23 ⁸⁵	Publication of a Commission Implementing Regulation	Q2/2022	Commission Implementing Regulation (EU) 2022/861 ⁸⁶ Moreover, in support for children from Ukraine, Commission Implementing Decision (EU) 2022/1187 ⁸⁷ has been adopted
Pilot Project - Developing a tool-box for farmers of Integrated Pest Management practices from across the EU (IPM I)	Finalisation and publication of the study	Q4/2022	Final deliverable approved on 15/12/22 Publication is planned for Q1/2023.
Pilot Project – Developing a tool-box for farmers of Integrated Pest Management practices from across the EU (IPM II) [collection of	Interim deliverables	2022	1 st progress report approved on 21/06/22 Final deliverable expected by Q4/2023

⁸⁴ Commission Implementing Regulation (EU) 2022/246 of 13 December 2021 amending Implementing Regulation (EU) 2017/39 as regards the aid applications, payment of the aid and on-the-spot checks

⁸⁵ This action responds to recent crises. The entry was not included in the original Management Plan 2022 for DG AGRI.

⁸⁶ Commission Implementing Regulation (EU) 2022/861 of 1 June 2022 laying down exceptional rules for the Member States' second requests for Union aid for school fruit and vegetables and for school milk and derogating from Implementing Regulation (EU) 2017/39 as regards the reallocation of Union aid, for the period from 1 August 2022 to 31 July 2023

⁸⁷ Commission Implementing Decision (EU) 2022/1187 of 7 July 2022 amending Implementing Decision (EU) 2022/493 as regards the definitive allocation of Union aid to Member States for school fruit and vegetables and for school milk for the period from 1 August 2022 to 31 July 2023

agri environmental data in FADN]			
Study on zero or low alcohol beverages emulating spirit drinks [revised title 01/03/21]	Finalisation and publication of the study	Q4/2022	Final deliverable submitted on 16/12/22, pending final assessment and acceptance by DG AGRI.

Specific objective 6: Contribute to addressing climate change, protecting natural resources and preserving biodiversity through the CAP		Related to spending programme(s): EAGF, EAFRD	
Result indicator 6.1: Share of agricultural land under commitments targeting reduction of GHG and/or ammonia emissions⁸⁸			
Explanation: This indicator quantifies the share of agricultural land under management contracts targeting climate action, i.e. GHG and ammonia emissions reduction, and carbon sequestration or conservation, supported with the CAP.			
Unit of measurement: %			
Source of data: European Commission, DG Agriculture and Rural Development, CAP data explorer			
Baseline (2018)	Interim milestone (2022)	Target⁸⁹ (2025)	Latest known results (2021)
2.0%	Increase	2.55%	2.60%
Result indicator 6.2: Share of agricultural land under management commitments:			
a) Improving soils: Share of agricultural land under management commitments beneficial for soil management⁹⁰			
b) Protecting water: Share of agricultural land under management commitments for water management⁹¹			
Explanation: These indicators quantify the coverage, in terms of agricultural land, of management commitments beneficial for soil management (a) and for water quality (b), financed with CAP support			
Unit of measurement: %			
Source of data: European Commission, DG Agriculture and Rural Development, CAP data explorer			

⁸⁸ This indicator is also used in the Programme Statements.

⁸⁹ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

⁹⁰ This indicator is also used in the Programme Statements.

⁹¹ This indicator is also used in the Programme Statements.

Baseline (2018)	Interim milestone (2022)	Target⁹² (2025)	Latest known results (2021)
a) 11.9% b) 12.1%	Increase	a) 15.75% b) 16.82%	a) 14.67% b) 15.03%

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

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

Unit of measurement: %

Source of data: European Commission, JRC

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
N/A	Increase	Increase	N/A ⁹³

Result indicator 6.4: Preserving species, habitats and landscape features: Share of agricultural land under management commitments supporting biodiversity conservation or restoration and/or landscape features, including hedgerows⁹⁴

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

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

Baseline (2018)	Interim milestone (2022)	Target⁹⁵ (2025)	Latest known results (2021)
14.9%	Increase	19.2%	18.2%

⁹² Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

⁹³ The indicator is not yet available at EU level. Preparatory methodological work is still ongoing.

⁹⁴ This indicator is also used in the Programme Statements.

⁹⁵ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

Main outputs in 2022			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
CAP impact Indicator on habitats and species with the EEA	Finalisation of the indicator	2022	The European Environmental Agency is performing last quality checks before considered finalised, which is expected by Q1/2023
Continuation of the DG AGRI step-wise process leading to efficient and effective sharing the IACS spatial and non personal data for policy implementation purposes ⁹⁶	Release of new INSPIRE geoportal for better IACS (LPIS; GSA(A) data accessibility	Second quarter of 2022 (subject to adoption of Implementing Act by CNECT on High Value Datasets)	The new geoportal has been already created before June 2022 but not yet released as the release should be only after the formal adoption of Implementing Act by CNECT on High Value Datasets, which was delayed (expected for Q1/2023)
	Amendment of technical guidance on IACS metadata discoverability	Q2/2022	Tech Guidelines (TG) Part 1: the first version of the TG about Data Sharing of IACS (LPIS & GSAA) datasets discoverability & accessibility to facilitate the data sharing in the frame of IACS 65 project (AGRI-JRC AA) would need some amendments after taking into consideration changes of the CAP 2023-2027, INSPIRE and High-value datasets
	Development of technical guidance on IACS	Q2/2022 (subject to adoption of Implementing Act	First version of the document 'Technical Guidelines on IACS Spatial

⁹⁶ For clarity purposes, the output contained in the original Management Plan 2022 of DG AGRI has been split into two outputs.

	data interoperability	by CNECT on High Value Datasets)	Data Sharing. Part 2 - LPIS and GSAA data interoperability is available. The validation is planned by the end of February in the context of the third 'IACS data sharing workshop'.
	Report on soil health using IACS data and other data sources	Q4/2022	Preliminary results (with focus on erosion) were presented to Member States on 27/09/22
Study on the development of a tool and algorithm for nutrients and GHG emissions. for policy implementation purposes and enforcement of environmental and climate related legislation.	Finalisation of the study	Second quarter of 2022 (subject to adoption of Implementing Act by CNECT on High Value Datasets)	Study on the development of a tool and algorithm for nutrients and GHG emissions completed
Farm Sustainability Data Network (FSDN)	Propose legislation to convert Farm Accountancy Data Network (FADN) into the Farm Sustainability Data Network. (FSDN)	Q2/2022	Legislative proposal ⁹⁷ adopted on 22/06/22
Enforcement actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Assessment of Member States notifications especially on monitoring on greening and cross-compliance (current	Completeness of the notifications Collaboration with budget, audit and infringements	All year (ongoing).	Completed (Bilateral exchanges with audit unit for the follow-up of the notifications. No further assessment for 2022 (last

⁹⁷ COM(2022) 296

GAEC), and appropriate follow-up in case of failure	units		year of application before new programming period from 2023)
Assessment of Member States CAP plan notification as regards greening architecture	Bilateral meetings with Member States Inter-services consultation with other relevant DG ENV and CLIMA	Mainly 1 st semester 2022	All CAP Strategic Plans have been approved by end 2022
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<p>Webpages:</p> <ul style="list-style-type: none"> - Beekeeping sector: results of the pilot study on honey bee selection / related study - Carbon removals public consultation <p>Soil videos (1, 2 and 3) on social media --> total impressions: 22 113 views.</p> <p>Podcast episode # 20 on 'More sustainable pest control: what does the future look like?' with over 350 listens</p> <p>Podcast episode #22 on 'Tackling the fertiliser crisis' with over 460 listens</p> <p>Podcast episode #24 on 'A greener and fairer CAP' with over 260 listens</p>

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Continuous support to Member States in ensuring their Land Parcel Identification Systems are updated and contain reliable and adequate information, mapping all features relevant for policy implementation.	Analysis of Member States' Quality Assessment Reports received. Providing explanation and guidance in the Management Committee or bilaterally.	All year (ongoing)	Done for all LPIs
Timely assessment of Annual Implementation Reports (AIR) in close cooperation with ESIF and other relevant DGs	115 Reports	2022	114 reports were assessed (accepted or returned for modification) by 16/09/22 ⁹⁸ . 106 reports were accepted by 30/09/22. 113 reports were accepted by 31/12/22 ⁹⁹ .
Timely assessment of proposals for programme amendments	153 proposals	2022	241 proposals for amendments were assessed. 113 amendments were adopted.
Organisation of European Network for Rural Development/EU CAP network events	1 Assembly meeting 2 Steering Group meetings 25 events (workshops, webinars, seminars)	2022	1 Assembly meeting 1 Steering Group meeting 30 events (13 Thematic groups; 6 Focus groups; 2 NRN meeting; 1 LEADER sub-group; 8 Workshops on main EU CAP-related policy objectives (EGD, LTVRA, LEADER, etc.))

⁹⁸ The last AIR was sent tot the Commission on 26/09/22.

⁹⁹ The last two AIR had not yet been re-submitted by Member States by 31/12/2022.

Preparation of publications and communications of the European Network for Rural Development/EIP network/EU CAP Network	12 newsletters 4 additional publications	2022	12 newsletters 1 Project brochure 1 Magazine 12 Policy Insights web articles
Annual Work Programme and communication plan for European Network for Rural Development/EIP network/EU CAP network	Preparations for Annual Work Programme for 2023	2022	1 Annual Work Programme approved for EU CAP Network activities related to CSP implementation covering 07/07/21-06/01/23 1 Annual Work Programme approved for EU CAP Network activities related to Innovation, Knowledge exchange and EIP covering 01/07/22-30/06/23
Organisation of events and preparation of publications of the BCO support facility	At least 5 (1 conference and 4 training sessions and workshops)	2022	1 Annual Conference 1 European Broadband Awards ceremony (27/09/22) 22 workshops
	6 publications Monthly Electronic newsletters 32 videos RDP and OP Factsheets RDP and OP dashboards	2022	AWP public version for website 3 quarterly submissions of 27 RDP and OP factsheets and dashboards Rural proofing used once 9 monthly contributions to the Digital Strategy newsroom 28 videos submitted and approved
2022 Communication Plan of the BCO Support Facility as chef de file with the contributions of DGs CNECT and REGIO	A yearly communication plan in place and implemented	2022	Plan adopted and being implemented

Deliverables under "Action Plan for Rural Broadband"	1 updated dashboard of all Member States where broadband investments are supported by ESIF 1 updated report with quantitative and qualitative analysis of BCOs Use of the rural proofing checklist whenever applicable (requests by Member States for programme modifications impacting broadband)	2022	Rural proofing used three times The dashboard of all Member States is under preparation
Service contract for technical assistance to provide support to Member States for the design and implementation of the FaST	Start of contract	2022	Contract to be possibly outsourced to the EU Agency for the Space Programme (EUSPA)

Specific objective 7: Preparation and implementation of the EU Forest Strategy			Related to spending programme(s): EAGF, EAFRD
Result indicator 7.1: Number of committed actions within the Strategy implemented			
Source of data: European Commission, DG Agriculture and Rural Development			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
(N/A)	Positive trend	Positive trend	4 guidance documents in preparation

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

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

Unit of measurement: Hectares

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

Baseline ¹⁰⁰ (2018)	Interim milestone (2022)	Target ¹⁰¹ (2025)	Latest known results (2021)
486 409	Maintain	Maintain	211 288 ¹⁰²

Result indicator 7.3: Supporting forest biodiversity: Share of forest land under management commitments to support biodiversity¹⁰³

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

Unit of measurement: %

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

Baseline (2018)	Interim milestone (2022)	Target ¹⁰⁴ (2025)	Latest known results (2021)
0.35%	Increase	1.80%	0.88%

Main outputs in 2022

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Actions included in the EU forest strategy	Number of CAP Plans assessed for forest interventions	2022	28

¹⁰⁰ The revised baseline (compared to DG AGRI's Strategic Plan) is due to technical modifications in the annual implementation reports.

¹⁰¹ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

¹⁰² Annual amendments of Rural Development Programmes reflect low implementation rates for afforestation and agroforestry measures.

¹⁰³ This indicator is also used in the Programme Statements.

¹⁰⁴ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

New governance bodies	Adoption	2022	<p>During 2022, work was undertaken towards updating the EU Forest Governance, as announced in the EU Forest Strategy.</p> <p>Work was conducted for creating a Forest and Forestry Stakeholders' Platform, building on the experience of the Civil Dialogue Group on Forestry and Cork and the Working Group on Forest and Nature and preparing a Commission proposal to review and update Council Decision 89/367/EEC of 29 May 1989</p> <p>A Forest and Forestry Stakeholders' Platform was established in January 2023.</p> <p>The Commission proposal to review and update Council Decision 89/367/EEC of 29 May 1989 is in preparation.</p>
Guidance on Payment for Ecosystem Services	Publication	2022	Expected in 2023
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022</i>	N/A	N/A	<i>Social media impressions on the EU Forest Strategy: 6 565.</i>

<i>external communication action plan.</i>			
--	--	--	--

General objective 4: A stronger Europe in the world

Impact indicator: Share of EU in world trade in goods and services as well as investment¹⁰⁵

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

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

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

Baseline			Interim milestone	Target	Latest known value		
Goods average 2017-2019 Services average 2016-2018 Investments average 2016-2018 ¹⁰⁶			(2022)	(2024)	Goods (2019-2021) Services (2019-202) Investments average (2019-2021)		
<i>Goods</i>			<i>Goods</i>	<i>Goods</i>	<i>Goods</i>		
Imp.	Exp.	Total	Maintain	Maintain	Imp.	Exp.	Total
13.9%	15.7%	14.8%			13.8%	15.2%	14.5%
<i>Services</i>			<i>Services</i>	<i>Services</i>	<i>Services</i>		
Imp.	Exp.	Total	Maintain	Maintain	Imp.	Exp.	Total
21.4%	23.4%	22.4%			24.0%	24.4%	24.2%
<i>FDI stock</i>			<i>FDI stock</i>	<i>FDI stock</i>	<i>FDI stock</i>		
Imp.	Exp.	Total	Maintain	Maintain	Imp.	Exp.	Total
26.1%	31.2%	28.6%			26.2%	32.1%	29.1%

¹⁰⁵ European Union preferential trade and investment agreements indicator turned into Share of EU in world trade in goods and services as well as investment as this impact indicator better demonstrates the impact of trade taking into account global competition

¹⁰⁶ There has been a change on the methodology for FDI and the baseline has been updated accordingly.

Impact indicator: Readiness of enlargement countries on economic criteria

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

Source of the data: European Commission

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

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

Baseline ¹⁰⁷ (2019)	Interim milestone (2022)	Target (2030)	Latest known value (2022)
2.64	Increase	Increase	2.78

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

Related to spending programme(s): N/A

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

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

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

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

¹⁰⁷ The baseline includes Western Balkans and Turkey. For the Western Balkans only the baseline would be 2.33 and the 2021 value 2.375. The value for this indicator increased slightly thanks to improvement in the functioning market economy criteria of Serbia. All other indicators remained the same.

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

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

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

Baseline ¹⁰⁸ (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
303 billion EUR	Maintain or increase ¹⁰⁹	Increase	401.6 billion EUR

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

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

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

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
21 billion EUR	Maintain or increase ¹¹⁰	Increase	27.0 billion EUR

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

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

Unit of measurement: Number of Action Areas

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

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
0 of 9	5 of 9	9 of 9	6 of 9 action areas covered.

¹⁰⁸ DG AGRI's Strategic Plan original baseline was calculated for EU-28.

¹⁰⁹ The limited ambition of the interim milestone takes into account the uncertainties of the global post COVID-19 recovery.

¹¹⁰ As above.

Main outputs in 2022			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Progress on all new and ongoing bilateral and FTA negotiations in line with mandate given to the Commission	Number of trade agreements negotiated, concluded or implemented	2022	Agriculture work tracks of all ongoing FTA and bilateral negotiations progressing.
Represent EU interests at key meetings of International Organisations in the policy area of agriculture	Participate with effect in all key meetings of WTO, FAO, OECD, G20, G7, GFFA, etc., in line with the EU's negotiating mandate (if applicable)	2022	Participation in 44 OECD meetings, most notably the Agricultural Ministerial and its Declaration, in line with AGRI mandate.
Implementation of outcomes of the 12 th WTO Ministerial Conference	Negotiations and outcomes in line with EU's interests. Meetings attendance.	2022	Implementation of outcomes of the 12 th WTO Ministerial Conference ongoing, in particular by preparing positions to be taken on behalf of the EU, including on the preparation of the food security work programme and attending meetings organised in the framework of the Committee on Agriculture and other relevant WTO fora.
Preparation of notifications to the WTO and representation of the EU in the review process in WTO Committee on Agriculture.	Positions taken and conclusions reached in line with EU's interests. Meetings attendance.	2022	Notifications to the WTO complete and timely; including the preparation of EU comments to third countries' notifications, notifications of EU draft regulations and the preparation of the WTO TBT (technical barriers to trade) and SPS (sanitary

			& phytosanitary) Committees. Participation in all meetings of the WTO Committee on Agriculture in line with EU's interests.
Representation of the EU in GATT Article XXVIII and XXIV.6 negotiations.	Negotiations and agreements reached in line with EU's interests Meetings attendance.	2022	Representation of the EU in all GATT Article XXVIII and XXIV.6 negotiations with a view to reaching agreements in line with EU's interests.
Progress on implementation of the AU-EU Action Agenda for Rural Transformation	Number of actions accomplished under the AU-EU Action Agenda for Rural Transformation	6 out of 9 action areas	6 out of 9 action areas ¹¹¹
Regulation amending Implementing Regulations (EU) 2020/761 and (EU) 2020/1988 as regards the management system of some tariff quotas and the quantities that may be imported under certain tariff quotas Similar exercises as above as WTO	Adoption	Q1/2022 Along the year for similar exercises depending on negotiation progress	Implementing Regulation (EU) 2022/64 ¹¹² for Argentina and Indonesia; Implementing Regulation (EU) 2022/663 ¹¹³ for Paraguay Implementing Regulation (EU) 2022/739 ¹¹⁴ for Dominican Republic

¹¹¹ In particular, the support for new Geographical Indication (GI) projects (incl. the registration of African GIs in Africa and in the EU, the revamping of the Pan-Africa GI Consultative Committee, the re-launch and update of a web-based platform and the increase of synergies in projects funded by international partners in Africa), as well as the operationalization of agri-food business platforms in leading African countries in a way to encourage EU investment in the African agri-food sector

¹¹² Commission Implementing Regulation (EU) 2022/64 of 17 January 2022 amending Implementing Regulations (EU) 2020/761 and (EU) 2020/1988 as regards the management system of some tariff quotas and the quantities that may be imported under certain tariff quotas

¹¹³ Commission Implementing Regulation (EU) 2022/663 of 21 April 2022 amending Implementing Regulation (EU) 2020/761 as regards the volume of the tariff rate quota for high-quality beef from Paraguay

¹¹⁴ Commission Implementing Regulation (EU) 2022/739 of 13 May 2022 amending Implementing Regulation (EU) 2020/761 as regards the management of certain tariff quotas for importing poultry and of a tariff quota for exporting milk powder to the Dominican Republic

negotiations on TRQ apportionment progress with other concerned third countries			
Initiatives linked to regulatory simplification and burden reduction			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Alignment of remaining trade mechanism provisions spread currently in different Commission Regulations	Adoption of delegated and implementing regulations	Q4/2022	Draft delegated and draft implementing Regulations presented and discussed with the experts and Member States at the GREX / Committee meetings on a number of occasions. ¹¹⁵
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	Monthly updates of the web page dedicated to agri food trade Podcast episode #21 on 'Smell the coffee: ten years of EU free trade with Central America' with over 320 listens
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Commencing the negotiation of international agreements on trade in organic products	Negotiation of international agreements on trade in organic products on track	Q4/2022	Negotiation of international agreements on trade in organic products on track

¹¹⁵ Adoptions of the Regulations were postponed due to shifted priorities of sectoral experts as a consequence of the war in Ukraine.

Follow-up of the work performed in the ISO, IGC and IOC ¹¹⁶ and participation to the relevant meetings of those organisations. Preparation of the formal EU positions	Conclusion of negotiations of IOC trade standards and implementation of the partial reform of the International Sugar Agreement	Q4/2022	Modification of the IOC trade standard adopted by the IOC Council of Members in November 2022. According to the agreed timetable, members of the International Sugar Agreement have to provide their instrument of acceptance of the amendments to the UN depositary by June 2023. The EU has submitted its instrument of acceptance in November 2022.
Promoting EU agri-food policies among trade partners	Participate in promotion events and bilateral negotiations	Identify and participate in all relevant high-level events in 2022	"Seminar on EU standards for agri-food products: How the EU ensures the safety, quality and sustainability of its food and beverage exports to the GCC countries" (or " SPS/Promotion seminar ") was held in Dubai, UAE on 13-14 December 2022. High-level dialogue with Türkiye
Report assessing the situation of the Union market for bananas and the state of Union banana producers	Report	2022	Report ¹¹⁷ adopted on 29/08/2022

¹¹⁶ International Sugar Organisation, International Grain Council and International Olive Council

¹¹⁷ COM (2022) 427 final: Report from the Commission to the European Parliament and the Council on the situation of the Union market for bananas and the state of Union banana producers after the expiry of the stabilisation mechanism for bananas including a preliminary assessment of the functioning of the 'Programme d'Options Spécifiques à l'Éloignement et l'Insularité' (POSEI) in preserving the banana production in the Union.

Evaluation with regard to the integration in the "Single Window for Customs" initiative of the management of AGRI-related documents needed for release of goods into free circulation by Customs to the EU market (in cooperation with DG TAXUD) ¹¹⁸	Report analysing the different IT options available and drafting a memorandum of understanding with the relevant counterparts (DG TAXUD, DG SANTE)	Q4/2022	Draft report available, to be finalised by Q2/2023 ¹¹⁹ Memoranda of understanding signed with DG TAXUD on 08/09/22 and with DG SANTE on 14/12/22.
---	--	---------	---

Specific objective 9: Promote Europe's high quality agri-food standards worldwide (incl. strengthening the system of geographical indications)		Related to spending programme(s): EAGF, EAFRD	
Result indicator 9.1: Number of third country markets targeted with agri-food promotion and information actions supported by the Commission			
Explanation: This indicator measures the increase in the number of countries, depending in particular on the number of new FTA to be concluded and implemented by 2024			
Source of data: European Commission, DG Agriculture and Rural Development			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
52 ¹²⁰	Increase	Increase	55
Result indicator 9.2: Number of EU GI protected by third countries			
Explanation: This indicator shows the number of EU GI that are protected in trade agreements (or other analogous agreements) concluded with third countries			
Source of data: European Commission, DG Agriculture and Rural Development			
Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
N/A	Increase	Increase	43 376 occurrences of protection of EU GIs in 3 rd countries

¹¹⁸ This entry was reflected under "Evaluations and fitness checks" in the original Management Plan 2022 for DG AGRI.

¹¹⁹ The delay in the delivery of the report is due to shifted priorities.

¹²⁰ Adjusted baseline to reflect the number of third country markets targeted with agri-food promotion and information actions supported by the Commission in 2020.

Main outputs in 2022			
New policy initiatives			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Legislative proposals for the new EU agri-food promotion policy (Regulation EU 1144/2014)	Adoption of the proposal by the College	First half of 2022	Positive opinion of the Regulatory Scrutiny Board on the impact assessment given on 15/03/22. Final interservice steering group meeting held on 13/05/22. Awaiting political agreement on the legislative proposal.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<p>Webpages:</p> <ul style="list-style-type: none"> - Camerounian GI - 31/03/23: Commission strengthens geographical indications to preserve high quality and reinforce protection - Geographical Indications – draft legislative proposal - Registrations of two new PGI: "Lenticchia di Onano" and "Hohenloher Birnenbrand" - 20/06: 'Maranho da Sertã' and 'Sopa da Pedra de Almeirim' from Portugal and 'Giresun Tombul Findiği' from Turkey - 21/06: "Äkta Gränna Polkagrisar" from Sweden - 23/06: "Cidre du Perche / Perche" from France - News item: 11 new GIs

			from Central America on 23/06/22 - News item: Ten new GIs for Andean countries - News item 30/11/22: New geographical indications added to the EU-Korea trade agreement
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Contribute to Green Diplomacy in line with the Green Deal	Organization of events, seminars, presentations and introduction of the sustainability concept as a systemic element at promotion events	Include the concept of sustainability in all promotion events, plus reach the maximum number of trade partners	Throughout the year
Commission "own initiatives" (promotion campaigns, participation at fairs, promotion seminars in third countries, high level missions of the Commissioner, market entry handbooks) as foreseen in the 2022 Annual Work Programme under the promotion policy (Regulation 1144/2014) (these outputs are also relevant for S08)	Commission "own initiative" activities implemented in the following categories: - Promotion campaigns - EU pavilions at international fairs - Promotion seminars/webinars in third countries - Development or updating of market entry handbooks High level missions	100% implementation of all "own initiatives" planned in the annual work programme	Commission "own initiative" activities implemented in the following categories: - 66% Promotion campaigns - 80% (4/5) EU pavilions at international fairs - 100% (3/-3) Promotion seminars/webinars/events in third countries - 100% (6/6) Development or updating of market entry handbooks - 100% (1/1) High level missions

Annual work programme ¹²¹ (AWP) and call for proposals under promotion policy	1 AWP and 2 calls	Coverage of the topic of this specific objective	<p>Commission Implementing Commission Implementing Decision C(2022) 9498¹²² (Annual Work Programme 2023)</p> <p>50% of the budget for promotion programmes directly contributes to the objectives of the Farm to fork strategy (i.e. promotion of the EU organic label, sustainable production inc. animal welfare and promotion of fresh fruits and vegetables).</p> <p>Call for proposals for simple programmes was published on Search Funding & Tenders (europa.eu) and for multi programmes on Search Funding & Tenders (europa.eu). 55 simple programmes and 28 multi programme proposals have been selected for EU co-financing.</p>
EU GIs protected in third countries in the framework of bilateral agreements	Number of GI occurrences in bilateral agreements	Increase	43 376
EU GIs protected in third countries in the framework of the Geneva Act	Number of GI occurrences in the framework of the Geneva Act	Increase	0 (143 EU GIs were submitted to the Geneva bureau, 30 were registered by 31/12/22 but the Geneva Act procedures to get

¹²¹ <https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/market-measures/promotion-eu-farm-products>

¹²² Commission Implementing Decision of 16.12.2022 on the financing of information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and the adoption of the work programme for 2023

			protection are still ongoing)
Negotiations on olive oil marketing standards in CODEX ALIMENTARIUS	Participation to the negotiations and possible adoption of a revised CODEX standard	Q4/2022	Work continued on olive oil marketing standards in CODEX. In particular, DG AGRI contributed to the work of the electronic working group on the revision for the revision of CODEX trade standard on olive oil and coordinated the contributions of national experts. Possible adoption of CODEX revised trade standard in 2024.

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

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

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

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

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
21	23 (roll-over from IPARD II)	28 (5 additional entrustments)	21

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

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

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

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (2022)
2 977 (situation of IPARD II at 30/04/20)	6 432 ¹²³ (IPARD II final target + 0 of IPARD III)	7 900 (IPARD II final target + 20% target IPARD III)	6 349

Main outputs in 2022

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Roll-over of entrustment of budget implementation tasks from IPARD II to IPARD III	Number of IPARD (IPA rural development programmes) measures entrusted and implemented in pre-accession countries	32 by the end of the IPARD III programming period – 22 will be "rolled-over" from IPARD II and 10 new measures will be entrusted	Expected 21. Roll-over of entrustment will become possible after conclusion of the Sectoral Agreements.
Continuing implementation of IPARD II, starting IPARD III	Number of farms and agri-food processing enterprises supported by IPARD in modernisation	6559 ^{124*} by the end of the IPARD II programming period	6 349

¹²³ The interim milestone has been revised following modifications of IPARD II programmes.

¹²⁴ Target established for the entire programming period (with N+3 rule, implementation will continue until 2023).

External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<p>Press releases concerning the adoption of four IPARD programmes.</p> <p>Press release on proposal for a regulation allowing for temporary improved market access for the remaining seven products from Moldova, which are still subject to tariff rate quotas when entering the EU.</p> <p>High-level dialogue with Turkey on agriculture, with multiple linked communication activities.</p> <p>Revamp of the IPARD country factsheets with a distinctive visual identity (in agreement with DG COMM guidelines)</p>

General objective 6: A new push for European democracy			
Impact indicator: People at risk of poverty or social exclusion in rural areas (EU-27)			
Explanation: This indicator measures the number of people in rural areas at risk of one of three types of poverty: income poverty, severe material deprivation and very low work intensity			
Source of data: Eurostat (Eurostat online data code: ilc_peps13)			
Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known value (2021)
30.2 million	Decrease	Decrease	25.2 million

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

Result indicator 11.1: Population change in rural regions
Explanation: This indicator measures the population distribution (and change) by urban-rural typology
Unit of measurement: share of total population in rural regions
Source of data: Eurostat (Eurostat online data code: [urt_gind3](#))

Baseline ¹²⁵ (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
20.9	Reduce the decline	Reduce the decline	20.8

Result indicator 11.2: Actions identified under the long-term vision for rural areas launched or realised
Explanation: This indicator reflects the actions which will be determined once the Communication on the long term vision for rural areas will be adopted
Source of data: European Commission, DG Agriculture and Rural Development

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

Main outputs in 2022

New policy initiatives

Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Implementation of the actions of the Communication on the long-term vision for rural areas (COM(2021) 345 final)	Flagships and accompanying actions implemented	2022 and following years, in line with Rural Action Plan	Rural proofing: Better regulation guidelines updated for initiatives with impact assessment, note from AGRI on initiatives without impact assessment communicated) 14 initiatives followed from DG AGRI side (ISSG):

¹²⁵ Compared to DG AGRI's Strategic Plan, updated baseline value due to change in Eurostat database.

			<p>(e.g. victims rights, care strategy, end of life of vehicles, new urban mobility framework, digital skills)</p> <p>Draft CWP 2023 screened: Ten initiatives identified as relevant for rural proofing, some already followed in S2/2022 (Harnessing regional talents, Food systems etc.)</p> <p>ENRD Thematic Groups results (framework for rural proofing) published.</p> <p>1 participation in OECD on-line discussion on rural proofing and intervention at workshop on rural proofing for health at OECD rural development conference on 28/09</p> <p>Rural observatory kicked-off on 23/06 after signature of Administrative Agreement. Launched on 08/12/22 together with rural vision website.</p> <p>Improved rural statistics: active AGRI contribution to discuss on population statistics. Work in progress on other datasets. Contribution to the EUROSTAT "Urban-rural Europe" on-line publication to be published on 17/01/23.</p> <p>Rural revitalisation platform: ENRD TG outputs published. First page published on web</p>
--	--	--	---

			<p>together with rural vision website. Contracts signed with IT developers to develop collaborative platform</p> <p>Work on smart villages: 1 session organised during the Rural Pact conference. Contribution to the Steering group of SmartRural 21 and 27</p>
Functional rural areas definition	Creation of interservice working group and start discussions with stakeholders, including national statistical institutes, about possible definition of functional rural areas complementing current EU definitions.	Q4/2022	First proposal presented officially at a Rural Pact conference session + discussion with ESPON EGTC ¹²⁶ and stakeholders to see how to validate it). Contribution to dialogue with OECD on a global approach to functional rural areas at Working party on rural development in November 2022.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Rural Pact launch conference	Number of participants Satisfaction rate	> 400 participants 80% positive evaluation	Conference 15-16/06/22 5 plenaries including one high-level with EC Pres and VP – 15 Parallel thematic participatory sessions co-organised with 10 other DGs, other institutions and stakeholders. 100 speakers.

¹²⁶ European Spatial Planning Observation Network - European Grouping on Territorial Cooperation

			775 participants, including - 475 on-site - 300 on-line 90% positive evaluation
<i>Information and communication support actions, including online content and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<p><i>Webpages:</i></p> <p>Rural development</p> <ul style="list-style-type: none"> • Creation of a distinctive visual identity for the Rural Vision Conference • The adoption of IPARD programmes, European Commission will support agriculture and rural development in the pre-accession countries with over EUR 900 million, published on 23/03/22 • 29/03/22: Study shows positive impact of POSEI programmes and programme for smaller Aegean islands (SAI) on reaching their overall objectives for 2015-2019 <p>Podcast episode #13 on 'Working for a more attractive and prosperous countryside in Europe' with over 652 listens</p> <p>Podcast episode #19 on 'Rural Pact: acting for the diverse rural areas of Europe' with over 360 listens</p>
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Conference on the Future of Europe	Contribution to the preparatory work when rural	Consultation activities under the conference on the	Completed

	areas are explicitly addressed. Inputs from rural citizens included in the debate.	future of Europe launched, including consultation of rural stakeholders	
Rural Pact	Launch of a Rural Pact in a dedicated event	Q2/2022	Conference 15-16/06/22
Study on Land use linked to sustainable agriculture, optimal land use planning/zoning	Start of contract	2022	Start of the contract rescheduled for Q2/2023.

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

Related to spending programme(s): EAGF, EAFRD

Result indicator 12.1: Contributing to jobs in rural areas: Evolution of the employment rate in predominantly rural areas¹²⁷

Explanation: This indicator reflects employed persons aged 15-64 years and 20-64 years as a share of the total population of the same age group in rural areas

Unit of measurement: %

Source of data: Eurostat (Eurostat online data code: [lfst_r_ergau](#))

Baseline (2019)	Interim milestone (2022)	Target (2024)	Latest known results (2021)
68.4% (15-64y) 73.3% (20-64y)	Increase	Increase	68.7% (15-64y) 73.6% (20-64y)

Result indicator 12.2: Contributing to growth in rural areas: Evolution of GDP per head in predominantly rural regions

Explanation: The indicator measures the Gross Domestic Product (GDP) per capita in predominantly rural regions, in Purchasing Power Standard (PPS)

Unit of measurement: Index of GDP in Purchasing Power Standard (PPS) in rural regions

Source of data: European Commission, DG Agriculture and Rural Development, based on Eurostat data (Eurostat online data codes: ([nama_10r_3popgdp](#), [nama_10r_3gdp](#)))

¹²⁷ This indicator is also used in the Programme Statements.

Baseline ¹²⁸ (2016)	Interim milestone (2022)	Target (2024)	Latest known results (average 2016-2018 ¹²⁹)
72	Increase	Increase	73

Result indicator 12.3: Generational renewal: Number of young farmers setting up a farm with support from the CAP Rural Development

Explanation: The indicator quantifies the new young farmers setting up with CAP support

Unit of measurement: Number of farmers

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

Baseline (2018)	Interim milestone (2022)	Target ¹³⁰ (2025)	Latest known results (2021)
102 150	Increase	Increase	169 342

Result indicator 12.4: Rural Europe attractiveness: Share of rural population benefiting from new or improved ICT services/infrastructures¹³¹

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

Unit of measurement: %

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

Baseline (2018)	Interim milestone (2022)	Target ¹³² (2025)	Latest known results (2021)
1.07%	Increase	4.41%	2.07%

Result indicator 12.5: Rural Europe attractiveness: Share of rural population benefitting from improved access to services and infrastructure through CAP support¹³³

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

Unit of measurement: %

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

¹²⁸ The DG AGRI Strategic Plan set baseline year 2020 by mistake, as the reference year should be prior to 2020 to monitor progress over the period 2020-2024.

¹²⁹ Latest data available

¹³⁰ Compared to the Strategic Plan, the target value has been modified as a result of the extended programming period.

¹³¹ This indicator is also used in the Programme Statements.

¹³² Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

¹³³ This indicator is also used in the Programme Statements.

Baseline (2018)	Interim milestone (2022)	Target ¹³⁴ (2025)	Latest known results (2021)
14.3%	Increase	20.4%	19.98%

Main outputs in 2022			
Evaluations and fitness checks			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Evaluation of the impact of LEADER towards the general CAP objective "balanced territorial development"	Finalisation and publication of the evaluation (SWD)	Q2/2022	Study completed
Synthesis of RDP ex-post evaluations 2007-2013	Finalisation and publication of the evaluation (SWD)	Q2/2022	Evaluation SWD published on AGRI Europa in Q3/2022.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
<i>Information and communication support actions, including digital and media, as indicated under objective 1 will be implemented to accompany this policy initiative as foreseen in DG AGRI's 2022 external communication action plan.</i>	N/A	N/A	<p><i>Webpages:</i></p> <p>Rural development</p> <ul style="list-style-type: none"> • Commission publishes study on the impact of LEADER on Balanced Territorial Development <p>Podcast episode #19: – Rural pact: acting for the diverse rural areas of Europe in EN/FR/DE</p> <p>Podcast episode #13 on 'Working for a more attractive and prosperous countryside in Europe' with over 652 listens</p>

¹³⁴ Compared to DG AGRI's Strategic Plan, the target value has been modified as a result of the extended programming period.

Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/22)
Provide support to Member States in the implementation of the current direct payment policy regarding young farmers	Replies to letters from Member States / stakeholders	All year (ongoing)	Letters from Member States were replied Bilateral meetings were organised Expert groups and committees were held Platforms were given to Member States to exchange best practices
	Bilateral meetings		
	Organisation of Expert groups and Committees		
	Facilitate Member States' exchange of experience and of good practices		
Contribution to the annual reports on direct payments regarding the payment for young farmers	Annual implementation report	Mid 2022	Report published end 2022 ¹³⁵
	Fiche by Member State	September 2022	Discontinued due to reform
	Overview of Member States' decisions	End 2022	Discontinued due to reform
Preparatory Action I - Smart rural areas in the 21 st century [Smart Eco-villages II]	Finalisation and publication of the study	Q2/2022	Contract extended by 5 months (until mid-November 2022) due to the impact of pandemic. 8 th interim received on 18/06/22
Preparatory Action II - Smart rural areas in the 21 st century [Smart Rural 27]	Interim deliverable(s)	2022	4 th deliverable accepted on 25/10/22
Study on the agricultural workforce working conditions	Interim deliverable(s)	2022	Delayed until Q1/2023

¹³⁵ The delay is due to the work on the assessment of CAP Strategic Plans

ANNEX 3: Draft annual accounts and financial reports

1. FINANCIAL REPORTS

1.1 Commitments and payments (tables 1 and 2)

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for DG AGRI				TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2022 (in Mio €) for DG AGRI				
				Commitment appropriations	Commitments made	%		
				1	2	3=2/1		
Title 01 Research and Innovation				Title 01 Research and Innovation				
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.02	0.00	14.01 %	0.02	0.00	8.55 %
	01 02	Horizon Europe	0.00	0.00	0.00 %	0.00	0.00	0.00 %
Total Title 01			0.02	0.00	14.01 %	0.02	0.00	8.55 %
Title 03 Single Market				Title 03 Single Market				
03	03 02	Single Market Programme	0.21	0.21	100.00 %	0.12	0.12	100.00 %
Total Title 03			0.21	0.21	100.00 %	0.12	0.12	100.00 %
Title 08 Agriculture and Maritime Policy				Title 08 Agriculture and Maritime Policy				
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.56	0.38	67.92 %	0.92	0.33	36.36 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,545.96	41,042.61	98.79 %	41,554.88	41,037.67	98.76 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	13,082.17	12,714.82	97.19 %	14,263.20	13,991.12	98.09 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %	4.17	4.17	100.00 %
Total Title 08			54,628.69	53,757.81	98.41 %	55,823.17	55,033.30	98.59 %
Title 14 External Action				Title 14 External Action				
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.06	4.06	100.00 %	4.06	4.06	100.00 %
Total Title 14			4.06	4.06	100.00 %	4.06	4.06	100.00 %
Title 15 Pre-accession Assistance				Title 15 Pre-accession Assistance				
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.21	0.00	0.00 %	0.41	0.20	48.40 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	189.00	189.00	100.00 %	202.52	193.55	95.57 %
Total Title 15			189.21	189.00	99.89 %	202.93	193.75	95.48 %
Title 08 Agriculture and Maritime Policy				Title 08 Agriculture and Maritime Policy				
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	1.27	0.00	0.00 %	0.34	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	5,702.49	5,687.42	99.74 %	1,253.56	1,242.83	99.14 %
Total Title 08			5,703.76	5,687.42	99.71 %	1,253.90	1,242.83	99.12 %
Total NGEU Only			5,703.76	5,687.42	99.71 %	1,253.90	1,242.83	99.12 %
Total DG AGRI			60,528.59	59,640.93	98.53 %	57,287.51	56,476.35	98.58 %

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

Analysis shows that during the current year:

- the execution rate of commitment appropriations of DG AGRI increased compared to previous year.

	2022	2021
Commitment appropriations	98.53%	89.40%

- an increase has also been observed for the execution rate of payment appropriations, as compared with the previous year

	2022	2021
Payment appropriations	98.58%	97.84%

The increase in the rate of carrying out new commitment appropriations is due to a high rate of implementation for the Next Generation EU instrument (NGEU is a temporary recovery instrument designed to boost the recovery in 2021 to 2023).

The total amount **committed** during the year amounts to **EUR 59,640.93** million and the total amount **paid** amounts to **EUR 56,476.35** million.

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

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

	2022	2021
Amount committed (million EUR)	41,042.61	40,694.65
% of the available commitment appropriations	98.79%	98.31%

	2022	2021
Amount paid (million EUR)	41,037.67	40,680.32
% of the available appropriations	98.76%	98.30%

- **08 03 Rural Development:** This appropriation appears twice in the table, once to account for EAFRD funds and a second time to account for NGEU. It is intended to cover the financing of the 2014 to 2020 rural development programmes that have been extended until 2022. During the years 2021 and 2022, funding will be drawn from the Common Agricultural Policy's (CAP) budget allocation for 2021-2027, bolstered by an additional EUR 8 billion from the NextGenerationEU recovery instrument assigned to the EAFRD.

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

	2022	2021
Amount committed (million EUR)		
EAFRD	12,714.82	15,324.36
% of the available commitment appropriations	97.19%	97.31%
NGEU	5,687.42	2,365.67
% of the available commitment appropriations	99.74%	29.32%

The amount paid from CAP funds this year increased significantly for NGEU payments with an execution rate of 99.14% as detailed below:

	2022	2021
Amount paid (million EUR)		
EAFRD	13,991.12	14,578.35
% of the available appropriations	98.09%	98.87%
NGEU	1,242.83	65.48
% of the available appropriations	99.14%	15.77%

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

	2022	2021
Amount committed (million EUR)	189.00	-
% of the available appropriations	100.00%	0.00%

We identified an increase of the amount paid comparing with previous year:

	2022	2021
Amount paid (million EUR)	193.55	180.25
% of the available appropriations	95.57%	99.84%

We can explain the increase in payments by the fact that the beneficiary Candidate Countries had disposed this year by the new funds assigned for the 2021-2027 as the IPA III programs have been approved and the commitments have been fully committed.

1.2 Unused balance of Commitments (table 3)

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	0.28	0.12	0.16	57.81%	0.00	0.16	0.10
Total Title 02			0.28	0.12	0.16	57.81%	0.00	0.16	0.10
03	03 02	Single Market Programme	0.21	0.01	0.20	97.35%	0.10	0.30	0.25
Total Title 03			0.21	0.01	0.20	97.35%	0.10	0.30	0.25
05	05 02	European Regional Development Fund (ERDF)	0.53	0.36	0.16	31.03%	0.00	0.16	0.07
	05 03	Cohesion Fund (CF)	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
Total Title 05			0.53	0.36	0.16	31.03%	0.00	0.16	0.10
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.38	0.03	0.34	90.81%	0.00	0.34	0.36
	08 02	European Agricultural Guarantee Fund (EAGF)	41,042.61	41,014.76	27.84	0.07%	16.96	44.81	42.27
	08 03	European Agricultural Fund for Rural Development (EAFRD)	12,714.82	367.44	12,347.38	97.11%	22,256.21	34,603.59	35,896.31
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	3.85	3.85	8.02
Total Title 08			53,757.81	41,382.24	12,375.57	23.02%	22,277.03	34,652.59	35,946.97
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
Total Title 11			0.00	0.00	0.00	0.00%	0.00	0.00	0.03
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.20
	15 02	Instrument for Pre-accession Assistance (IPA III)	189.00	0.00	189.00	100.00%	288.97	477.97	482.53
Total Title 15			189.00	0.00	189.00	100.00%	288.97	477.97	482.73
20	20 02	Other staff and expenditure relating to persons	0.02	0.00	0.02	79.30%	0.00	0.02	0.00
	20 04	Information and communication technology related expenditure	1.60	0.80	0.79	49.69%	0.00	0.79	0.76
Total Title 20			1.62	0.81	0.81	50.09%	0.00	0.81	0.76
Total Excluding NGEU			53,953.51	41,387.60	12,565.91	23.29%	22,566.10	35,132.01	36,430.93

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	08 03	European Agricultural Fund for Rural Development (EAFRD)	5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total Title 08			5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total NGEU Only			5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total for DG AGRI			59,640.93	41,662.24	17,978.69	30.14 %	23,898.10	41,876.78	38,731.13

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

	2022	2021
- European agricultural fund for rural development	34,603.59	35,896.31
- NextGenerationEU	6,744.78	2,300.19
- Pre-accession assistance	477.97	482.53
- Others	50.44	52.10
Total	41,876.78	38,731.13

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

1.3 Payment time limits (table 6a/b)

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

- For "direct management expenditure" (see table 6a), the average delay was **9** days this year (compared to **7** days in the previous year). **7** payments exceeded the legal payment deadline (**3** payments last year), which represents **0,84%** of the total number of payments (**0,42%** last year).
- For "rural development" (see table 6b), the average payment delay was **25** days (same as last year). All payments were made on time, within the legal payment deadline, as it was the case also last year.

1.4 Revenue and income

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
	1	2	3=1+2	4	5	6=4+5	
33	3.350.00	0.00	3.350.00	3.350.00	0.00	3.350.00	0.00
62	1,018,020,775.34	394,336,835.03	1,412,357,610.37	587,290,857.45	215,735,692.94	803,026,550.39	609,331,059.98
65	15,306,825.69	10,289,879.04	25,596,704.73	-6,365.31	10,289,879.04	10,283,513.73	15,313,191.00
67	18,628.08	39,457,586.59	39,476,214.67	18,628.08	32,417,937.35	32,436,565.43	7,039,649.24
Total DG AGRI	1,033,349,579.11	444,084,300.66	1,477,433,879.77	587,306,470.22	258,443,509.33	845,749,979.55	631,683,900.22

The total income/revenue recognised for DG AGRI this year corresponds to **EUR 1,033.35 million** (last year: EUR **856.77** million), while the total amount cashed within the year is **EUR 845.75 million**.

The total income is detailed as follows:

	2022	2021
EAGF, out of which:	781.29	708.81
- financial corrections following the adoption of clearance decisions	604.25	577.04
- irregularities paid back to the EU budget	148.14	123.53
- operational revenue from various sources	28.9	8.24
EAFRD	236.76	137.38
IPARD	15.3	10.58
Total	1033.35	856.77

At the end of the year, **EUR 631.68 million** is still owed to DG AGRI (EUR 444,08 million last year).

Annexes :

Table 1: Commitments

Table 2: Payments

Table 3: Commitments to be settled (RAL)

Table 4: Balance sheet

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

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

Table 7: Income

Table 8/8a: Recovery context

Table 9/9a: Ageing balance of Recovery Orders

Table 10: Waivers of Recovery Orders

Table 11: Negotiated Procedures

Table 12: Summary of Procedures

Table 13: Building Contracts

Table 14: Secret Contracts

Table 15: FPA > 4 yrs

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

2. DRAFT ANNUAL ACCOUNTS

2.1 Accounting principles and methods

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

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

Other items not included are:

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

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

2.2 Acronyms

- EAGF: European Agricultural Guarantee Fund;
- EAFRD: European Agriculture Fund for Rural Development;
- EAGGF : European Agricultural Guarantee and Guidance Fund;
- IPA : Instrument for Pre-Accession
- TRDI : Temporary Rural Development Instrument

2.3 Balance Sheet

TABLE 4 : BALANCE SHEET for DG AGRI

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	2,917,140,233.45	3,595,125,050.81
A.I.1. Intangible Assets	17,316,323.04	15,167,862.84
A.I.5. Non-Current Pre-Financing	2,401,483,815.02	3,232,485,073.44
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	498,340,095.39	347,472,114.53
A.II. CURRENT ASSETS	2,786,980,821.16	2,736,073,224.22
A.II.2. Current Pre-Financing	2,043,720,164.73	1,715,781,526.95
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	743,260,656.43	1,020,291,697.27
ASSETS	5,704,121,054.61	6,331,198,275.03
P.I. NON CURRENT LIABILITIES	-276,630,866.30	-353,892,589.78
P.I.2. Non-Current Provisions	-276,630,866.30	-353,892,589.78
P.II. CURRENT LIABILITIES	-60,925,283,681.73	-60,390,930,276.86
P.II.4. Current Payables	-15,877,668,260.37	-15,711,735,454.65
P.II.5. Current Accrued Charges & Defrd Income	-45,047,615,421.36	-44,679,194,822.21
LIABILITIES	-61,201,914,548.03	-60,744,822,866.64
NET ASSETS (ASSETS less LIABILITIES)	-55,497,793,493.42	-54,413,624,591.61

P.III.2. Accumulated Surplus/Deficit	506,185,595,151.79	450,299,690,587.74
--------------------------------------	--------------------	--------------------

Non-allocated central (surplus)/deficit*	-450,687,801,658.37	-395,886,065,996.13
--	---------------------	---------------------

TOTAL DG AGRI	0.00	0.00
----------------------	-------------	-------------

Assets

Non-current assets

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

- PF paid to MS in the framework of EAFRD programs of period (2014-2020)	2,185,745,711.75
- PF for market measures, paid by MS to final beneficiaries, financed by EAGF funds	215,738,103.27
Total	2,401,483,815.02

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

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

- EAGF	463,382,667.89
- EAFRD	34,957,427.50
Total	498,340,095.39

Current assets

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

- Advances paid at Member States level, i.e. directly by Member States to beneficiaries	1,585,994,022.88
- EAGF mainly for actions related to wine making	264,598,587.86
- EAFRD 2014 -2020	1,189,666,316.08
- EAFRD 2007 -2013	45,793,267.04
- Contribution for Financial Instruments	85,935,851.90
- Prefinancing paid to Member States in the framework of EAFRD programs	338,811,569.83
- Prefinancing paid to Candidate countries under programs IPA II (2014-2020 period)	116,980,702.06
- Prefinancing paid to beneficiaries of direct management contracts	1,933,869.96
Total	2,043,720,164.73

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

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

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

- Exchange recoverables	7,039,649.24
- Non-exchange recoverables	736,221,007.19
Total	743,260,656.43

The exchange amount relates to direct management, (see table 9a). It corresponds to the remaining balances of eight recovery orders linked to Article 8 of Regulation No 4256/88, whose cashing dates have expired.

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

- Debtors	546,313,905.51
- Other non-exchange receivables	189,907,101.68
- EAGF	113,162,861.58
- EAFRD	61,431,049.10
- IPA	15,313,191.00
Total	736,221,007.19

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

This year, there is a substantial decrease of EUR 322,648,974.39 in the debtors' ledger (546,313,905.51 this year compared to 868,962,879.9 last year). The main reason is that, starting from 1/1/2023, new rules¹³⁶ will apply to irregularities detected by the Member States for EAFRD. This change has already an impact on the 2022 accounts when a part of the debtor's balance had to be written off. The debtor's amount is therefore much lower than the level prevailed in the past.

The details of this item are indicated below:

- EAGF	1,044,372,184.92
- EAFRD	76,173,421.18
- IPA	6,971,426.75
- TRDI	9,880,797.62
- Reduction applied to debtors's ledger balances	-591,083,924.96
Total	546,313,905.51

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

a) EAGF amount, comprised of:

- Financial corrections based on Conformity Clearance decisions	49,498,410.67
- Irregularities detected by Member States themselves in Nov, Dec 202N not cashed yet	57,092,718.65
- Residual amounts of financial corrections and irregularities	6,571,732.26
Total	113,162,861.58

b) *EAFRD amount for EUR 61,431,049.10 that corresponds to financial corrections amounts due by Member States, as a result of Conformity Clearance decisions taken by the Commission,*

c) IPA amount for EUR 15,313,191 that corresponds to irregularities amounts due by the respective countries.

¹³⁶ Art 57 in Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

Liabilities

Non-current liabilities

Long-term provisions: This item for EUR 276,630,866.30 relates to the estimate of potential future expenses resulting from court cases awaiting judgement for which the risk of losing is considered high. It includes the following cases:

FUND	Case Number	Provision Closing Balance
EAFRD	T-33/21	18,717,475.08
EAGF	T-450/21	5,010,303.63
EAGF	T-495/21	2,056,473.43
EAGF	T-516/21	29,055,667.01
EAGF	T-48/22	41,717,608.83
EAFRD	T-48/22	1,753,227.47
EAGF	T-49/22	164,493,626.53
EAFRD	T-49/22	13,826,484.32
	Total	276,630,866.30

Current liabilities

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

- Suspended payment for EAGF November expenditure following the submission of MS	15,795,054,417.18
- Costs claims of EAFRD programmes (2014-2020) with payments temporarily suspended	79,927,230.54
- Open Costs claims for IPARD programmes (2014-2020)	1,970,373.52
- Open invoices for direct management	716,239.13
Total	15,877,668,260.37

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

- EAGF*	25,304,038,265.50
- EAFRD 2014-2020 programming period	19,619,262,830.90
- IPA 2014-2020 programming period	105,745,757.85
- Direct management	18,568,567.11
Total	45,047,615,421.36

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

2.4 Economic Outturn Account

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG AGRI

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-794,210,931.59	-928,844,447.26
II.1.1. NON-EXCHANGE REVENUES	-798,814,750.00	-933,136,497.07
II.1.1.6. RECOVERY OF EXPENSES	-458,365,998.74	-891,472,636.15
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-340,448,751.26	-41,663,860.92
II.1.2. EXCHANGE REVENUES	4,603,818.41	4,292,049.81
II.1.2.1. FINANCIAL INCOME		617,002.52
II.1.2.2. OTHER EXCHANGE REVENUE	4,603,818.41	3,675,047.29
II.2. EXPENSES	57,511,455,729.02	56,814,749,011.31
II.2. EXPENSES	57,511,455,729.02	56,814,749,011.31
II.2.10. OTHER EXPENSES	234,034,008.82	223,170,180.26
II.2.1. EXP IMPL BY MEMBER STATES (SHARED	57,104,162,112.33	56,280,290,061.86
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	45,714,321.02	36,019,203.65
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	124,163,290.33	255,003,396.41
II.2.6. STAFF AND PENSION COSTS	-1,968,126.16	-2,049,321.62
II.2.8. FINANCE COSTS	5,350,122.68	22,315,490.75
STATEMENT OF FINANCIAL PERFORMANCE	56,717,244,797.43	55,885,904,564.05

Surplus/Deficit from activities

Exchange and Non-Exchange Revenue

Almost the entirety of the revenue results from non-exchange transactions (EUR 798.81 million); it corresponds to:

- recovery of expenses due to financial and conformity clearance decisions or irregularities (EUR 458.36 million) and,
- written-off of balances (EUR 340.45 million) that have been previously made but are no longer required:
 - provisions for bad or doubtful debts (EUR 83.35 million)
 - value reduction related to debtors' ledger (EUR 257.10 million)

This year, there is a substantial decrease of the revenue due to irregularities and a substantial increase in the revenue due to a written-off of the value reduction of the debtors' ledger related to these irregularities. The main reason is that, starting from

1/1/2023, new rules¹³⁷ will apply to irregularities detected by the Member States for EAFRD. This change has already an impact on the 2022 accounts.

Expenses:

A percentage of 99,51% of the expenses relates to shared management expenditure comprising EAGF, EAFRD and IPARD.

Under the heading "II.2.1 "Expenses implemented by MS", the EAGF amount corresponds to EUR 40,873.74 million and the EAFRD amount corresponds to EUR 16,230.42 million.

¹³⁷ Art 57 in Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013

Annex 3 Financial Reports - DG AGRI - Financial Year 2022

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

Table 16 : Commitments co-delegation type 3 in 2022

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for DG AGRI					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.02	0.00	14.01 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
Total Title 01			0.02	0.00	14.01 %
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	0.28	0.28	100.00 %
Total Title 02			0.28	0.28	100.00 %
Title 03 Single Market					
03	03 02	Single Market Programme	0.21	0.21	100.00 %
Total Title 03			0.21	0.21	100.00 %
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.53	0.53	100.00 %
	05 03	Cohesion Fund (CF)	0.00	0.00	0.00 %
Total Title 05			0.53	0.53	100.00 %
Title 07 Investing in People, Social Cohesion and Values					
07	07 02	European Social Fund PLus (ESF+)	0.00	0.00	0.00 %
Total Title 07			0.00	0.00	0.00 %
Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.56	0.38	67.92 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,545.96	41,042.61	98.79 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	13,082.17	12,714.82	97.19 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00 %
Total Title 08			54,628.69	53,757.81	98.41 %
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.00	0.00	0.00 %
Total Title 11			0.00	0.00	0.00 %
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.06	4.06	100.00 %
Total Title 14			4.06	4.06	100.00 %
Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.21	0.00	0.00 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	189.00	189.00	100.00 %
Total Title 15			189.21	189.00	99.89 %

Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.22	0.02	9.73 %
	20 04	Information and communication technology related expenditure	1.60	1.60	100.00 %
Total Title 20			1.82	1.62	88.89 %
Total Excluding NGEU			54,824.82	53,953.51	98.41 %

Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	1.27	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	5,702.49	5,687.42	99.74 %
Total Title 08			5,703.76	5,687.42	99.71 %
Total NGEU Only			5,703.76	5,687.42	99.71 %

Total DG AGRI			60,528.59	59,640.93	98.53 %
----------------------	--	--	------------------	------------------	----------------

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

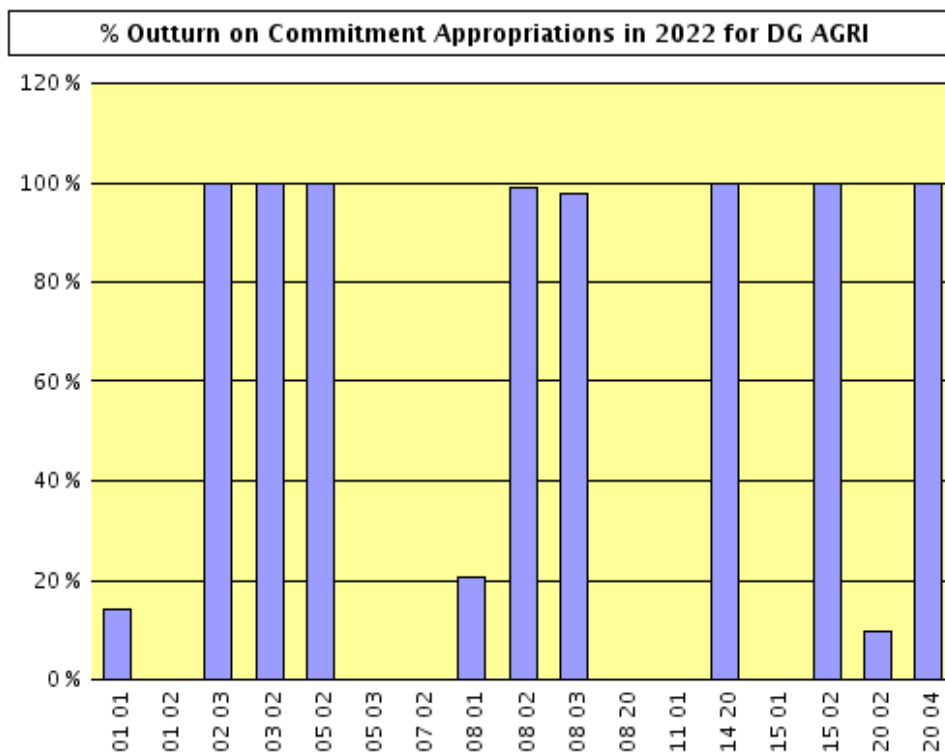


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio €) for DG AGRI					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 01 Research and Innovation					
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.02	0.00	8.55 %
	01 02	Horizon Europe	0.00	0.00	0.00 %
Total Title 01			0.02	0.00	8.55%
Title 02 European Strategic Investments					
02	02 03	Connecting Europe Facility (CEF)	0.22	0.22	100.00 %
Total Title 02			0.22	0.22	100.00%
Title 03 Single Market					
03	03 02	Single Market Programme	0.12	0.12	100.00 %
Total Title 03			0.12	0.12	100.00%
Title 05 Regional Development and Cohesion					
05	05 02	European Regional Development Fund (ERDF)	0.43	0.43	100.00 %
	05 03	Cohesion Fund (CF)	0.03	0.03	100.00 %
Total Title 05			0.46	0.46	100.00%
Title 07 Investing in People, Social Cohesion and Values					
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00 %
Total Title 07			0.00	0.00	0.00%
Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.92	0.33	36.36 %
	08 02	European Agricultural Guarantee Fund (EAGF)	41,554.88	41,037.67	98.76 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	14,263.20	13,991.12	98.09 %
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	4.17	4.17	100.00 %
Total Title 08			55,823.17	55,033.30	98.59%
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.03	0.03	100.00 %
Total Title 11			0.03	0.03	100.00%
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.06	4.06	100.00 %
Total Title 14			4.06	4.06	100.00%
Title 15 Pre-accession Assistance					
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.41	0.20	48.40 %
	15 02	Instrument for Pre-accession Assistance (IPA III)	202.52	193.55	95.57 %
Total Title 15			202.93	193.75	95.48%

Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0.23	0.00	1.98 %
	20 04	Information and communication technology related expenditure	2.36	1.56	66.32 %
Total Title 20			2.59	1.57	60.65%
Total Excluding NGEU			56,033.61	55,233.52	98.57%

Title 08 Agriculture and Maritime Policy					
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.34	0.00	0.00 %
	08 03	European Agricultural Fund for Rural Development (EAFRD)	1,253.56	1,242.83	99.14 %
Total Title 08			1,253.90	1,242.83	99.12%
Total NGEU Only			1,253.90	1,242.83	99.12%

Total DG AGRI			57,287.51	56,476.35	98.58 %
----------------------	--	--	------------------	------------------	----------------

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

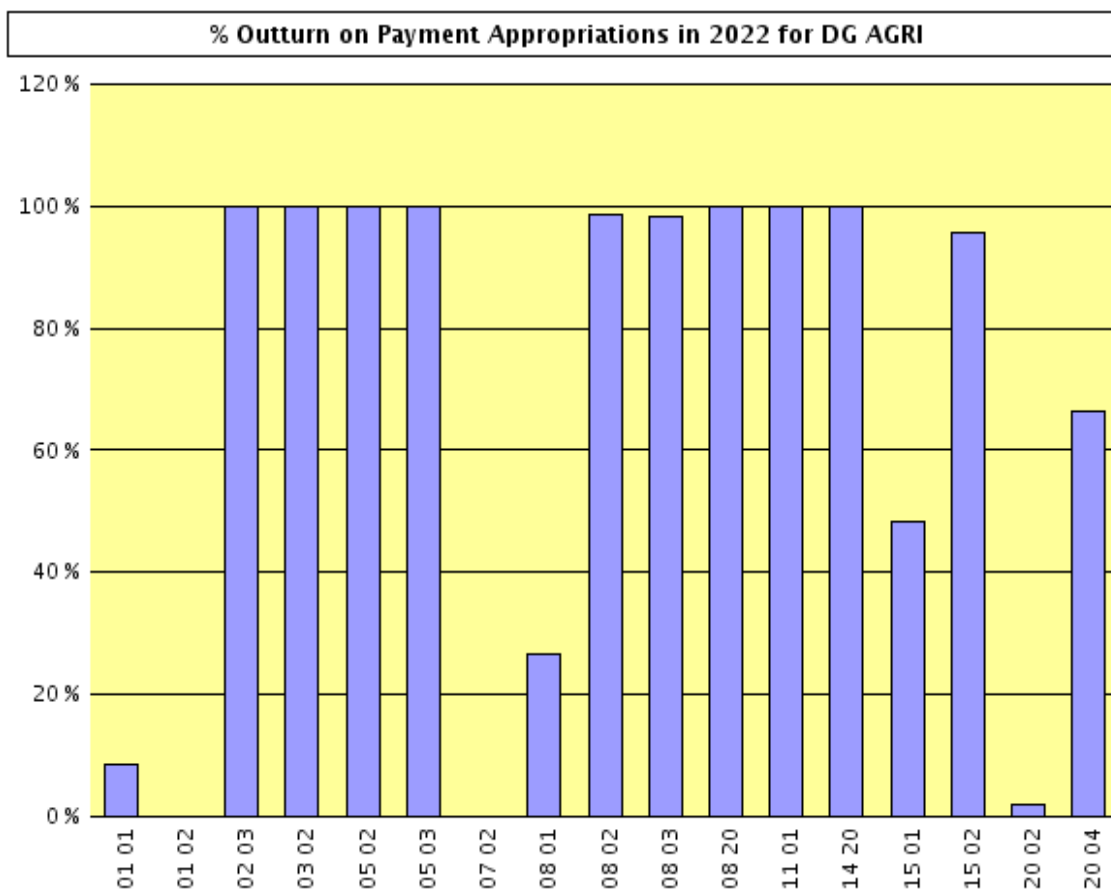


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
01	01 01	Support administrative expenditure of the "Research and Innovation" cluster	0.00	0.00	0.00	39.00%	0.00	0.00	0.00
	01 02	Horizon Europe	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
Total Title 01			0.00	0.00	0.00	39.00%	0.00	0.00	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 03	Connecting Europe Facility (CEF)	0.28	0.12	0.16	57.81%	0.00	0.16	0.10
Total Title 02			0.28	0.12	0.16	57.81%	0.00	0.16	0.10
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 02	Single Market Programme	0.21	0.01	0.20	97.35%	0.10	0.30	0.25
Total Title 03			0.21	0.01	0.20	97.35%	0.10	0.30	0.25
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
05	05 02	European Regional Development Fund (ERDF)	0.53	0.36	0.16	31.03%	0.00	0.16	0.07
	05 03	Cohesion Fund (CF)	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
Total Title 05			0.53	0.36	0.16	31.03%	0.00	0.16	0.10
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
07	07 02	European Social Fund Plus (ESF+)	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
Total Title 07			0.00	0.00	0.00	0.00%	0.00	0.00	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.38	0.03	0.34	90.81%	0.00	0.34	0.36
	08 02	European Agricultural Guarantee Fund (EAGF)	41,042.61	41,014.76	27.84	0.07%	16.96	44.81	42.27
	08 03	European Agricultural Fund for Rural Development (EAFRD)	12,714.82	367.44	12,347.38	97.11%	22,256.21	34,603.59	35,896.31
	08 20	Pilot projects, preparatory actions, prerogatives and other actions	0.00	0.00	0.00	0.00%	3.85	3.85	8.02
Total Title 08			53,757.81	41,382.24	12,375.57	23.02%	22,277.03	34,652.59	35,946.97

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.03
Total Title 11			0.00	0.00	0.00	0.00%	0.00	0.00	0.03
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	4.06	4.06	0.00	0.00%	0.00	0.00	0.00
Total Title 14			4.06	4.06	0.00	0.00%	0.00	0.00	0.00
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
15	15 01	Support administrative expenditure of the "Pre-accession Assistance" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.20
	15 02	Instrument for Pre-accession Assistance (IPA III)	189.00	0.00	189.00	100.00%	288.97	477.97	482.53
Total Title 15			189.00	0.00	189.00	100.00%	288.97	477.97	482.73
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0.02	0.00	0.02	79.30%	0.00	0.02	0.00
	20 04	Information and communication technology related expenditure	1.60	0.80	0.79	49.69%	0.00	0.79	0.76
Total Title 20			1.62	0.81	0.81	50.09%	0.00	0.81	0.76
Total Excluding NGEU			53,953.51	41,387.60	12,565.91	23.29%	22,566.10	35,132.01	36,430.93
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG AGRI									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 01	Support administrative expenditure of the "Agriculture and Maritime Policy" cluster	0.00	0.00	0.00	0.00%	0.00	0.00	0.00
	08 03	European Agricultural Fund for Rural Development (EAFRD)	5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total Title 08			5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total NGEU Only			5,687.42	274.64	5,412.78	95.17%	1,332.00	6,744.78	2,300.19
Total for DG AGRI			59,640.93	41,662.24	17,978.69	30.14 %	23,898.10	41,876.78	38,731.13

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2022 AGRI

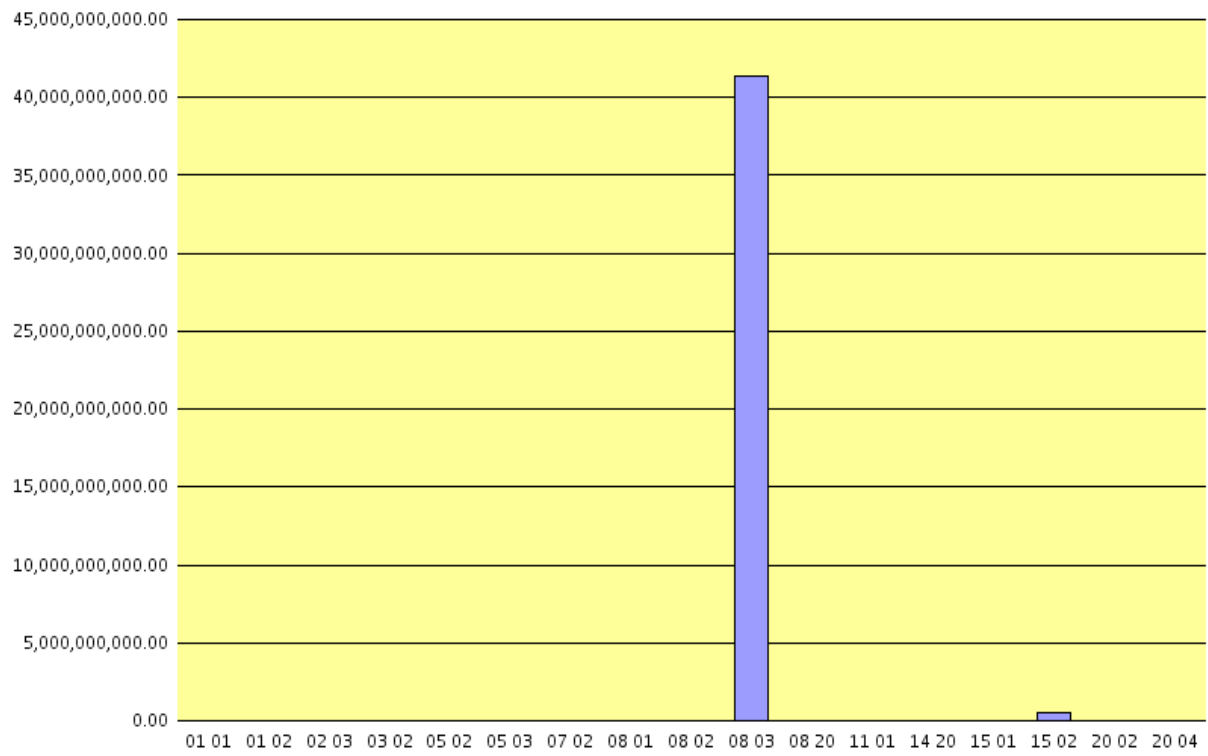


TABLE 4 : BALANCE SHEET for DG AGRI

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	2,917,140,233.45	3,595,125,050.81
A.I.1. Intangible Assets	17,316,323.04	15,167,862.84
A.I.5. Non-Current Pre-Financing	2,401,483,815.02	3,232,485,073.44
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	498,340,095.39	347,472,114.53
A.II. CURRENT ASSETS	2,786,980,821.16	2,736,073,224.22
A.II.2. Current Pre-Financing	2,043,720,164.73	1,715,781,526.95
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	743,260,656.43	1,020,291,697.27
ASSETS	5,704,121,054.61	6,331,198,275.03
P.I. NON CURRENT LIABILITIES	-276,630,866.30	-353,892,589.78
P.I.2. Non-Current Provisions	-276,630,866.30	-353,892,589.78
P.II. CURRENT LIABILITIES	-60,925,283,681.73	-60,390,930,276.86
P.II.4. Current Payables	-15,877,668,260.37	-15,711,735,454.65
P.II.5. Current Accrued Charges & Defrd Income	-45,047,615,421.36	-44,679,194,822.21
LIABILITIES	-61,201,914,548.03	-60,744,822,866.64
NET ASSETS (ASSETS less LIABILITIES)	-55,497,793,493.42	-54,413,624,591.61
P.III.2. Accumulated Surplus/Deficit	506,185,595,151.79	450,299,690,587.74
Non-allocated central (surplus)/deficit*	-450,687,801,658.37	-395,886,065,996.13
TOTAL DG AGRI	0.00	0.00

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

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

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG AGRI

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-794,210,931.59	-928,844,447.26
II.1.1. NON-EXCHANGE REVENUES	-798,814,750.00	-933,136,497.07
II.1.1.6. RECOVERY OF EXPENSES	-458,365,998.74	-891,472,636.15
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-340,448,751.26	-41,663,860.92
II.1.2. EXCHANGE REVENUES	4,603,818.41	4,292,049.81
II.1.2.1. FINANCIAL INCOME		617,002.52
II.1.2.2. OTHER EXCHANGE REVENUE	4,603,818.41	3,675,047.29
II.2. EXPENSES	57,511,455,729.02	56,814,749,011.31
II.2. EXPENSES	57,511,455,729.02	56,814,749,011.31
II.2.10. OTHER EXPENSES	234,034,008.82	223,170,180.26
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	57,104,162,112.33	56,280,290,061.86
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	45,714,321.02	36,019,203.65
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	124,163,290.33	255,003,396.41
II.2.6. STAFF AND PENSION COSTS	-1,968,126.16	-2,049,321.62
II.2.8. FINANCE COSTS	5,350,122.68	22,315,490.75
STATEMENT OF FINANCIAL PERFORMANCE	56,717,244,797.43	55,885,904,564.05

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

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

TABLE 5bis : OFF BALANCE SHEET for DG AGRI

OFF BALANCE	2022	2021
OB.1. Contingent Assets	0.00	0.00
GR for pre-financing	0.00	0.00
OB.2. Contingent Liabilities	-193,596,678.44	-79,258,580.89
OB.2.3. CL legal cases AGRI	-193,596,678.44	-79,258,580.89
OB.3. Other Significant Disclosures	-88,052,334,046.51	-36,908,672,984.38
OB.3.2. Comm against app. not yet consumed	-22,050,493,914.51	-19,246,408,053.38
OB.3.3.1 Structural operations	-66,001,840,132.00	-17,662,264,931.00
OB.4. Balancing Accounts	88,245,930,724.95	36,987,931,565.27
OB.4. Balancing Accounts	88,245,930,724.95	36,987,931,565.27
OFF BALANCE	0.00	0.00

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

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

TABLE 6: AVERAG PAYMENT TIMES IN 2022 FOR DG AGRI

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	832	829	99.64 %	11.14	3	0.36 %	48.00	152,814.54	0. %
45	711	700	98.45 %	28.84	11	1.55 %	70.55	45,133,608.84	0. %
60	69	69	100.00 %	29.46				0.00	0. %
90	57	57	100.00 %	42.25				0.00	0. %

Total Number of Payments	1,669	1,655	99.16 %		14	0.84 %		45286423.38	0. %
Average Net Payment Time	20.83882564			20.46			65.71		
Average Gross Payment Time	27.30377472			23.696073			453.7857143		

Suspensions							
Average Report Approval Suspension	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	96	112	6.71 %	1,669	2,555,026,779.24	16.72 %	15,278,003,541.12

DG	GL Account	Description	Amount (Eur)

NB: Table 6 only contains payments relevant for the time statistics. Please consult its exact scope in the AAR Annex3 BO User Guide (https://myintracomm.ec.europa.eu/budgweb/EN/abac/dwh/Pages/its-030-10-20_documentation.aspx).

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

TABLE 6a: PAYMENT DELAYS AT 31/12/2021

Exercice 2022

Délais de paiement au 31/12/2022								
Ligne budgétaire	Libellé	Unité	NB paiements	Workfl. S12	Délai AGRI	Délai total Commission.	Nombre trans. > délai autor.	% sur total trans.
08.020603	EAGF - Operational technical as	AGRI-A2	61	2	9	14	2	3.3%
08.020603	EAGF - Operational technical as	AGRI-A3	10	3	28	32	0	0.0%
08.030200	EAFRD - Operational technical as	AGRI-A3	1	3	70	75	0	0.0%
08.039902	Completion of the EAFRD - Ope	AGRI-A3	1	6	21	26	0	0.0%
08.200100.P081901	Pilot project - Developing a farmers' toolbox for integrated pest management practices from across the Union	AGRI-A3	5	4	16	20	0	0.0%
08.010101	Support expenditure for the Euro	AGRI-A4	6	3	10	15	0	0.0%
08.020603	EAGF - Operational technical as	AGRI-A4	30	1	13	17	0	0.0%
20.020605	Further training and management	AGRI-C2	4	2	12	16	0	0.0%
08.030200	EAFRD - Operational technical as	AGRI-D1	58	4	19	23	1	1.7%
08.039902	Completion of the EAFRD - Ope	AGRI-D1	8	4	15	19	0	0.0%
08.020603	EAGF - Operational technical as	AGRI-E2	2	11	36	40	2	100.0%
14.200401	International Organisations of Vit	AGRI-E2	1	1	74	77	1	100.0%
14.200306	International organisations and a	AGRI-E4	3	1	14	18	0	0.0%
08.010101	Support expenditure for the Euro	AGRI-F1	2	1	8	13	0	0.0%
08.020603	EAGF - Operational technical as	AGRI-F1 MA	54	2	14	19	0	0.0%
15.010101.02	Technical assistance - headquar	AGRI-G4	2	2	16	22	0	0.0%
08.020603	EAGF - Operational technical as	AGRI-H1	9	3	13	18	0	0.0%
08.030200	EAFRD - Operational technical as	AGRI-H1	1	2	24	29	0	0.0%
08.010101	Support expenditure for the Euro	AGRI-ORCO	50	1	6	10	0	0.0%
08.020603	EAGF - Operational technical as	AGRI-R3	371	1	6	10	1	0.3%
08.030200	EAFRD - Operational technical as	AGRI-R3	158	1	6	10	0	0.0%
DG AGRI			837	2	9	13	7	0.8%

TABLE 6b: AVERAGE PAYMENT TIMES in 2022 for AGRI - only Rural Development

	2017	2018	2019	2020	2021	2022
EAFRD average time to pay*	34 days	31 days	24 days	19 days	25 days	25 days
EAGF average time to pay**	N/A	N/A	N/A	N/A	N/A	N/A
EAFRD % of payments made on time	100	100	100	100	100	100
EAGF % of payments made on time	100	100	100	100	100	100
* Deadline is 45 days.						
** According to the legislation in force, the payments are executed on the 3rd working day of each month.						

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2022 for DG AGRI								
Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		7=3-6
33	Other administrative revenue	3,350.00	0.00	3,350.00	3,350.00	0.00	3,350.00	0.00
62	Natural resources and environment	1,018,020,775.34	394,336,835.03	1,412,357,610.37	587,290,857.45	215,735,692.94	803,026,550.39	609,331,059.98
65	Neighbourhood and the world	15,306,825.69	10,289,879.04	25,596,704.73	-6,365.31	10,289,879.04	10,283,513.73	15,313,191.00
67	Completion for outstanding recovery orders prior to 2021	18,628.08	39,457,586.59	39,476,214.67	18,628.08	32,417,937.35	32,436,565.43	7,039,649.24
Total DG AGRI		1,033,349,579.11	444,084,300.66	1,477,433,879.77	587,306,470.22	258,443,509.33	845,749,979.55	631,683,900.22

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

EX-ANTE CONTROLS		Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS		
CREDIT NOTES		
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total		

EX-POST CONTROLS		Total undue payments recovered
INCOME LINES IN INVOICES		
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)		

For DG AGRI, table 8 concerns only the budget implemented directly by the Commission (direct management)

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

DIRECT PAYMENT ONLY

EX-ANTE CONTROLS	Irregularity	Total undue payments recovered
NON ELIGIBLE IN COST CLAIMS	10,566.20	10,566.20
CREDIT NOTES	629.08	629.08
RECOVERY ORDERS ON PRE-FINANCING		
Sub-Total	11,195.28	11,195.28

EX-POST CONTROLS		Total undue payments recovered
INCOME LINES IN INVOICES		
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING		
Sub-Total		
GRAND TOTAL (EX-ANTE + EX-POST)	11,195.28	11,195.28

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 1/1/2022 1 for DG AGRI

	Number at 1/1/2023 1	Number at 1/1/2022 1	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 1/1/2022 1	Evolution
1998	1	1	0.00 %	68,115.05	72,045.00	5.77 %
1999	6	6	0.00 %	3,296,668.67	3,301,436.82	0.14 %
2003	1	1	0.00 %	3,674,865.52	3,674,865.52	0.00 %
2018		6			8,637,750.11	
2020		1			23,771,489.14	
2021	16	113	606.25 %	178,601,142.09	404,626,714.07	126.55 %
2022	111		-100.00 %	446,043,108.89		-100.00 %
	135	128	-5.19 %	631,683,900.22	444,084,300.66	-29.70 %

TABLE 9a: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2022 for DG AGRI

DIRECT PAYMENT ONLY

	Number at 1/1/2022 1	Number at 12/31/2022	Evolution	Open Amount (Eur) at 1/1/2022 1	Open Amount (Eur) at 12/31/2022	Evolution
1998	1	1	0.00 %	72,045.00	68,115.05	-5.45 %
1999	6	6	0.00 %	3,301,436.82	3,296,668.67	-0.14 %
2003	1	1	0.00 %	3,674,865.52	3,674,865.52	0.00 %
	8	8	0.00 %	7,048,347.34	7,039,649.24	-0.12 %

TABLE 10: Recovery Order Waivers >= 60 000 € in 2022 for DG AGRI

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

Total DG AGRI

Number of RO waivers

There are no waivers below 60 000 €

TABLE 11 : Negotiated Procedures in 2022 for DG AGRI

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Total		

TABLE 12 : Summary of Procedures in 2022 for DG AGRI

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Open procedure (FR 164 (1)(a))	4	7,851,231.00
Total	4	7,851,231.00

TABLE 13 : BUILDING CONTRACTS in 2022 for DG AGRI

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2022 for DG AGRI

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

TABLE 15 : FPA duration exceeds 4 years - DG AGRI

TABLE 16: Commitments co-delegation type 3 in 2022 for DG AGRI

ABAC Local Key	Validated amount	Budget line	Co-deleg.	User reference
SI2.882832	10,000.00	01.010102.01	AGRI:PMO	R.5 - PROVISION FOR CONTRACT AGENTS - RESEARCH - EFTA - DG AGRI 2022
SI2.879102	65,000.00	01.010103	AGRI:PMO	F.2 - ADMINISTRATIVE BUDGET RESEARCH - MEETINGS - 2022
SI2.878353	65,000.00	20.020602.01	AGRI:PMO	H.1 - PROVISION FOR TRAVEL COSTS - 16TH CONFERENCE OF DIRECTORS OF PAYING AGENCIES & COORDINATING BODIES - BRUSSELS - 28.11.2022
SI2.873148	23,000.00	01.010102.05	AGRI:HR	R.5 - ENGAGEMENT PROVISIONNEL STAFF EXTERNE INTÉRIMAIRES BUDGET ADMINISTRATIF 'RECHERCHE' DG AGRI 2022
SI2.872456	225,000.00	08.030200	AGRI:PMO	D.1. - REIMBURSEMENT OF TRAVEL, ACCOMMODATION, AND SUBSISTENCE ALLOWANCE FOR PARTICIPANTS TO NETWORK'S GOVERNANCE MEETINGS
SI2.870201	7,000.00	08.010101	AGRI:PMO	E.3 - EXPERTS COSTS FOR BEEF, PIG AND SHEEP CARCASS CLASSIFICATION - 2022
SI2.869027	12,349.00	01.010103.01	AGRI:PMO	R.5 - BUDGET ADMINISTRATIF RECHERCHE EFTA DG AGRI 2022 - MISSIONS
SI2.867134	103,232.88	08.010200.05	AGRI:HR	R.5 - PROVISION FOR INTERIMAIRES - NGEU - 2022
SI2.866961	50,000.00	08.030200	AGRI:PMO	B.4 - EXPERT GROUP COSTS FOR TECHNICAL ADVICE ON ORGANIC PRODUCTION (EGTOP)
SI2.866674	107,267.05	08.010200.05	AGRI:HR	R.5 - PROVISION FOR AGENTS INTÉRIMAIRES - 2022
SI2.866085	229,546.12	08.010200.01	AGRI:PMO	R.5 - ENGAGEMENT NGEU POUR 2022 - AGENTS CONTRACTUELS
Total co-del T3	897,395.05			
AGRI:PMO	663,895.12			
AGRI:HR	233,499.93			

ANNEX 4: Financial scorecard

DG AGRI

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2022, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)¹³⁸:

- | | |
|--|---|
| <ul style="list-style-type: none"> - Commitment Appropriations (CA) Implementation - CA Forecast Implementation - Payment Appropriations (PA) Implementation - PA Forecast Implementation - Global Commitment Absorption | <ul style="list-style-type: none"> - Timely Payments - Timely Decommitments - Invoice Registration Time - Accounting Data Quality - Management Data Quality |
|--|---|

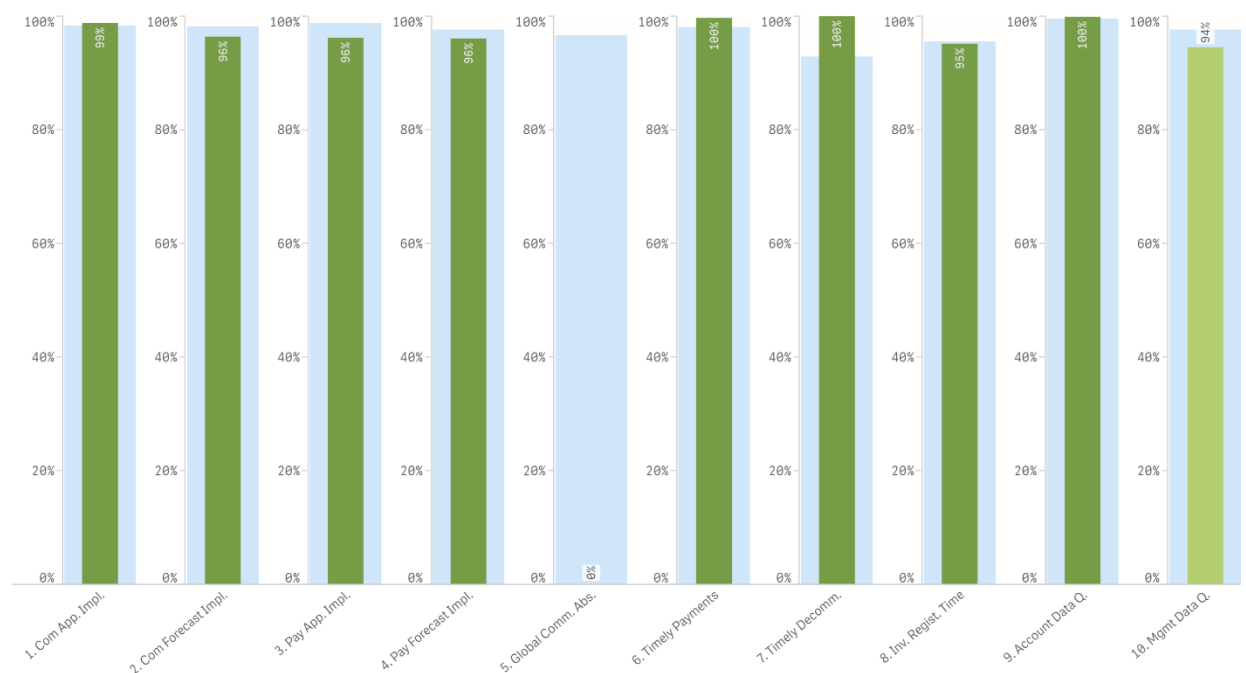
For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

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

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

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

AGRI Indicator Scores for 2022 12



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

Indicator	Objective	Comment ¹³⁹	AGRI Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year		99%	98%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year		96%	98%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year		96%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year		96%	98%
5. Global Commitment Absorption ¹⁴⁰	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	The indicator is not applicable for DG AGRI in 2022 due to the lack of underlying transactions recorded by DG AGRI in 2022.	-	97%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	Regarding shared management, all the payments made in 2022 were made in time and within the deadlines fixed in the case of EAFRD (45 days) and EAGF (3rd working day of each month). For direct management, the performance regarding timely payments remained excellent with 99.67% processed within the binding deadlines imposed by the Financial Regulation	100%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle		100%	93%

¹³⁹ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

¹⁴⁰ Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC		95%	95%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions		94%	98%

ANNEX 5: Materiality criteria

General Principle

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

Assurance model for expenditure implemented under shared management

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

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

Assessment of management and control systems in the Member States

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

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

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

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

- For most of the agriculture budget, each year Member States are required to send detailed information to the Commission in relation to the more than 900 000 on-the-spot checks carried out. For the large part¹⁴¹, these results relate to the financial year covered by the AAR in question. These data provide detailed information on the

¹⁴¹ This is presently not always the case for statistics for certain measures under Rural Development where there is a limited overlap between reporting period and financial year.

errors discovered in the course of administrative and/or on-the-spot checks and enable DG AGRI to determine the **reported error rate** per Paying Agency or aid scheme.

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

The third assurance element is comprised of **the Commission's own conformity audits** on Member States management and control systems. DG AGRI's conformity clearance procedure can exclude from EU financing expenditure made in the 24 months prior to the notification to the Member States of a deficiency and up to the moment the identified deficiencies are remedied. Around 100 such audits are opened each year on the basis of a detailed risk analysis and enable the Commission to obtain direct assurance as to the effectiveness of the Paying Agencies' management and control systems.

Materiality criteria

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

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

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

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

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

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

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

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

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

- ✓ DG AGRI's own audits over the previous three years (including conformity audits and accreditation audits); older reports in cases where available information indicates that no or insufficient remedial actions have been implemented. This includes the auditors' professional judgement on the evolution of the control environment in the Paying Agency.
- ✓ The opinion which the Certification Bodies have delivered on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, including the reliability of the control statistics reported by the Paying Agencies and the quality of the underlying controls, is also examined.

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

In determining the extent of the adjustment to make to the reported error rate, DG AGRI applies the **professional judgement** of its auditors, and in particular the criteria for estimating the seriousness and extent of the identified deficiencies established in its "Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures"¹⁴². When using these criteria, the auditors take into account that the methodology for preparing financial corrections aims at covering the risk to the EU budget whereas the top-up to be applied should represent the audit assessment of the extent to which the Paying Agency's reported error rate is understated; for instance, insufficient sanctions represent a risk to the EU budget but shall not be considered as errors to be included in the error rate for the expenditure of the year in question.

- For ABB03 and ABB04, the decision-making process for the assessment is carried out by the auditors concerned, on a case-by-case basis, for each Paying Agency. All available information, including the input of the operational units, is integrated to complete the assessment process. The professional judgement of the audit services of the DG is applied particularly when weighing contradictory information or considering abnormal statistical results. This results in an additional error rate top-up to the reported error rate and the calculation of an **adjusted error rate** and the corresponding amount at risk.
- For ABB02, the same approach is followed but per measure instead of per Paying Agency.
- Coordination is carried out at the level of DG AGRI's assurance and audit directorate to ensure that there is a consistency of approach taken as regards the adjustments made to the Member States' error rates.

¹⁴² See C(2015) 3675 final; previously Document VI/5330/97, AGRI/60637/2006, AGRI-2005-64043, COM(2010) 2498 final and D(2012)1338812 were considered.

- For measures about which there is no information on the risk (no reporting required by the legislation), the average adjusted error rate (for that part of the ABB for which statistics are available) is extrapolated to the expenditure concerned.
- The additional amount at risk resulting from an adjustment or "top-up" is added to the initial amount at risk calculated in Step 1, resulting in an adjusted amount at risk for each Paying Agency.
- The **adjusted error rate** per Paying Agency is obtained by dividing the adjusted amount at risk by the expenditure declared to the Commission for the financial year. **Adjusted error rates** are aggregated at Member State and ABB levels by aggregating the adjusted amounts at risk.

Step 3: DG AGRI materiality criteria

Article 74(9) of the Financial Regulation provides that

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

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

- Paying Agencies with an **adjusted error rate** above 5% shall in general be subject to a reservation.
- For Paying Agencies with an **adjusted error rate** between 2% and 5%, professional judgement shall be applied in assessing whether the risk is sufficiently covered by mitigating factors and thus whether a financial reservation is necessary. The operational units of DG AGRI are integrated into the decision-making process for determining the existence of mitigating factors. The mitigating factors are disclosed in all cases where a reservation is deemed not to be necessary. They shall include notably whether the necessary remedial actions have been implemented by the Member State/Paying Agency concerned and whether there is an ongoing conformity clearance procedure covering the expenditure for the financial year of the AAR.

- A *de minimis* approach for deciding on reservations shall be applied. Given the amounts at stake for the CAP with expenditure of ± EUR 55 billion, a *de minimis* threshold of EUR 1 million is applied. All cases for which the amount at risk is below that threshold are not subject to a reservation (unless on reputational grounds). Reservations made for the preceding year shall not be issued for the financial year concerned by the AAR if the amount at risk for that financial year is below the EUR 1 million threshold.
- For market measures, a flexible approach may also be taken when deciding on reservations, notably where the **adjusted error rate** is calculated on a purely risk based sample. For most market schemes, the legislation does not require that a random sample is selected for on-the-spot checks. The latter are, rather, risk based. Extrapolating the result of the risk sample to the uncontrolled population would therefore result in overstating the error rate and amount at risk. In such cases, it shall be evaluated if there are elements which mitigate against applying a reservation even where the **adjusted error rate** is above 5%.
- If the **adjusted error rate** is below 2%, generally no reservation is made.

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

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

As from 2019¹⁴³, a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. The implementation of this 'de minimis' threshold applies at the level of the AAR reservations, i.e. not at all affecting the detailed reservations at the level of the Paying Agency(ies)/Operational Programme(s). Given the amounts involved, it is not likely that this threshold will have an impact on the AAR reservations of DG AGRI for 2022.

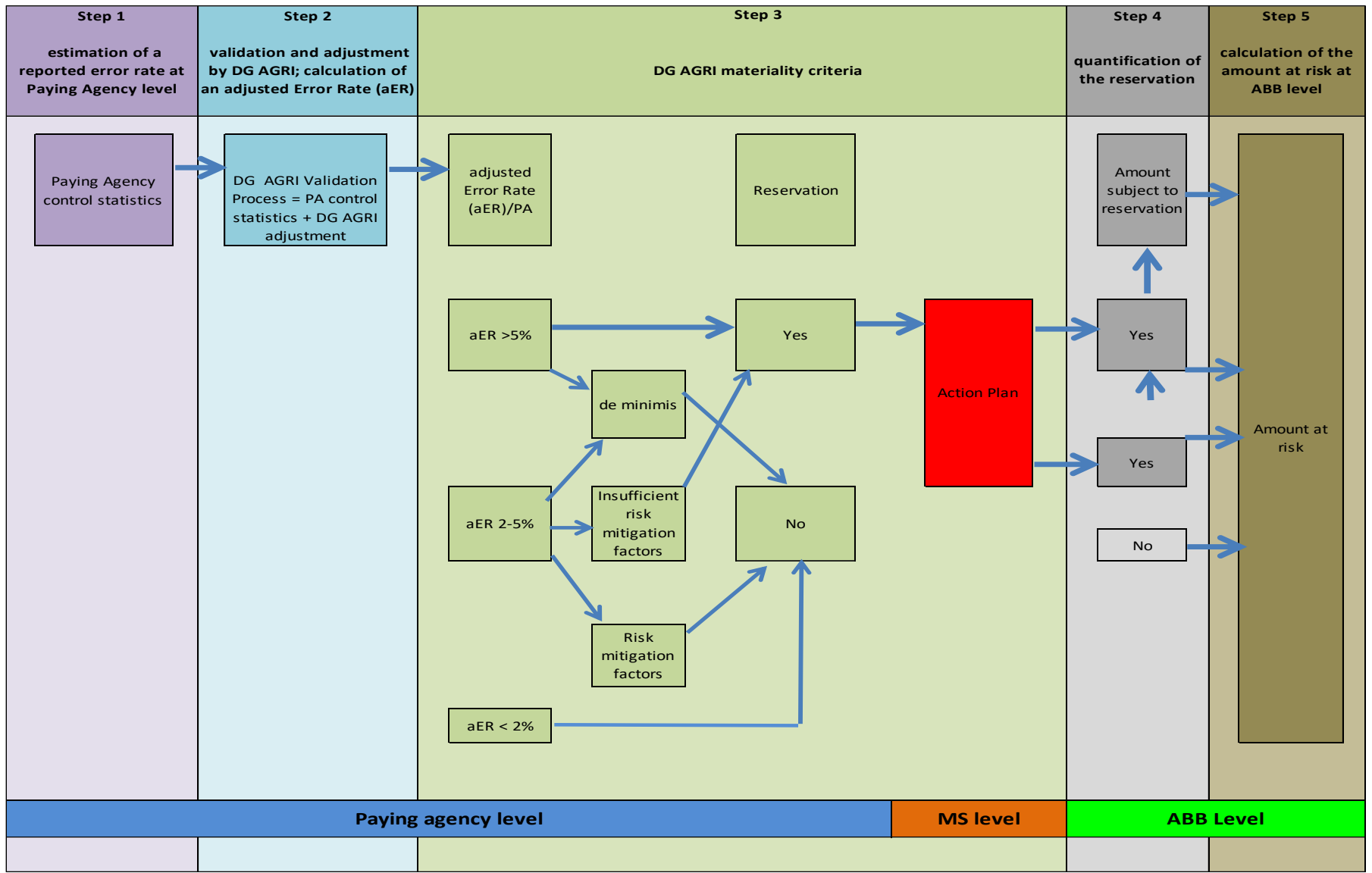
¹⁴³ Agreement of the Corporate Management Board of 30/4/2019.

Step 4: Quantification of the reservation

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

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

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



DG AGRI'S DECISION PROCESS FOR MAKING RESERVATIONS

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

EXPENDITURE IN SHARED MANAGEMENT¹⁴⁴

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

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

Main risks	Mitigating controls	Coverage frequency and depth of controls	Possible Cost-effectiveness indicators (3Es)
<p>The actions financed¹⁴⁵ do not adequately reflect the policy objectives or priorities.</p>	<p>Internal consultation, hierarchical validation at DG level of each action. Inter-service consultation (including all relevant DGs). Adoption by Commission Decision, where foreseen by EU law.</p>	<p>Coverage / Frequency: 100%. Depth: checklist, guidelines and lists of requirements in the relevant regulatory provisions.</p>	<p>Effectiveness: % of actions adopted/ approved*, % of financial allocation approved* Benefits: adopted actions have a clear intervention logic, allowing the Commission to evaluate their impact [non-quantifiable individually] Efficiency: average cost of analysis and adoption/approval of an action, average time to adopt / approve an action* Economy (costs): estimation of cost of staff involved in the validation of the spending proposals put forward by the Member States (for 2014-2022).</p>

¹⁴⁴ DG AGRI uses the Internal Control Template for shared management covering 99.7 % of its total expenditure; other management modes fall under the 'de minimis' threshold. The template will be adapted to the legal basis for the CAP 2023-2027 (applicable as of 1 January 2023) in the AAR 2023.

¹⁴⁵ For CAP: the programmes, measures and schemes supported under the Market measures, Direct Aids and Rural development pillars (EAGF and EARDP).

Stage 2 – Implementation of operations (Member States):

A. Setting up of the systems

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

Main risks It may happen (again) that...	Mitigating controls	Coverage frequency and depth of controls	Possible Cost- effectiveness indicators (3Es)
<p>The process of designation (and accreditation) of national authorities in the Member States (MS) is not effective and, as a result, the management and control systems are not compliant with the applicable rules.</p>	<p>Supervision by Commission (for 2014-2022): - Commission review (and audits) of a sample of national designations/ accreditations - submission of MS Audit Strategies to the Commission (on request)* * [For Cohesion policy]</p>	<p>Coverage / Frequency: fixed in sector-specific rules Depth: verification (desk review + audit missions where necessary) of description of management and control systems communicated by MS. Accreditation audits are generally done on-the-spot</p>	<p>For 2014-2022: Effectiveness: % of authorities designated/accredited, number of authorities for which serious system weaknesses were found following accreditation reviews/audits Benefits:(part of) the amounts associated with unreliable systems for which the Commission audit work revealed substantial compliance problems (for 2014-2022) [not quantifiable] Efficiency: time needed to address the deficiencies detected [where applicable], number of authorities for which serious weaknesses found by accreditation reviews/audits (% of total checked) Economy (costs): estimation of cost of COM staff involved in the audits of samples of national designations/ accreditations (for 2014-2022)</p>

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

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

Main risks It may happen (again) that...	Mitigating controls	Coverage frequency and depth of controls	Possible Cost- effectiveness indicators (3Es)
<p>Periodic expenditure declarations submitted to the Commission include expenditure which is irregular or noncompliant with EU and/or national eligibility rules and legislation.</p>	<p>Management verifications: first level checks by designated / accredited programme authorities or bodies.¹⁴⁶</p> <p>Certification, audit opinion and annual report by the relevant authorities or bodies designated / accredited.¹⁴⁷</p> <p>MS recoveries from final beneficiaries (CAP)</p>	<p>Coverage: fixed in sector-specific rules</p> <p>Depth:</p> <ul style="list-style-type: none"> - <u>management verifications:</u> performance of first-level checks (administrative and on the spot controls). - <u>certification:</u> [limited] additional verification (desk checks and on-the-spot), with where appropriate additional checks. - <u>audit opinion:</u> system audits on the checks already carried out, where necessary with re-performance of on-the-spot checks; where applicable, audits of operations (on a statistical basis) and additional substantive testing on expenditure 	<p>Effectiveness: error rates as reported by the Member States, annual audit opinions (or certificate opinions) of the Member States, MS recoveries (if applicable)</p> <p>Efficiency: time to lift interruption of payments (where applicable)</p>

¹⁴⁶ For CAP: Paying Agencies (PA)

¹⁴⁷ For CAP: Certifying Bodies (CB)

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

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

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

Main risks It may happen (again) that...	Mitigating controls	Coverage frequency and depth of controls	Possible Cost-effectiveness indicators (3Es)
	financial clearance procedure and multi-annual conformity clearance procedure (CAP)	<i>scrutiny of closure report and closure opinion, if needed with audits on sample of OPS]</i>	Efficiency: cost of control/financial management of the Commission checks and assessment (% of total appropriations), Time-to-payment (or % of payments within delays), Time to notify interruption to MS [where applicable] Economy (costs): cost of Commission financial officers checking MS expenditure (financial circuits); estimation of cost of Commission staff involved in the assessment of management and control systems in MS, including analysis of AA/CB report, own audit work ¹⁴⁸ , and drafting of interruption letters

¹⁴⁸ Systems audit, re-performance of annual control reports (ACR), follow-up of audit authorities, closure audits, fact finding audits, conformity audits of PA (CAP), etc

ANNEX 7: Specific annexes related to "Financial Management"

This Annex explains in detail the complex relationship between the Directorate General for Agriculture and Rural Development, and the Member States¹⁴⁹ and the UK (comprising 76¹⁵⁰ Paying Agencies at the end of financial year 2022).

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

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

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

- Level 1: Compulsory administrative structure at the level of Member States
- Level 2: Detailed systems for controls before payments and dissuasive penalties
- Level 3: Audits by Certification Bodies and controls after payment
- Level 4: Commission audits and Clearance of accounts

¹⁴⁹ As of 1 February 2020, the United Kingdom is no longer a member of the European Union. In accordance with [Article 137 \(1\) second subparagraph](#) of the Withdrawal Agreement between the EU and the UK, from claim year 2020 (financial year 2021) the EU direct payment and market measures legislation does not apply to the UK, consequently there are no payments made from the EU budget (except reimbursement of financial discipline). However, the EU rural development legislation continues to apply to the UK for financial year 2022.

¹⁵⁰ The accreditation of IT02 – SAISA was withdrawn as of 16.10.2022. Therefore, at the beginning of financial year 2023 there are 75 Paying Agencies.

Part 2: Functioning of the Paying Agencies

- 2. Financial clearance exercise for financial year 2022
- 2.1: Compliance with the accreditation criteria
- 2.2: Management Declaration from the Directors of the Paying Agencies and related opinions from the Certification Bodies
- 2.3: Legality and regularity of expenditure
- 2.4: Overall conclusions of the Certification Bodies' work

Part 3: Control results at the level of the final beneficiaries, the assessment thereon by the Certification Bodies and the overall appreciation of the Commission on their reliability taking into account all available information

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

Part 4: Conformity Clearance Procedure and Net Financial corrections

Part 5: Debt management by the Member States

Part 6: Cross-compliance

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

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

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

Part 10: Interruptions, reductions and suspensions

Part 11: Fraud prevention, detection and correction

Part 12: European Court of Auditors: Special Reports

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

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

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

Moreover, the directors of the Paying Agencies are required to provide an annual Management Declaration which covers the completeness, accuracy and veracity of the accounts as well as a declaration that a system is in place which provides reasonable assurance on the legality and regularity of the underlying transactions. For those Member States with only one Paying Agency, this Management Declaration from the director of the Paying Agency, together with the certificate and opinion of the Certification Body (see Part 2), constitutes, by definition, the annual summary referred to in Article 63(5), point (b) of the Financial Regulation¹⁵¹.

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

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

In this context, the, by far, most important system is the Integrated Administration and Control System (IACS), which in financial year 2022 covered 92.3% of EAGF expenditure (93% in financial year 2021). IACS is also used to manage and control Rural Development area and animal-related measures, which in financial year 2022 accounted for 45.9% of payments under the EAFRD (47.3% in financial year 2021). For both Funds together, the IACS covered 79.7% (80.9% in financial year 2021) of total expenditure.

¹⁵¹ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

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

Level 3: Audits by Certification Bodies and controls after payment

The Paying Agencies' annual accounts, the functioning of their internal control procedures and the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, are to be verified and certified by the Certification Bodies. The report of the Certification Bodies also includes a detailed review of the Paying Agencies' compliance with the accreditation criteria and key and ancillary control requirements as well as a verification of the error rates reported in the Management Declarations. In addition, all aid measures under EAGF other than direct payments covered by the IACS are subject to ex-post controls under Articles 79 to 88 of Regulation (EU) No 1306/2013¹⁵². As regards EAFRD, ex-post checks are carried out for investment operations according to Article 52 of Commission Implementing Regulation (EU) No 809/2014¹⁵³.

Level 4: Commission audits and clearance of accounts

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

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

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

¹⁵² Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy.

¹⁵³ Commission Implementing Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross-compliance. The requirement for ex-post checks was subject to flexibilities offered to the Member States with Regulations (EU) 2022/1216 and 2021/725 during the COVID-19 pandemic.

are, however, obliged to pursue their recovery procedures and, if they fail to do so with the necessary diligence, the Commission may decide to charge the entire outstanding amounts to the Member State concerned.

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

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

In order to determine which measures and/or Paying Agencies to audit each year, DG AGRI carries out, in accordance with the audit strategy, a comprehensive risk assessment, which includes both quantitative and qualitative analysis of risks. In the preparation of the audit work programme, the Member States, related Paying Agencies, Certification Bodies and the specific part of the control system to be audited in a 3-year time period are selected on the basis of risk mapping using all available information and the following main elements:

- *Central Risk Analysis (CRA)*
- *Sector-specific risk analysis*
- *Risk mapping based on the Annual Activity Report and Certification Bodies opinion on legality and regularity*
- *Risk mapping with information from the implementation of new measures and external factors.*

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

DG AGRI audit strategy

The DG AGRI audit strategy aims to formalise the main elements of the clearance of accounts system in terms of background, context, objectives, risks assessment, audit approach and indicators for the audit activities. In particular, it aims to identify the main inherent risks and control risks that will have to be addressed in the coming years, not only taking into account the changes introduced by policy developments but also considering previous years' experience and audit findings.

This audit strategy recalls the principle that DG AGRI audits are first and foremost system-based with risk-based audits checking specific components of the Paying Agencies' or Member States' internal control systems. Notwithstanding, it opens the door to defining other ways of addressing specific risks or situations in particular Paying Agencies or Member States.

In addition, the Strategy anticipated the impact of the extended role given by the CAP Horizontal Regulation on the financing, management and monitoring of the Common Agricultural Policy (Regulation (EU) No 1306/2013) to the Certification Bodies which as of financial year 2015 give an opinion on the legality and regularity of the expenditure. The audit work of the Certification Bodies becomes the key element for assurance on the legality and regularity of the CAP expenditure. Therefore, DG AGRI rebalanced its audit activities towards checking the reliability of the opinion of the Certification Bodies. Conformity clearance procedures continue to be used in cases of insufficient assurance.

As from autumn 2018, full coverage of the Certification Body's work is ensured during the conformity audits led by DG AGRI.

Where the Certification Body's work can be relied upon i.e. conclusions can be confirmed, no further work is carried out by DG AGRI. Audit work is only carried out for topics that are not covered by the Certification Body or where its work has been found unsatisfactory.

Explanatory Box: Annex 7-1-1

Part 2: Functioning of the Paying Agencies

2. Financial clearance exercise for financial year 2022

The financial year 2022 for the EAGF and EAFRD Funds runs from 16 October 2021 to 15 October 2022. By 1 March 2023, all the account packages of the 76 Paying Agencies, operating during financial year 2022, were submitted¹⁵⁴.

The accounts of all Paying Agencies for both Funds are cleared for financial year 2022 (for financial year 2021 one Paying Agency's EAGF accounts were disjoined).

2.1 Compliance with the accreditation criteria

2.1.1 Status of the Paying Agencies' accreditation

On 16 October 2021, the Member States and the UK had 76 operating accredited Paying Agencies. The Paying Agency in Sardinia, which is fully accredited as of financial year 2021, and made payments under EAFRD in that financial year, initiated payments for EAGF IACS measures in financial year 2022.

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

Status of Paying Agencies' accreditation	At the beginning of financial year 2022	At the end of financial year 2022
Fully accredited	73	74
Accreditation under probation	3 ¹⁵⁵	2 ¹⁵⁶
Provisionally accredited	0	0
Total Member States: 27 + the UK	76	76

Table: Annex 7 – 2.1.1-1

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

In the context of the financial clearance exercise for financial year 2022, the Certification Bodies are required to certify the accounts of the Paying Agencies and to report on the functioning of their internal control systems.

¹⁵⁴ Except for ES03 that submitted the CB report and audit opinion on 2.3.2023.

¹⁵⁵ IT01-AGEA, SE01-SJV- and MT01-MRRA PA.

¹⁵⁶ IT27 – ARGEA (as of 10.10.2022) and DE20 Sachsen-Anhalt (as of 14.10.2022). The accreditation of the Paying Agencies SE01-SJV, MT01-MRRA PA and IT01-AGEA was restored on 24.11.2021, 29.6.2022 and 30.9.2022, respectively.

Permission¹⁵⁷ was requested for 10 Paying Agencies to submit the accounts or audit opinions and related reports after the deadline of 15 February 2023¹⁵⁸. All requests were accepted and all audit opinions and reports were received by the ultimate deadline of 1 March 2023¹⁵⁹.

By 31 March, all audit opinions received had been assessed. In all cases, the Certification Body concluded that the internal control system of the Paying Agencies operated at least satisfactorily at overall system level (i.e. IACS, Non-IACS)¹⁶⁰. Furthermore, in a few cases the Certification Body established non-compliance with a specific accreditation criterion. In other cases, the deficiencies found relate to more than one accreditation criterion.

As regards the audit opinion on **EAGF**, two qualified opinions (ES18-FEGA and FR20- France Agrimer) and one adverse opinion (NL04 – RVO) were issued by the Certification Body for financial year 2022. Both relate to the legality and regularity of expenditure. However, for ES18-FEGA it mainly relates to incorrectly stated very old debt cases in the accounts.. In addition, **fifteen** opinions included an emphasis of matter paragraph. **Three** out of the fifteen emphasis of matter opinions also relate to legality and regularity of expenditure (BE03 – Rég. Wallonne, DE21 – Schleswig-Holstein and ES09 – Cataluña). Out of the remaining **twelve** cases, **two** relate to the accounts of the Paying Agency and to the deficiencies reported in debt management (CZ01– SAIF and ES07–Castilla La Mancha) and **ten** to the alternative reverification methods used by the Certification Body.

In **three** cases, the Certification Body qualified its opinion on the **EAFRD** accounts. In all cases, the issues reported relate to material errors as regards legality and regularity of expenditure in the specific population (BG01 – State Fund Agriculture, ES05 – Islas Canarias – and IT26 – ARCEA). All opinions had material error found by the Certification Body in the legality and regularity of EAFRD Non-IACS expenditure.

To be noted that no limitation of scope due to COVID-19 related restrictions resulted in a qualified opinion as regards the assurance on the financial year 2022 expenditure of the EU Agricultural Funds.

Furthermore, in another **seven** cases (DE18 – Saarland AAL; ES04 – Islas Baleares; GB05 – DARD; GB09 – RPA; HR01 – PAAFRD; IE – DAFM; RO01 – RIFA) the Certification Body, without qualifying its opinion, draws attention to specific deficiencies and weaknesses in the Paying Agency’s internal control system in an emphasis of matter paragraph. In all cases, the shortcomings mainly relate to the legality and regularity of the expenditure.

¹⁵⁷ According to the provisions of Article 63(7) of the Financial Regulation (EU, Euratom) 2018/1046 and Article 7(3) of Regulation (EU) No 1306/2013, the deadline of 15 February may exceptionally be extended by the Commission to 1 March.

¹⁵⁸ DE07-Brandenburg MLUV; DE27- Thüringen; ES01- Andalucía; ES03–Asturias; ES05-Canary Islands; ES09-Cataluña; GB06-SGRPID, GR01- OPEKEPE; SE01 – SJV and PT03 – IFAP.

¹⁵⁹ Except for ES03 that submitted the CB report and audit opinion on 2.3.2023

¹⁶⁰ Ratings of “works well”, “works” or “works partially”.

As regards the Paying Agencies under probation during financial year 2022, or for which improvement plans were ongoing, the Certification Bodies reflected in their audit reports the state of play of the implementation of the accreditation action plans (or improvement plans) by the Paying Agencies (e.g. BG01 - State Fund Agriculture; GRO1 – OPEKEPE, IT01 - AGEA (under probation until 30.9.2022), IT27 – ARGEA (under probation); MT01 – MRRA PA (under probation until 29.6.2022), SE01 – SJV – (under probation until 21.11.2021) and SK01 – APA), on the progress made and on the points still to be implemented. No issues were mentioned in this specific respect in the audit opinions for financial year 2022.

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

CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2022					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
1	AT01	AMA	Y	Y	
2	BE02	ALV	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	Emphasis of matter: For EAGF the financial impact of the non-respect of deadlines for the payment under the school program and for EAFRD for the financial impact of the lack of application of the "reasonable of costs" criterion (affecting Non-IACS measures 4 and 6.1) still to be decided by DG AGRI. For both EAGF and EAFRD, the possible financial impact of DG AGRI enquiry XC/2022/006/BE is still to be seen.
4	BG01	State Fund Agriculture	Y	N	Qualified: Material error in the legality and regularity of expenditure in EAFRD Non-IACS corresponding to EUR 15,7 million and 6.84 % of the total expenditure declared.
5	CY01	CAPO	Y	Y	
6	CZ01	SAIF	Y	Y	Emphasis of matter: Related to debt management - delays in the recovery procedures with a financial impact of EUR 286.710 as regards EAGF and EUR 1.839.166 as regards EAFRD
7	DE01	BLE	Y	Y	
8	DE03	Baden-Württemberg MLR	Y	Y	
9	DE04	Bayern StMLF	Y	Y	
10	DE07	Brandenburg MLUV	Y	Y	
11	DE11	Mecklenburg-Vorpommern MELFF	Y	Y	
12	DE12	Niedersachsen	Y	Y	
13	DE15	Nordrhein-Westfalen	Y	Y	
14	DE17	Rheinland-Pfalz	Y	Y	
15	DE18	Saarland AAL	Y	Y	Emphasis of matter: Related to the high error rate (7.98% on random selection) reported by the PA for EAFRD Non-IACS measures. The residual risk is not considered as justifiable because the high error rate is almost the exclusive result of one error detected in the administrative checks.
16	DE19	Sachsen	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	Emphasis of matter: Material error in the legality and regularity of EAGF Non-IACS (due to a known error)
19	DE26	Hessen	Y	Y	
20	DE27	Thüringen	Y	Y	
21	DK02	DAFA	Y	Y	
22	EE01	PRIA	Y	Y	
23	ES01	Andalucía	Y	Y	
24	ES02	Aragón	Y	Y	
25	ES03	Asturias	Y	Y	
26	ES04	Islas Baleares	Y	Y	Emphasis of matter: related to the financial errors detected in Measure 4.1, <i>Investments in agricultural holdings</i> , in Measures 4.2, <i>Investments in transformation, marketing or product development agriculture</i> and 16.4, <i>Cooperation between agents to develop short marketing chains through information actions</i> (EAFRD Non-IACS) in the audit of legality and regularity. The Certification Body's extrapolated error exceeds materiality for EAFRD Non-IACS expenditure (2.6 %).

CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2022					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
27	ES05	Islas Canarias	Y	N	Qualified: Related to material errors (known errors) of EUR 1.028.390, detected in Measures 19.2 - <i>Support for the implementation of operations under local development strategy</i> and 20 - <i>Technical assistance</i> (EAFRD Non-IACS) in the audit of legality and regularity.
28	ES06	Cantabria	Y	Y	
29	ES07	Castilla La Mancha	Y	Y	Emphasis of matter: Related to debt management - delays in the recovery procedure related to Annex III of Regulation (EU) No 908/2014 leading to time limitation of the recovery. The outstanding amounts and the amounts for which the recovery was not launched were reimbursed to the Fund (EAGF - EUR 2.654.622).
30	ES08	Castilla y León	Y	Y	
31	ES09	Cataluña	Y	Y	Emphasis of matter: Related to the high error rate reported by the PA for EAGF (2.06%) and EAFRD (3.74 %). An action plan is ongoing for the relevant EAFRD measures.
32	ES10	Extremadura	Y	Y	
33	ES11	Galicia	Y	Y	
34	ES12	Madrid	Y	Y	
35	ES13	Murcia	Y	Y	
36	ES14	Navarra	Y	Y	
37	ES15	País Vasco	Y	Y	
38	ES16	La Rioja	Y	Y	
39	ES17	C. Valenciana	Y	Y	
40	ES18	FEGA	N	Y	Qualified opinion: For the accounts, due to delays in the recovery procedures of 3 specific old debt files, with a financial impact of EUR 1.302.683. Moreover, financial errors were identified in the Non-IACS population, the impact of which amounts to EUR 470.032 once extrapolated to the whole population. The total impact corresponds to EUR 1.772.715 and 16.22 % of the total expenditure declared.
41	FI01	MAVI	Y	Y	
42	FR05	ODEADOM	Y	N/A	
43	FR18	ODARC	N/A	Y	
44	FR19	ASP	Y	Y	
45	FR20	France Agrimer	N	N/A	Qualified opinion: Material error in the legality and regularity of expenditure in the EAGF Non-IACS population corresponding to 3.31% of the related expenditure.
46	GB05	DARD	Y	Y	Emphasis of matter: The high error rates (5.26%) for Environmental Farming Scheme (EFS) - EAFRD IACS - in the Management Declaration are confirmed by the Certification Body.
47	GB06	SGRPID	Y	Y	
48	GB07	WAG	Y	Y	
49	GB09	RPA	Y	Y	Emphasis of matter: EAFRD Non-IACS - An overall error of EUR 1.5 million related to legality and regularity. EAFRD - Known error amounting to EUR 425.285 related to debt management issues.
50	GR01	OPEKEPE	Y	Y	
51	HR01	PAAFRD	Y	Y	Emphasis of matter: Material error in the legality and regularity of expenditure in the EAFRD Non-IACS population that is caused by one particular case, where the total amount paid was considered as ineligible.

CERTIFICATION BODIES' OPINION ON THE PAS' ANNUAL ACCOUNTS - FY 2022					
Is the opinion on the annual accounts unqualified?					
	PA	Name	EAGF	EAFRD	Remarks
52	HU02	ARDA	Y	Y	
53	IE01	DAFM	Y	Y	Emphasis of matter: Material error in the legality and regularity of expenditure in the Targeted Agricultural Modernisation Scheme ("TAMS") - EAFRD corresponding to EUR 1.117.474 (projected total error).
54	IT01	AGEA	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
55	IT02	SAISA	Y	N/A	
56	IT05	Veneto (AVEPA)	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
57	IT07	Toscana (ARTEA)	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
58	IT08	Emilia-Romagna (AGREA)	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
59	IT10	ARPEA	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
60	IT23	OPR Lombardia	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
61	IT24	OPPAB	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
62	IT25	APPAG	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
63	IT26	ARCEA	Y	N	Qualified opinion: Material error in the legality and regularity of expenditure in the EAFRD Non-IACS population corresponding to 3.63% of the related expenditure. Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
64	IT27	ARGEA	Y	Y	Emphasis of matter: For the reperformance of the controls instead of on-the-spot checks the Certification Body carried out documentary, administrative and remote sensing checks (EAGF IACS and EAFRD IACS).
65	LT01	NMA	Y	Y	
66	LU01	Min. Agric.	Y	Y	
67	LV01	RSS	Y	Y	
68	MT01	MRRA PA	Y	Y	
69	NL04	RVO	N	Y	Adverse opinion: Material and systematic error in the legality and regularity of expenditure in the EAGF IACS population corresponding to 2.27% (total projected error) of the related expenditure.
70	PL01	ARMA	Y	Y	
71	PT03	IFAP	Y	Y	
72	RO01	RIFA	N/A	Y	Emphasis of matter: The Paying Agency's verifications regarding the inclusion of beneficiaries in the SME category do not ensure proper compliance with the provisions of national and European legislation, which presents a risk for the EAFRD.
73	RO02	PIAA	Y	N/A	
74	SE01	SJV	Y	Y	
75	SI01	AAMRD	Y	Y	
76	SK01	APA	Y	Y	

Table: Annex 7 – 2.1.2-1

2.1.3 The Commission's accreditation audits

The Commission regularly performs accreditation audits. The selection of these audits is based on a detailed risk assessment, to check whether the Paying Agencies (continue to) respect the accreditation criteria. The accreditation criteria are checked by the Certification Bodies during their certification audit as also reflected in their opinions (see point 2.1.2). DG AGRI conducted during the year three audits to: SK01 – APA, IT01 – AGEA and IT27 – ARGEA, in the context of ongoing accreditation enquiries.

Moreover, the accreditation enquiries for Paying Agencies IT26 – ARCEA¹⁶¹, BG01 – SFA and GR01 – OPEKEPE, initiated in 2020, were followed up by DG AGRI during financial year 2022. The accreditation issues found in the audits of BG01 – SFA and GR01 – OPEKEPE led to the implementation of action plans in those Paying Agencies, following DG AGRI's recommendations. The effectiveness of these corrective measures was assessed by the Certification Bodies in their financial year 2022 audit reports. As regards GR01 – OPEKEPE and IT26 – ARCEA DG AGRI will further assess the adequacy and effectiveness of the corrective actions put in place by the given Paying Agencies under the relevant ongoing enquiries. As regards BG01 – SFA the accreditation enquiry was closed in 2022 as significant improvements were introduced in the relevant control systems of the Paying Agency. The effectiveness of the remedial actions undertaken in BG01 – SFA will be assessed in financial year 2023. As regards IT27 – ARGEA, as requested by DG AGRI following the financial year 2021 clearance assessment, the Competent Authority put the Paying Agency under probation as of 10.10.2022 for a period of 12 months. In December 2022, DG AGRI carried out an audit to verify on-the-spot the corrective actions put in place by the Paying Agency. According to the Certification Body's report for financial year 2022, serious deficiencies are still affecting the Paying Agency's compliance with the accreditation criteria and its internal control system. DG AGRI will continue to monitor and follow up the progress of the accreditation action plan under the relevant audit enquiry.

The serious deficiencies identified in previous years in the Paying Agency IT01 – AGEA, which led to its accreditation to be put under probation¹⁶², were closely monitored and followed up by DG AGRI through regular progress reports provided by the Competent Authority. In this context, three technical meetings were held with the Italian authorities to closely evaluate the state of play of the implementation of the accreditation action plan. The accreditation was restored in September 2022 and in November 2022 an on-the-spot audit was carried out by DG AGRI to verify the control systems put in place by the Paying Agency. Although progress was noted, some issues still need to be followed up. The assessment of the Paying Agency's compliance with the accreditation criteria continues to be pursued under the ongoing accreditation enquiry. As a result of DG AGRI's

¹⁶¹ The Paying Agency was under probation until 15.10.2021.

¹⁶² The probation of the Paying Agency was exceptionally extended after the end of financial year 2021 at the request of the Competent Authority as not all corrective actions could be implemented.

recommendation in April last year, the Italian authorities established an improvement plan at national level to review the monitoring system in place as regards the delegation of the on-the-spot checks for the IACS populations. This plan, involving several regional paying agencies¹⁶³ and the Italian Coordinating Body, was closely followed up by DG AGRI in the relevant conformity enquiries and through various technical meetings that took place during 2022. Improvements are noted in this respect. The effectiveness of the remedial actions put in place will be assessed in financial year 2023.

As regards Paying Agency SK01 – APA, its accreditation was under probation between 15.10.2020 and 14.10.2021. The Paying Agency continued with the implementation of a *Transformation Plan* to improve and modernise its control systems and procedures. This Plan, to be implemented by 31.12.2022, included some accreditation corrective actions transferred from the accreditation action plan at the end of the probation period.

To be noted that as part of the sound financial management, in relation to the abovementioned internal control system weaknesses of the Slovak Paying Agency, DG AGRI interrupted and consequently suspended payments declared under EAFRD Non-IACS measures already in calendar year 2020. The interruption and subsequent suspension of these payments increased in the first two quarters of year 2021. Furthermore, as a consequence of the overall assessment of the Paying Agency's internal control system for the rural development projects the Competent Authority decided to suspend the payments to all investment projects between August 2021 and March 2022. As remedial actions were still under implementation, the interruption and subsequent suspension of these payments was maintained by DG AGRI in the 3rd and 4th quarter of 2022.

The implementation of the *Transformation Plan* was closely followed by DG AGRI through various enquiries and the detailed progress reports provided by the Competent Authority. Moreover, in November 2022, DG AGRI carried out an on-the-spot audit to verify the progress made by the Slovak authorities to address the deficiencies identified, in particular as regards EAFRD Non-IACS measures and the system put in place to manage double claims (direct payments). In general, progress was noted during this accreditation audit, although some issues were considered still open at that stage. In January 2023, the Competent Authority confirmed the full implementation of the *Transformation Plan*. Moreover, in its report for financial year 2022, the Certification Body reports significant improvements in the Paying Agency's compliance with the accreditation criteria and in its internal control system (in comparison with the previous financial year). The implementation of the recommendations raised by the Certification Body in its audit report and by DG AGRI in its own audit, to address the deficiencies that still persist, will be closely monitored by DG AGRI. Any remaining financial impact of the deficiencies identified will be determined at the finalisation of the ongoing conformity audits.

¹⁶³ Paying Agencies IT07 (ARTEA), IT08 (AGREA), IT10 (ARPEA), IT23 (OPL0), IT24 (OPPAB) and IT25 (APPAG).

Following the results of the clearance of accounts exercise for financial year 2020, and as requested by DG AGRI, the Maltese Competent Authority put the Paying Agency MT01 – MRRA under probation as of 1.7.2021 for a period of 12 months to address the accreditation deficiencies identified. The implementation of the accreditation action plan was closely followed up by DG AGRI. In this context, a technical meeting was held with the Maltese authorities to better evaluate the progress reports provided by the Competent Authority on a quarterly basis. The accreditation was restored in June 2022. In its report for financial year 2022, the Certification Body confirmed the progress made.

Other weaknesses identified in the Paying Agencies' compliance with the accreditation criteria in financial year 2021¹⁶⁴ were followed by DG AGRI under the relevant enquiries during 2022. According to the Certification Body reports for financial year 2022, some improvements are noted in these Paying Agencies' compliance with the accreditation criteria.

2.1.4 The Certification Bodies' main findings on accreditation for financial year 2022

As mentioned above, for the Paying Agencies under probation during financial year 2022, the Certification Bodies reported in their audit reports on the implementation of the accreditation action plans (IT01 – AGEA¹⁶⁵, I, MT01 – MRRA PA¹⁶⁶, SE01 – APA¹⁶⁷ and IT27 – ARGEA¹⁶⁸) and the progress made. Regarding Paying Agency DE20 - Sachsen-Anhalt, which was put under probation as of 14 December 2022, for a period of 12 months, the implementation of the accreditation action plan will be followed up by DG AGRI in 2023.

For the Certification Body's assessment regarding IT01 – AGEA, MT01 – MRRA and IT27 – ARGEA, please refer to section 2.1.3 above.

Regarding IT26 - ARCEA, although the full accreditation of the Paying Agency was restored by the end of 2021, in its report for financial year 2022, the Certification Body still reports weaknesses in the *Control Activities* accreditation criterion, regarding the administrative and on-the-spot checks for the EAFRD population. These deficiencies will be followed up through DG AGRI ongoing conformity enquiries.

Regarding Paying Agency GR01 – OPEKEPE, in the opinion of the Certification Body there continue to be serious deficiencies in the Paying Agency's compliance with several accreditation criteria. Some of these issues are already followed up by DG AGRI under the ongoing accreditation enquiry.

¹⁶⁴ Paying Agencies BE03 (Rég. Wallonne); DE17 (Rheinland-Pfalz); ES12 (Madrid); FR18 (ODARC); FR19 (ASP); FR20 (France Agrimer) and PL01 (ARMA).

¹⁶⁵ Accreditation restored on 30.9.2022.

¹⁶⁶ Accreditation restored on 29.6.2022

¹⁶⁷ Accreditation restored on 24.11.2021

¹⁶⁸ Under probation until 10.10.2023

For SK01 – APA, BG01 – State Fund Agriculture and the Italian Paying Agencies where deficiencies were identified in the accreditation criterion *Delegation*, regarding on-the-spot checks for IACS populations, please refer to section 2.1.3 above.

Finally, some weaknesses were also reported for DE03 – Baden-Württemberg MLR, DE11 – Mecklenburg-Vorpommern MELFF, ES01 – Andalucia, ES03 – Asturias, ES04 – Islas Baleares, ES07 – Castilla la Mancha, ES13 – Murcia, ES12 – Madrid, ES16 – La Rioja, ES18 – FEAGA, EE – PRIA, FIO1 – MAVI, FRO5 – ODEADOM, FR18 – ODARC, FR19 – ASP, FR20 – France Agrimer, GB06 – SGRPID, GB07 – WAG, GB09 – RPA, HR01- PAAFRD, IT25 – APPAG, NL04 – RVO, RO01 – RIFA and PL01 – ARMA.

These deficiencies and weaknesses, as well as the state of play of the serious accreditation issues reported by the Certification Body in financial year 2022 are followed up by DG AGRI in the context of the annual clearance exercise.

2.1.5 Conclusion on the opinion on the Internal Control System

The opinions of the Certification Bodies' reports received are that the Internal Control Systems of all the Paying Agencies function at least satisfactorily at overall system level (i.e. IACS, Non-IACS). Improvements in the Paying Agency's compliance with the accreditation criteria are noted in comparison with the previous financial year.

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

2.2.1 Management Declaration from the Directors of the Paying Agencies

In respect of financial year 2022, the Directors of all Paying Agencies submitted to the Commission their Management Declarations on the completeness, accuracy and veracity of the accounts, on the proper functioning of the internal control systems and on the legality and regularity of the underlying transactions.

There was 1 reservation and 7 observations¹⁶⁹ raised by the Directors of the Paying Agencies as described in the table below.

¹⁶⁹ According to the guidelines on the Management Declaration, in the event that any deficiency is identified in the context of establishing the Management Declaration which does not fulfil the criteria for justifying a reservation but which, in the opinion of the Director of the Paying Agency nonetheless constitutes an issue which should be brought to the attention of the Commission services, this should be disclosed in the Management Declaration or in a document attached to it.

In addition, 44 of 76 Paying Agencies applied the derogations provided for in Article 2 of Regulation (EU) 2020/531 and/or Articles 2 to 9 of Regulation (EU) 2020/532, and/or Articles 1 to 3 of Regulation (EU) 2021/725 and duly mentioned this in their management declarations as required.

As regards the audit of the Certification Bodies, if any of the COVID-19 restrictions still persisted in the audit period (from 2021 spring onwards) they did not lead to decreased assurance provided in the audit opinion. Thus, the use of the tools and resources by both the Paying Agencies in performing the controls and the Certification Bodies in conducting the audits, as detailed in section 2.1.1.2.1 of the report, allowed to obtain assurance on the CAP expenditure for the financial year 2022.

Paying Agency		PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2022						
		Is the Management Declaration free of reservations?				For Member States applying Articles 1, 2 and 3 of Regulation (EU) No 2021/725 and/or the provisions under Chapters I, II and III of Regulation (EU) No 2022/1216	Reservation/Additional remark	
		EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS			
1	AT01	AMA	Y	Y	Y	Y	Y	
2	BE02	ALV	Y	Y	Y	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	Y	Y	Y	
4	BG01	State Fund Agriculture	N	N	N	N	Y	The reservation concerns the implementation of public procurement rules.
5	CY01	CAPO	Y	Y	Y	Y	N	
6	CZ01	SAIF	Y	Y	Y	Y	N	
7	DE01	BLE	N/A	Y	N/A	Y	N	
8	DE03	Baden-Württemberg MLR	Y	Y	Y	Y	Y	
9	DE04	Bayern StMLF	Y	Y	Y	Y	Y	
10	DE07	Brandenburg MLUV	Y	Y	Y	Y	Y	
11	DE11	Mecklenburg-Vorpommern MELFF	Y	Y	Y	Y	N	
12	DE12	Niedersachsen	Y	Y	Y	Y	Y	
13	DE15	Nordrhein-Westfalen	Y	Y	Y	Y	N	
14	DE17	Rheinland-Pfalz	Y	Y	Y	Y	N	
15	DE18	Saarland AAL	Y	Y	Y	Y	N	
16	DE19	Sachsen	Y	Y	Y	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	Y	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	Y	Y	Y	
19	DE26	Hessen	Y	Y	Y	Y	Y	
20	DE27	Thüringen	Y	Y	Y	Y	Y	
21	DK02	DAFA	Y	Y	Y	Y	Y	
22	EE01	PRIA	Y	Y	Y	Y	Y	
23	ES01	Andalucía	Y	Y	Y	Y	Y	
24	ES02	Aragón	Y	Y	Y	Y	Y	
25	ES03	Asturias	Y	Y	Y	Y	N	
26	ES04	Islas Baleares	Y	Y	Y	Y	N	

Paying Agency			PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2022					Reservation/Additional remark
			Is the Management Declaration free of reservations?				For Member States applying Articles 1, 2 and 3 of Regulation (EU) No 2021/725 and/or the provisions under Chapters I, II and III of Regulation (EU) No 2022/1216	
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS		
27	ES05	Islas Canarias	Y	Y	Y	Y	Y	
28	ES06	Cantabria	Y	Y	Y	Y	N	
29	ES07	Castilla La Mancha	Y	Y	Y	Y	Y	
30	ES08	Castilla y León	Y	Y	Y	Y	Y	
31	ES09	Cataluña	Y	Y	Y	Y	N	
32	ES10	Extremadura	Y	Y	Y	Y	N	
33	ES11	Galicia	Y	Y	Y	Y	Y	
34	ES12	Madrid	Y	Y	Y	Y	N	
35	ES13	Murcia	Y	Y	Y	Y	Y	
36	ES14	Navarra	Y	Y	Y	Y	Y	
37	ES15	País Vasco	Y	Y	Y	Y	N	
38	ES16	La Rioja	Y	Y	Y	Y	N	
39	ES17	C. Valenciana	Y	Y	Y	Y	N	
40	ES18	FEGA	N/A	Y	N/A	Y	Y	
41	FI01	MAVI	Y	Y	Y	Y	N	
42	FR05	ODEADOM	Y	Y	N/A	N/A	Y	
43	FR18	ODARC	N/A	N/A	Y	Y	N	
44	FR19	ASP	Y	N/A	Y	Y	Y	
45	FR20	France Agrimer	N/A	Y	N/A	N/A	Y	Observations: Concerning the reservation for Operational Funds issued in DG AGRI's annual activity report (2021): the financial risk was quantified and corrective measures have been effective since 2022.
46	GB05	DARD	Y	Y	Y	Y	N	Observations: The high error rates reported in the Management Declaration which mainly relate to EAFRD IACS measures (including Organic Farming, as in the previous financial year) are noted and corrective actions are being implemented which will be effective for scheme years 2022 and 2023.
47	GB06	SGRPID	Y	Y	Y	Y	N	Observations: a) The Paying Agency will improve the monitoring of the quantity and quality of on-the-spot controls for Food Processing, Marketing and Cooperation Scheme; b) Perceived conflict of interest in a project under the same scheme identified by the Certification Body is noted; c) Compilation errors in the Control Statistics for CY2022 were identified by the Paying Agency and the Certification Body; d) Breaching budget capping in measure 19. The Paying Agency has cancelled the amounts from the annual accounts; e) Known errors were identified due to incorrectly classified 100% nationally funded contracts. The amounts will be returned to the EU budget.
48	GB07	WAG	Y	Y	Y	Y	N	Observations: a) For the control statistics related to the EAFRD IACS population the Paying Agency used a fixed exchange rate; b) Some FY2022 payments relate to activity undertaken prior to the contracts being awarded. The financial risk is EUR 25.566; c) Following the limited Internal Audit coverage in 2021, actions will be taken to ensure that in FY 2023 a full internal audit program in respect of the continuing EAFRD is delivered; d) Payments under measure 7 in the year were subject to capping as payments exceeded the amounts programmed in the current financial plan. A RDP modification is foreseen to adjust the financial plan accordingly.
49	GB09	RPA	Y	Y	Y	Y	Y	Observations: a) Further public-health measures meant that the PA again had to adapt to restrictions impacting the way it operated b) Regarding <i>Stocking Density deficiencies and errors found in the EAFRD Non-IACS population</i> corrective actions are underway; d) As regards <i>Evaluation of Water Environment Grant</i> and the error identified within the Non-IACS evidence support, further improvement are being implemented; e) For <i>Debt Management</i> , action has already been taken to strengthen debt management control system; f) <i>Inspections</i> - although the current process does not affect the accuracy of payments, ways to provide inspection reports at the earliest opportunity were introduced; g) <i>Budget Caps for Individual measures</i> - under control.
50	GR01	OPEKEPE	Y	Y	Y	Y	N	
51	HR01	PAAFRD	Y	Y	Y	Y	N	
52	HU02	HST	Y	Y	Y	Y	N	

Paying Agency			PAYING AGENCY DIRECTOR'S MANAGEMENT DECLARATION - FY 2022					Reservation/Additional remark
			Is the Management Declaration free of reservations?				For Member States applying Articles 1, 2 and 3 of Regulation (EU) No 2021/725 and/or the provisions under Chapters I, II and III of Regulation (EU) No 2022/1216	
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS		
53	IE01	DAFM	Y	Y	Y	Y	Y	
54	IT01	AGEA	Y	Y	Y	Y	Y	
55	IT02	SAISA	N/A	Y	N/A	N/A	N	
56	IT05	Veneto (AVEPA)	Y	Y	Y	Y	N	
57	IT07	Toscana (ARTEA)	Y	Y	Y	Y	Y	
58	IT08	Emilia-Romagna (AGREA)	Y	Y	Y	Y	Y	
59	IT10	ARPEA	Y	N/A	Y	Y	Y	
60	IT23	OPR Lombardia	Y	Y	Y	Y	Y	
61	IT24	OPPAB	Y	N/A	Y	Y	Y	
62	IT25	APPAG	Y	N/A	Y	Y	N	
63	IT26	ARCEA	Y	N/A	Y	Y	N	
64	IT27	ARGEA	Y	N/A	Y	Y	N	
65	LT01	NMA	Y	Y	Y	Y	Y	
66	LU01	Min. Agric.	Y	Y	Y	Y	Y	
67	LV01	RSS	Y	Y	Y	Y	Y	
68	MT01	MRRA PA	Y	Y	Y	Y	N	
69	NL04	RVO	Y	Y	Y	Y	N	
70	PL01	ARMA	Y	Y	Y	Y	Y	
71	PT03	IFAP	Y	Y	Y	Y	Y	<p>Observations: a) <i>EAGF direct payments:</i> the Action Plan drawn up to correct deficiencies identified in the conformity enquiries AA/2018/018/PT and NAC/2019/003/PT was implemented by July 2022, as accepted by the Commission; b) Error rates for EAFRD - An increase of 1,41% was identified in the random error rate for EAFRD IACS population, leading to the reinforcement of this Action Plan. A decrease of 8,29% was identified in the error rate for EAFRD Non-IACS measures. Corrective actions will continue to be applied for this population in FY 2023; c) <i>Results of the re-performance of the on-the-spot checks regarding EAGF IACS and Non-IACS and EAFRD IACS measures</i> - As some discrepancies still persist the quality checks and supervision of delegated bodies will be strengthened. d) The system for the <i>Restructuring and conversion of vineyards scheme in Azores</i> revealed some weaknesses. In order to simplify the management and control of this aid scheme, the control system in place will be integrated into the Paying Agency's IT platform and the quality controls will be reinforced as from CY2023.</p>
72	RO01	RIFA	N/A	N/A	Y	Y	Y	
73	RO02	PIAA	Y	Y	N/A	N/A	N	
74	SE01	SJV	Y	Y	Y	Y	Y	<p>Observations: a) Shortcomings identified in enquiry AA/2022/003/SE - area and bovine payments and RD3/2021/005/SE - project and business aid; b) Corrective actions are put in place for the next programming period following the deficiencies identified under enquiry RD3/2020/001/SE - project and business aid, INTR/2021/004/SE - school milk aid; c) Corrective actions are taken to address the deficiencies identified by the Certification Body in the substantive testing of school milk aid; d) Still some improvement is needed in the debt management control system; e) A manual correction of the financing rates for EAFRD IACS has been made in Annex II of the Management Declaration and the corresponding correction is also implemented in the IT system.</p>
75	SI01	AAMRD	Y	Y	Y	Y	Y	
76	SK01	APA	Y	Y	Y	Y	Y	

Table: Annex 7 – 2.2.1-1

2.2.2 Opinion of the Certification Bodies on the Management Declaration

Table 2.2.2-1 lists the individual opinions of Certification Bodies on the Paying Agencies' Management Declarations. Please also see sub-section 2.3.2.

CERTIFICATION BODIES' OPINION ON THE PAS' MANAGEMENT DECLARATION - FY 2022							
Paying Agency			Is the Management Declaration confirmed by the Audit				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
1	AT01	AMA	Y	Y	Y	Y	
2	BE02	ALV	Y	Y	Y	Y	
3	BE03	Rég. Wallonne	Y	Y	Y	Y	Emphasis of matter: For EAGF due to the financial impact of the non-respect of deadlines for the payment under the school program and for EAFRD due to the financial impact of the lack of application of the "reasonable of costs" criterion (affecting Non-IACS measures 4 and 6.1) that is still to be decided by DG AGRI. For both EAGF and EAFRD, the possible financial impact of DG AGRI enquiry XC/2022/006/BE is pending.
4	BG01	State Fund Agriculture	Y	Y	Y	Y	Emphasis of matter: Because there is no analysis in the Management Declaration of the high error rate under Measure 14.
5	CY01	CAPO	Y	Y	Y	Y	
6	CZ01	SAIF	Y	Y	Y	Y	
7	DE01	BLE	N/A	Y	N/A	Y	
8	DE03	Baden-Württemberg MLR	Y	Y	Y	Y	
9	DE04	Bayern StMLF	Y	Y	Y	Y	
10	DE07	Brandenburg MLUV	Y	Y	Y	Y	
11	DE11	Mecklenburg-Vorpommern MELEF	Y	Y	Y	Y	
12	DE12	Niedersachsen	Y	Y	Y	Y	
13	DE15	Nordrhein-Westfalen	Y	Y	Y	Y	
14	DE17	Rheinland-Pfalz	Y	Y	Y	Y	
15	DE18	Saarland AAL	Y	Y	Y	Y	
16	DE19	Sachsen	Y	Y	Y	Y	
17	DE20	Sachsen-Anhalt	Y	Y	Y	Y	
18	DE21	Schleswig-Holstein	Y	Y	Y	Y	
19	DE26	Hessen	Y	Y	Y	Y	
20	DE27	Thüringen	Y	Y	Y	Y	
21	DK02	DAFA	Y	Y	Y	Y	
22	EE01	PRIA	Y	Y	Y	Y	
23	ES01	Andalucia	Y	Y	Y	Y	
24	ES02	Aragón	Y	Y	Y	Y	Emphasis of matter: Concerning the PA's error rate for EAFRD IACS of 6.99 % which exceeds 2%. No reservation is issued because the high error rate was not caused by a significant deficiency in the control system.
25	ES03	Asturias	Y	Y	Y	Y	
26	ES04	Islas Baleares	Y	Y	Y	Y	

CERTIFICATION BODIES' OPINION ON THE PAS' MANAGEMENT DECLARATION - FY 2022							
Paying Agency			Is the Management Declaration confirmed by the Audit				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
27	ES05	Islas Canarias	Y	Y	Y	Y	
28	ES06	Cantabria	Y	Y	Y	Y	
29	ES07	Castilla La Mancha	Y	Y	Y	Y	
30	ES08	Castilla y León	Y	Y	Y	Y	
31	ES09	Cataluña	Y	Y	Y	Y	
32	ES10	Extremadura	Y	Y	Y	Y	
33	ES11	Galicia	Y	Y	Y	Y	
34	ES12	Madrid	Y	Y	Y	Y	Emphasis of matter: Concerning the error rates exceeding 2% reported in the IACS and Non-IACS populations for both EAGF and EAFRD.
35	ES13	Murcia	Y	Y	Y	Y	Emphasis of matter: Concerning the error rates in the IACS population for EAFRD. The high error rate corresponds to M10 "Agro-environment and climate" (6.11 %) and measure 11 "Organic Agriculture" (3.24%). The increase in the error rates is mainly due to specific cases. Therefore, the Paying Agency does not consider it necessary to adopt additional measures to those established since 2020.
36	ES14	Navarra	Y	Y	Y	Y	
37	ES15	País Vasco	Y	Y	Y	Y	
38	ES16	La Rioja	Y	Y	Y	Y	
39	ES17	C. Valenciana	Y	Y	Y	Y	
40	ES18	FEGA	N/A	N	N/A	N	Qualified: Concerning the existing doubts on the assertions made in the Management Declaration (due to differences between the Management Declaration control data and the control statistics communicated to the Commission).
41	FI01	MAVI	Y	Y	Y	Y	
42	FR05	ODEADOM	Y	Y	N/A	N/A	
43	FR18	ODARC	N/A	N/A	Y	Y	
44	FR19	ASP	Y	N/A	Y	Y	
45	FR20	France Agrimer	N/A	Y	N/A	N/A	
46	GB05	DARD	Y	Y	Y	Y	
47	GB06	SGRPID	Y	Y	Y	Y	
48	GB07	WAG	Y	Y	Y	Y	
49	GB09	RPA	Y	Y	Y	Y	
50	GR01	OPEKEPE	Y	Y	Y	Y	
51	HR01	PAAFRD	Y	Y	Y	Y	
52	HU02	ARDA	Y	Y	Y	Y	

CERTIFICATION BODIES' OPINION ON THE PAs' MANAGEMENT DECLARATION - FY 2022							
Paying Agency			Is the Management Declaration confirmed by the Audit				Reservation/Remarks
			EAGF IACS	EAGF NIACS	EAFRD IACS	EAFRD NIACS	
53	IE01	DAFM	Y	Y	Y	Y	
54	IT01	AGEA	Y	Y	Y	Y	
55	IT02	SAISA	N/A	Y	N/A	N/A	
56	IT05	Veneto (AVEPA)	Y	Y	Y	Y	
57	IT07	Toscana (ARTEA)	Y	Y	Y	Y	
58	IT08	Emilia-Romagna (AGREA)	Y	Y	Y	Y	
59	IT10	ARPEA	Y	N/A	Y	Y	
60	IT23	OPR Lombardia	Y	Y	Y	Y	
61	IT24	OPPAB	Y	N/A	Y	Y	
62	IT25	APPAG	Y	N/A	Y	Y	
63	IT26	ARCEA	Y	N/A	Y	N	Qualified: Concerning the material error found by the CB in the legality and regularity of expenditure in the EAFRD Non-IACS population corresponding to 3,63% of the related expenditure.
64	IT27	ARGEA	Y	N/A	Y	Y	
65	LT01	NMA	Y	Y	Y	Y	
66	LU01	Min. Agric.	Y	Y	Y	Y	
67	LV01	RSS	Y	Y	Y	Y	
68	MT01	MRRA PA	Y	Y	Y	Y	
69	NL04	RVO	N	Y	Y	Y	Adverse opinion: Material and systematic error in the legality and regularity of expenditure in the EAGF IACS population corresponding to 2,27% (total projected error) of the related expenditure.
70	PL01	ARMA	Y	Y	Y	Y	
71	PT03	IFAP	Y	Y	Y	Y	Emphasis of matter: It confirms the observations of the Management Declaration, including the high error rates in certain EAFRD measures and the ongoing remedial actions by the Paying Agency.
72	RO01	RIFA	N/A	N/A	N	N	Qualified: The error rates reported in the Management Declaration cannot be confirmed due to the material error found by the CB in the legality and regularity of expenditure in the EAFRD IACS and Non-IACS populations.
73	RO02	PIAA	Y	Y	N/A	N/A	Emphasis of matter: The Paying Agency needs: a) to identify the causes of the increase of the error rates above 2%, in particular as regards the Voluntary Coupled Support, where in some cases the error rate is well above 2%; b) to strengthen the debt management internal control system.
74	SE01	SJV	Y	Y	Y	Y	
75	SI01	AAMRD	Y	Y	Y	Y	
76	SK01	APA	Y	Y	Y	Y	

Table: Annex 7 – 2.2.2-1

Follow-up of reservations included in the Paying Agency Directors' Management Declarations

Reservations were included in the Management Declaration for the previous financial year for **BG01 – SFA** because of 2 conformity enquiries¹⁷⁰ related to EAGF Non-IACS and EAFRD Non-IACS measures and for **SK01 – APA**, related to EAFRD Non-IACS. The related DG AGRI conformity enquiries are ongoing.

Conclusion on the opinion on the Management Declarations of the Paying Agencies

As mentioned in section 2, the Certification Bodies have to provide an opinion on the Paying Agencies' Management Declarations based on their work on the legality and regularity of the expenditure and the calculated incompliance rate. A detailed assessment is included in sub-section 2.3.2.

Based on the applicable guidelines, the Certification Bodies assessed comprehensively the Management Declarations for financial year 2022, including the control statistics and delivered their audit opinions in this respect. In the vast majority of the cases, the Certification Bodies issued a qualified opinion on the Management Declaration when there was a qualified opinion on the legality and regularity of the expenditure.

It is noted that for the 4 Paying Agencies (IT01 – AGEA, MT01 – MRRA, IT27 – ARGEA and DE20 - Sachsen-Anhalt) that were under probation during financial year 2022¹⁷¹, neither the Management Declaration of the Director of the Paying Agency nor the Certification Body Opinion on the Management Declaration refer to the accreditation deficiencies that affected the functioning of the internal control system of the Paying Agencies.

2.3 Legality and regularity of the expenditure

2.3.1 DG AGRI's audits of Certification Bodies' work on legality and regularity

In 2022, all audits planned and listed in Table 2.3.1-1 below, were carried out, including the audit to ES04 (Islas Baleares) which was postponed to the 1st semester of 2022. The majority of the audits (11) were performed jointly with the conformity Units and covered the audit strategy of the Certification Bodies and the re-verifications of on-the-spot and administrative controls depending on the state of play of the Certification Body's work at the time of the mission. For one cases (Italy), a full scope Legality and Regularity audit was

¹⁷⁰ NAC/2020/008 and PAY/2020/003.

¹⁷¹ The full accreditation of the Paying Agency MT01 – MRRA and IT01 – AGEA was restored in 2022.

carried out which covered the Certification Body's audit strategy for all Italian Paying Agencies.

In addition, DG AGRI's conformity audit units also reviewed the work of the Certification Bodies' on legality and regularity.

The results of those missions are indicated under section 2.3.5.

List of Paying Agencies and related Certification Bodies audited on audit strategy and sampling in 2022				
Paying Agency		Certification Body	Audit Field code	Comment
IT	All Italian Paying Agencies	Deloitte Ltd	Audit strategy and sampling	Single audit (Full scope LAR)
BE03	Rég. Wallonne	RSM Interaudit	EAGF IACS	Joint audit
DE03	Baden-Württemberg MLR	Oberfinanzdirektion, Unabhängige Bescheinigende Stelle für den Bereich EU-Agrar und EU-Forschung	EAGF IACS	Joint audit
DE20	Sachsen-Anhalt	Bescheinigende Stelle in der Investitionsbank Sachsen-Anhalt	EAFRD NIACS	Joint audit
DE21	Schleswig-Holstein	Finanzministerium Schleswig-Holstein, Bescheinigende Stelle	EAGF NIACS, Cross Compliance	Umbrella
DE27	Thüringen	Thüringer Ministerium für Infrastruktur und Landwirtschaft, Bescheinigende Stelle	EAGF NIACS	Joint audit
ES01	Andalucía	Intervención General de la Junta de Andalucía PriceWaterhouseCoopers	EAFRD IACS	Joint audit
ES03	Asturias	Intervención General, Consejería de Hacienda y Administración Pública, Comunidades de Castilla-La Mancha PriceWaterhouseCoopers	EAFRD NIACS	Joint audit
ES04*	Islas Baleares	Intervención General, Consejería de Hacienda y Administración Pública, Comunidad Autónoma de las Islas Baleares PriceWaterhouseCoopers	EAFRD NIACS	Joint audit
ES09	Cataluña	Intervención General de la Generalidad de Cataluña PriceWaterhouseCoopers	EAGF NIACS	Joint audit
SI01	ARSKTRP	Ministry of Finance, Budget supervision office	EAGF IACS, EAFRD IACS & NIACS	Umbrella
SE01	SJV	Swedish National Financial Management Authority	EAGF IACS	Joint audit

* Audit to ES04 carried over from 2021

Table: Annex 7 – 2.3.1-1

Summary of the main findings of these audits and monitoring activities

Based on the observations from the above-listed audits, the majority of the Certification Bodies' established the audit strategy in line with the approach outlined in the guidelines. The same high quality as last year in the Certification Bodies' work in terms of audit strategy and quality of the re-verifications for the legality and regularity of expenditure was noted.

Moreover, in some cases, deficiencies were identified in the review of the Checks by Monitoring (CbM) process, when applied by the Paying Agencies (e.g. Germany, Spain) or in the substantive testing of claims subject to CbM (i.e. non –monitorable elements for which on-the-spot controls had been carried out by the Paying Agency were not re-verified properly by the Certification Bodies). However, it is expected that, after the first year of implementation and the relevant guidance that has been provided by DG AGRI through the Expert Group meetings organised in 2022, those deficiencies will be addressed.

Where possible the Certification Bodies' work on the control statistics was reviewed. The Certification Bodies have detailed working papers and make substantial checks in this respect. In numerous cases again this year, the Member State corrected and re-submitted the control statistics based on the Certification Body's findings.

For 2022, the audit work of the Certification Bodies visited was of a high standard and in most of the cases well documented. However, there were still a few cases where, for a limited part of the Certification Body's work, the documentation and audit trail could be improved (especially for the risk assessment, which becomes a crucial element of the Certification Body's work under the New Delivery Model as of 2023 onwards).

The Certification Bodies were concluding correctly on the eligibility since the majority of them use the lists of Key and Ancillary controls as a benchmark in their testing. Due to the huge volume of work, not all measures and not all key controls can be tested in one financial year. As a result, a considerable number of the Certification Bodies have developed rotation plans to make sure they audit all measures/all key controls over a period of 3-5 years.

In 2022, it was observed that the Certification Bodies' check on the eligibility criteria were in general of the same high standard as last year. In some limited cases (2 out of the 12 audits) where the checks were not always sufficient (i.e. did not cover all eligibility requirements), the recommendations issued were immediately taken into account. This led to further improvement in the audit work of some Certification Bodies, which was confirmed also in the financial clearance exercise. Thus in 2022, DG AGRI is in a position to acquire the necessary assurance from the CB's work on Legality and Regularity and this is reflected in the AAR adjusted error rate where a very large part of the adjustments were based on the Certification Bodies' assessment.

For the 2022 legality and regularity audits, it was concluded that full or partial reliance could be placed on all Certification Bodies for their work on the audited population in the scope of the mission. Following the assessment of the certification reports during the financial clearance exercise, this level of reliance is increased for some of these Certification Bodies, based on the corrective measures implemented and the progress reported already in the certification report for financial year 2022. Where reliable, this allowed DG AGRI to take fully the work of the Certification Bodies into account in the adjusted error rate for all four populations.

2.3.2 Summary of the opinions of the Certification Bodies' work on legality and regularity of the expenditure

A complete review of the results of the Certification Bodies' work and assessment of the work on legality and regularity took place in the financial year 2022 financial clearance assessment.

The results of the work on legality and regularity are expressed through an incompliance rate. The conclusion of the assessment is reflected in the Certification Body's opinion on the legality and regularity of the expenditure and in the opinion on the Paying Agency's Management Declaration.

EAGF IACS population

66 out of the 76 Paying Agencies declared expenditure under EAGF IACS schemes.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	53	-
Qualified opinion	1	NL04,
Opinion with an emphasis of matter	12	BE03, ES09, IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, IT26, IT27,
Total Member States: 27	66 ¹⁷²	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	65	-
Qualified opinion	1	NL04
Opinion with an emphasis of matter	3	BE03, ES12, R002
Total Member States: 27 + the UK	69 ¹⁷³	

Table: Annex 7 – 2.3.2-1

For NL04 - RVO, the Certification Body qualified its opinion on the legality and regularity of expenditure for EAGF IACS and on the Management Declaration due to material errors.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter in the opinion for EAGF IACS and in the opinion on the Management Declaration as regards the possible impact of the conformity audit XC/2022/006/BE.

¹⁷² The Certification Body's audit opinion on the accounts for the 4 Paying Agencies in UK does not cover the Legality and Regularity of expenditure.

¹⁷³ The Certification Body's audit opinion on the Paying Agency's Management Declaration for the 4 Paying Agencies in UK covers the recoveries of EAGF.

For ES09 – Cataluña, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAGF IACS due to the high error rate reported by the Paying Agency.

For ES12 - Madrid, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration due to the high error rate reported by the Paying Agency for EAGF IACS.

For all Italian PAs (IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, IT26, IT27), the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAGF IACS since, due to its late appointment by the Competent Authority, the on-spot-control re-verifications were carried only on the basis of the PA's control reports documentary review and remote sensing check.

For R002 – PIAA, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration related to the high error rate for certain measures of EAGF IACS reported by the Paying Agency.

EAGF Non-IACS population¹⁷⁴

64 out of the 76 Paying Agencies declared expenditure under EAGF Non-IACS schemes.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	60	-
Qualified opinion	2	ES18, FR20
Opinion with an emphasis of matter	2	BE03, DE21,
Total Member States: 27	64 ¹⁷⁵	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	65	-
Qualified opinion	1	ES18
Opinion with an emphasis of matter	2	BE03, ES12
Total Member States: 27 + the UK	68	

Table: Annex 7 – 2.3.2-2

For ES18 – FEAGA, the Certification Body qualified the opinion on the legality and regularity of the expenditure for EAGF Non-IACS due to material errors. It also qualified the opinion on

¹⁷⁴ EAGF Non-IACS measures are essentially the market measures.

¹⁷⁵ The Certification Body's audit opinion on the accounts for the 4 Paying Agencies in UK does not cover the Legality & Regularity of expenditure.

the Management declaration due to doubts on the assertions made in the Management Declaration (i.e. differences between the Management Declaration control data and the control statistics communicated to the Commission).

For FR20 - France Agrimer, the Certification Body qualified the opinion on the legality and regularity of the expenditure for EAGF Non-IACS due to material errors.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAGF Non-IACS and in the opinion on the Management Declaration as regards the possible financial impact of the non-respect of payment deadlines for the school scheme.

For DE21 – Schleswig-Holstein, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAGF Non-IACS due to material errors.

For ES12 - Madrid, the Certification Body issued an emphasis of matter in the opinion on the Management Declaration due to the high error rate reported by the Paying Agency for EAGF Non-IACS.

In 8 cases¹⁷⁶ compared to 14 cases in 2021, there was no separate testing for the EAGF Non-IACS population, as the Certification Body treated this population as a *de minimis* population.

EAFRD IACS population

70 out of the 76 Paying Agencies declared expenditure under EAFRD IACS measures.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	56	-
Qualified opinion	0	
Opinion with an emphasis of matter	14	BE03, ES09, GB05, IE01, IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, IT26, IT27
Total Member States: 27 + the UK	70	
Opinion on the Paying Agency's Management Declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	64	-
Qualified opinion	1	RO01
Opinion with an emphasis of matter	5	BE03, BG01, ES02, ES13, PT03,
Total Member States: 27 + the UK	70	

Table: Annex 7 -2.3.2-3

¹⁷⁶ DE04, DE11, DE19, DE20, DE26, DE27, DK02 and EE01.

For RO01 - RIFA, the Certification Body qualified its opinion on the Management Declaration due to material errors during the testing of EAFRD IACS.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter in the opinion for EAFRD IACS and in the opinion on the Management Declaration as regards the possible impact of the conformity audit XC/2022/006/DE.

For ES09 – Cataluña, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAFRD IACS due to the high error rate reported by the Paying Agency.

For GB05 – DAEFA, the Certification Body issued an emphasis of matter on the legality and regularity of the expenditure due to material errors found on part of the population Environmental Farming Scheme – EFS...

For IE01 – DAFM, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAFRD IACS due to material error identified in the Targeted Agricultural Modernisation Scheme - TAMS.

For all Italian PAs (IT01, IT05, IT07, IT08, IT10, IT23, IT24, IT25, IT26, IT27), the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of expenditure for EAFRD IACS since, due its late appointment by the Competent Authority, the on-spot-control re-verifications were carried only on the basis of the PA’s control report’s documentary review and remote sensing check.

For BG01- State Agricultural Fund, ES02 – Aragon, ES13 – Murcia and PT03 – IFAP, the Certification Bodies issued an emphasis of matter in the opinion on the Management declaration due to the material error reported by the Paying Agency for EAFRD IACS.

EAFRD Non-IACS

72 of the 76 Paying Agencies have expenditure declared under EAFRD Non-IACS measures.

Opinion on the legality and regularity of the expenditure	Number of Paying Agencies	Related Paying Agencies
Unqualified	63	-
Qualified opinion	3	BG01, ES05, IT26
Opinion with an emphasis of matter	6	BE03, DE18, ES04, GB09, HR01, RO01
Total Member States: 27+the UK	72	

Opinion on the Paying Agency's Management declaration	Number of Paying Agencies	Related Paying Agencies
Unqualified	67	-
Qualified opinion	3	ES18, IT26, R001
Opinion with an emphasis of matter	2	BE03, ES12,
Total Member States: 27+the UK	72	

Table: Annex 7 – 2.3.2-4

For IT26 - ARCEA, the Certification Body qualified the opinion on the legality and regularity of the expenditure and on the Management Declaration for EAFRD Non-IACS due to material errors found and did not confirm the control statics as result.

For ES18 – FEGA and R001 - RIFA, the Certification Bodies qualified their opinion on the Management Declaration due to material errors found errors found during the testing of EAFRD Non-IACS.

For BG01 - SFA and ES05 – Islas Canarias, the Certification Bodies qualified their opinion on the legality and regularity of the expenditure due to material errors found during the testing of EAFRD Non-IACS.

For BE03 – Wallonia, the Certification Body issued an emphasis of matter on the opinion for the legality and regularity of the expenditure and on the Management Declaration as regards the impact of a possible financial correction related to the lack of application of the "reasonable cost" criterion (affecting Non-IACS measures 4 and 6.1).

For ES04 - Islas Baleares and HR01 - PAAFRD, the Certification Bodies issued an emphasis of matter on the opinion on the legality and regularity of the expenditure due to material errors found during the testing of EAFRD Non-IACS.

For GBO9 – RPA, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAFRD Non-IACS due to due to material errors found during the testing of the relevant population and due to the material level of irrecoverable debts within this population identified during the testing of Annex II.

For R001 – RIFA, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAFRD Non-IACS since the Paying Agency's verifications regarding the inclusion of beneficiaries in the small-medium enterprise (SME) category did not ensure proper compliance with the provisions of national and European legislation.

For DE18 – Saarland, the Certification Body issued an emphasis of matter in the opinion on the legality and regularity of the expenditure for EAFRD Non-IACS due to the material error reported by the Paying Agency.

For ES12 – Madrid, the Certification Body issued an emphasis of matter in the opinion on the Management declaration due to the material error reported by the Paying Agency for EAFRD Non-IACS.

2.3.3 Assessment of the Certification Bodies' work on legality and regularity

The Certification Bodies' work on legality and regularity was assessed taking into account the following components:

- Timing of the re-verification of the on-the-spot controls: in particular whether the on-the-spot controls carried out by the Paying Agency in claim year 2021 were verified by the Certification Body at the appropriate time, to minimise the risk that the situation of the land parcels or animals concerned might have changed in the meantime. In all cases of a time gap between the Paying Agencies' initial on-the-spot-controls and the re-verifications of the Certification Bodies, DG AGRI assessed whether the time lapse was mitigated by the Certification Bodies, for example, through the use of alternative methods.
- The implementation, on a greater scale for many Paying Agencies, of Checks by Monitoring for area related measures and how the Certification Bodies:
 - a) have actually assessed the proper functioning of the system established at Paying Agency or at Member State level.
 - b) have validated through the substantive testing the Legality & Regularity of the expenditure subject to Checks by Monitoring.

DG AGRI had provided on time relevant guidance through the amendment of Guideline 2 for the Certification Bodies' audit strategy and through dedicated presentations during the 2 Expert Group Meetings organised in 2022.

- Quality of Certification Body's re-verification of eligibility checks (administrative and on-the-spot controls) through the DG AGRI audit missions and assessment of the Certification Body's results, and in particular the technical skills and expertise that are necessary to be able, for instance, to precisely assess the eligibility of land or to check in detail that a given procurement procedure respects all applicable rules.
- Adequacy of the Certification Body's audit strategy¹⁷⁷, in particular correct sampling approach, proper monitoring of external bodies performing the on-the-spot re-verifications, evaluation of the representativeness of the Paying Agency's random on-the-spot check sample and sufficient testing for one or both audit objectives.
- And reported results (see previous sections).

¹⁷⁷ Under the revised guidelines.

Main observations per population:

EAGF IACS

For this population, the Certification Bodies continued to provide substantial results on legality and regularity for financial year 2022. The situation with regard to the timing of re-verifications remains stable with a few cases of Certification Bodies which could not start the re-verification of the on-the-spot controls on time, with the result that their re-verifications on claim year 2021 were done rather late. This was mainly due to the late appointment of the Certification Body (Greece, Italy). It is also noted that, in some cases of time gaps between the Paying Agencies' on-the-spot controls and the Certification Bodies' re-verifications, the cause of the delays was the late performance of the initial on-the-spot checks by the Paying Agencies. Some Certification Bodies, although alternative methods were allowed, preferred to wait until the lift of the COVID-19-related restrictions applied by Member States in order to perform the re-verification of on-the-spot controls. DG AGRI assesses the work and the reliance that could be placed and could take on board most of the errors reported as they were not affected by the timing.

DG AGRI identified, in a very limited number of cases, deficiencies in the incompliance rate calculation when the Certification Body's sample included claims subject to Checks By Monitoring and claims subject to a random on-the-spot control by the Paying Agency. However, during the review of the Certifications Bodies' audit reports and the relevant clarifications provided upon request, DG AGRI was able to validate the Certification Bodies' substantive testing results.

In general, the Certification Bodies' work on this population is of a high standard. In a number of cases, where there were some delays in the Certification Body's work, DG AGRI could still place reliance on their work and could still take into account the errors they reported.

EAGF Non-IACS

Since the revision of the guidelines and the increase in the sample sizes in most cases, the Certification Bodies had substantial findings for this population in financial year 2022. In the majority of the cases, the audit work for this population and especially for the Certification Bodies of Paying Agencies dealing mainly with market measures, was of a high standard. The quality of the Certification Bodies' work was reflected not only in the results of the substantive testing which allow the calculation of a reliable incompliance rate but also on the results of the compliance testing which, in many cases, was focused on risky measures on the basis of a rotation plan. The results of the compliance testing were proven very useful in cases where the Certification Bodies did not perform any substantive testing due to the "*de-minimis*" rule although the number of such cases was significantly lower compared to previous years (i.e. 8 cases compared to 14 in 2021) due the implementation of the exceptional aid scheme which increased, in some cases significantly, the expenditure of the EAGF Non-IACS population. The compliance testing results, even if

not extrapolated, allowed DG AGRI to estimate better the risk to the population as a whole and are reflected in the adjustments made to the error rates per Paying Agency for ABB02.

Finally, due to the heterogeneity of the market measures, some Certification Bodies stratified their samples and targeted risky measures. Thus, they could establish the risk to the Fund for a particular measure that had a high error rate.

EAFRD IACS

For this population, like for EAGF IACS, the Certification Bodies could provide substantial results on legality and regularity of the expenditure. Apart from the reasons mentioned under the EAGF IACS population, especially the timing issue, the very small samples that some Certification Bodies decided to test for the EAFRD IACS, in combination with the high rate of errors found during the testing could have had an impact on the reliance that DG AGRI could place on their work. However, in the large majority of cases the work of the Certification Body was of a very high standard not only in terms of the result's statistical validity but also in terms of the substance of the finding and the exhaustive testing of additional commitments. This allowed DG AGRI to place reliance on their work and take into account the errors reported.

EAFRD Non-IACS

The Certification Bodies' audit work for this population was of very high quality in terms of quality of re-verifications. This is reflected by the large number of well-founded findings and by the magnitude of these findings.

For financial year 2022, all Certification Bodies applied correctly the revised guidelines as regards the sampling methodology and the minimum number of transactions subject to an on-the-spot control included in the sample. Moreover, in many cases increased samples were tested and the findings were well substantiated and, in the majority of cases, satisfactory. However, there were still a few Certification Bodies that needed to improve their eligibility re-verifications for some measures and the assessment of the findings, for example on checks related to conflict of interests and public procurement rules.

In a considerable number of cases the Certification Bodies had material findings for this population – all findings were taken on board in the adjustment of the error rates per Paying Agency for ABB04 (see section 3.3).

Conclusion on the Certification Bodies' work as regards DG AGRI's adjusted error rate calculation

The Certification Bodies reached a level where they deliver sound and substantial results on the legality and regularity of the expenditure for all populations, which were examined by DG AGRI and taken into account for the assessment of the adjustments to be made to the error rates reported by the Paying Agencies. The Certification Bodies' findings were well-

founded, well-documented, in the vast majority of the cases well assessed and, finally, where necessary were linked to weaknesses in key controls. DG AGRI identified a very limited number of cases where the non-compliance rates per population were not established in line with the guidelines. For those cases, DG AGRI performed a re-evaluation of the Certification Bodies' results. However, for the vast majority of the cases, the Certification Bodies took into account the results of their own tests at population level, especially when a material non-compliance rate was determined, when drawing conclusions on the Management Declaration and the control statistics. Based on the substantial work performed by the Certification Bodies, DG AGRI placed reliance on the results of the Certification Bodies' work on legality and regularity. The Certification Bodies' non-compliance rates were considered reliable by DG AGRI and constituted a very large part of the adjustments (i.e. the projected non-compliance rate and any corresponding known errors) made to the reported error rates of the Paying Agencies. Annex 7 – Part 3 indicates where the audit work of the Certification Bodies is used to adjust the error rates.

Moreover, in particular cases, the results of the compliance testing allowed DG AGRI to estimate better the risk for a particular scheme / measure, especially for the EAGF Non-IACS populations.

DG AGRI considers that the single audit approach is implemented for all four populations in the CAP.

2.4 Overall conclusion on the Certification Bodies' work

When carried out in accordance with the applicable regulations and guidelines, DG AGRI considers the Certification Bodies' work on legality and regularity of expenditure, the key element in DG AGRI's assurance building model (cf. the pyramid of controls). Each upper layer of the pyramid builds its work on the results of the previous layer and each lower layer may use the results of the layers above it to improve its own controls.

Based on the increased number of findings and on the high quality work submitted by the very large majority of the Certification Bodies, assurance can be obtained from the Certification Bodies' opinions on legality and regularity. DG AGRI has the single audit approach in place for all populations, with the Certification Bodies' work as the starting point for obtaining assurance.

In line with the single audit approach, DG AGRI will continue to monitor closely the quality of the Certification Bodies' work in order to maintain the achieved high reliance on their work and finally, to assist those Certification Bodies where improvement of their work is still necessary.

Part 3: Control results at the level of the final beneficiaries, the assessment thereon by the Certification Bodies and the overall appreciation of the Commission on their reliability taking into account all available information

Annex 7 - Part 3 presents DG AGRI's process to calculate an adjusted error rate and the amounts at risk to the EU budget from the starting point of the control data sent by the Member States and taking into account all other available relevant information.

This Part of the Annex is broken down into three separate sections to deal with the three distinct AAB activities:

Part 3.1: ABB02: Market Measures

Part 3.2: ABB03: Direct Payments

Part 3.3: ABB04: Rural Development

Part 3.4: Root causes of the error rate

Part 3.1. ABB02 – Market Measures

Index for Part 3.1 – ABB02: Market Measures

3.1.1	Introduction
3.1.2	ABB02 Expenditure
3.1.3	What assurance does the Director-General have regarding the expenditure under ABB02 – Market Measures?
3.1.4	Assessment of findings from DG AGRI audits carried out in 2020-2022
3.1.4.1	Fruit and Vegetables sector
3.1.4.2	Wine sector
3.1.4.3	Olive oil
3.1.4.4	EU school Scheme
3.1.4.5	POSEI
3.1.4.6	Temporary exceptional aid
3.1.4.7	Beekeeping
3.1.4.8	Promotion measures
3.1.5	France AGRIMER
3.1.6	Conclusions as regards assurance for ABB02

3.1.1 Introduction

This ABB activity deals with measures many of which were put in place to provide a safety net for producers and support markets. ABB02 is characterised by a number of very diverse measures, some of which incur limited expenditure. Some of the measures are continuous while others are of temporary nature and some are applicable in a limited number of Member States.

3.1.2 ABB02 Expenditure

The following section sets out the elements, which DG AGRI uses in order to give assurance on expenditure reimbursed to Member States in 2022.

The total expenditure for market measures under Title 0802 in 2022 amounts to **EUR 2 879 990 914**.

The following table sets out the shared management expenditure reimbursed by DG AGRI in 2022 for the various market sectors:

Expenditure reimbursed by DG AGRI to the Member States in 2022			
Chapter	Article	Sector/measure	Expenditure (EUR)
080203	08020301	POSEI and Smaller Aegean Islands (excluding direct payments)	221 292 689.49
	08020302	Promotion of agricultural products – Simple programmes under shared management	57 584 017.09
	08020304	School schemes	170 126 571.08
	08020305	Olive oil	47 721 899.44
	08020306	Fruit and vegetables	877 864 479.15
	08020307	Wine	950 586 027.73
	08020308	Apiculture	51 212 547.92
	08020309	Hops	2 188 000.00
	08020310	Public and private storage measures	10 230 030.57
	08020311	Exceptional measures	492 166 285.09
	Subtotal		
	08029901	Completion of previous measures under the "European Agricultural Guarantee Fund (EAGF)" – Shared management	- 1 507 750
	08029901	Reimbursement of suspension of payments	526 117
ABB 02 Total Shared Management			2 879 990 914
ABB 02 Total Direct Management		Promotion measures - Direct payments by the Union	0
ABB 02 Grand Total			2 879 990 914

Table: Annex 7 – 3.1.2-1

3.1.3 What assurance does the Director-General have regarding the expenditure under ABB02 – Market Measures?

The assurance of the Director-General is drawn from the various levels of management and control that are in place and the results, which can be obtained from them. The various market measures are completely different from each other with their own distinct control systems. Moreover, certain schemes are implemented at national level, even in Members States with multiple Paying Agencies. Control statistics for 2022 applied to 80.78% of the expenditure, while for the remaining expenditure, in the absence of regulatory requirement, control statistics are not available.

In financial year 2022, this included in particular the exceptional adjustment aid amounting to EUR 492 million (see section 3.1.4.6).

Based on the above-mentioned characteristics of the market measures, there is not enough data at Paying Agency level of a sufficiently broad, comprehensive and representative nature to allow the calculation of an adjusted error rate at individual Paying Agency level. DG AGRI therefore continues to deviate from the methodology used for ABB03 and ABB04 as set out in its Materiality Criteria in Annex 5 of this report. It does intend however to adhere as closely as possible to the principles set out in that Annex and to diverge only where technically necessary. For this reason, where statistics exist, an adjusted error rate has been calculated for the measure concerned.

The approach taken by DG AGRI depended on the information available for each scheme.

- (i) Where statistics existed, an adjusted error rate was estimated at scheme level complemented with other meaningful audit opinions (from Certification Bodies, DG AGRI audits, ECA assessment)

It should be noted, that with regard to using the opinion of the Certification Bodies, the situation is more complex for market measures than for ABB03 and ABB04. The reason is that while DG AGRI's assurance assessment is carried out at the level of individual schemes the Certification Bodies give an opinion based on the entire population (EAGF Non-IACS). This latter approach however is not always fitting, given the relatively low expenditure in this population combined with the number, range and heterogeneity of the measures.

DG AGRI has taken account of the Incompliance Rate (IRR) and any known error established by the Certification Bodies and analysed the findings of the Certification Body also from compliance testing to establish which measures the findings could affect and used professional judgement to adjust the reported error rate.

- (ii) Where it was not possible to adjust the error rate based on statistics, DG AGRI examined the control environment for each scheme, as assessed on previous DG AGRI audits as well as any other audit evidence, notably from the ECA and from the Certification Bodies. The professional audit judgement of the DG AGRI auditors was sought on a measure-by-measure basis, as to the assurance that could be given to the Director-General as well as to give an assessment of the maximum amount of the expenditure, which might be at risk.
- (iii) For those measures for which there was neither statistical nor audit information available, the average adjusted error rate resulting from the examination at points (i) and (ii) was extrapolated in order to assess the risk. For 2022, this was necessary in respect of around 17.44% of the expenditure for the ABB market measures, corresponding mainly to the exceptional adjustment aid (see section 3.1.4.6) and temporary exceptional measures for private storage (see section 3.1.4.6).

This approach has resulted in a clear conclusion being drawn for each of the measures concerning the effectiveness of each system in preventing, detecting and correcting errors as well as on the amount of expenditure considered to be at risk both at measure and ABB level.

3.1.4 Assessment of findings from DG AGRI audits carried out in 2020-2022

3.1.4.1 Fruit and Vegetables Sector

The EU funding for the fruit and vegetables sector is targeted at measures to structure the market. Growers are encouraged to join **producer organisations** (POs) in order to strengthen the position of producers in the market. POs receive support for implementing **operational programmes**, based on a national strategy. They are the principle operators in the fruit and vegetables regime.

In 2022, the expenditure under this measure amounted to EUR 877.864 million.

The statistical reports received concern operational programme (OP) expenditure incurred in financial year 2022 in respect of operational year 2021. The level of error detected by the Member States was 2.72% with rates above 2% reported by a number of Member States.

DG AGRI audits carried out in Czech Republic and Denmark identified possible risk to the Fund affecting financial year 2022.

The Certification Bodies found financial errors and deficiencies in key controls in respect of certain Member States (France, the Netherlands, Poland and Portugal).

Following the above-mentioned information, DG AGRI's adjustments to the reported error rates (resulting from the assessments of the Certification Bodies and/or its own audit findings) and their impact on the amounts at risk are summarised in the following table:

Fruit and Vegetables - Operational Programmes for Producer Organisations								
Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid for OPs in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +(g)
AT	6 176 644	32.7%	0.39%	0%	16 334	182	0.27%	16 516
BE	57 175 283	30.8%	0.82%	-	325 179	-	0.57%	325 179
BG	95 002	100.0%	-	-	-	-	-	-
CY	299 470	100.0%	0.46%	-	-	-	-	-
CZ	5 348 281	20.7%	21.10%	10.00%	894 826	534 828	26.73%	1 429 654
DE	50 497 679	69.0%	0.84%	0.85%	131 131	431 749	1.11%	562 880
DK	7 199 120	57.4%	0.00%	10.00%	16	719 912	10.00%	719 928
ES	288 932 108	30.5%	2.43%	0.03%	4 876 821	97 086	1.72%	4 973 908
FI	3 728 207	41.2%	0.61%	5.00%	13 427	186 410	5.36%	199 837
FR	127 533 750	20.8%	7.81%	6.75%	7 891 610	8 613 372	12.94%	16 504 982
GR	10 096 936	16.6%	2.70%	-	227 646	-	2.25%	227 646
HR	62 492	100.0%	43.11%	-	-	-	-	-
HU	4 400 913	22.3%	-	-	-	-	-	-
IE	7 572 599	78.4%	0.38%	-	6 205	-	0.08%	6 205
IT	252 755 869	30.8%	1.23%	0.36%	2 148 823	900 000	1.21%	3 048 823
LT	958 075	100.0%	-	-	-	-	-	-
LV	784 892	100.0%	0.77%	-	-	-	-	-
NL	28 474 248	53.3%	0.95%	1.84%	126 414	524 519	2.29%	650 933
PL	4 276 960	78.4%	0.57%	3.26%	5 284	139 354	3.38%	144 638
PT	12 842 836	45.6%	6.91%	0.25%	482 371	32 189	4.01%	514 559
RO	1 291 845	100.0%	-	-	-	-	-	-
SE	4 390 470	44.1%	3.43%	-	84 287	-	1.92%	84 287
SK	2 970 801	100.0%	0.35%	-	-	-	-	-
Grand Total	877 864 479	33.64%	2.72%		17 230 374	12 179 601	3.35%	29 409 975

Table: Annex 7 – 3.1.4.1.-1

The above table indicates that the adjusted error rate for Operational Programmes for Producer Organisations is 3.35%, which represents a total amount at risk in the 2022 expenditure of EUR 29 410 million.

The following summary sets out for the **Operational Programmes for Producer Organisations**, for all cases where the adjusted error rate is above 2%, the reasons which led to DG AGRI making top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-

up action required. It is noted that the error rates reported by all Member States are inflated to an unknown extent by the results of the administrative checks, which are carried out on all files.

Member State	Adjusted error rate	Amount at risk	Reasons for top-up (by audit unit)	Reservation	Mitigating factors/reservation follow up
CZ	26.73%	EUR 1.430 million	A DG AGRI audit in 2022 identified deficiencies in the administrative checks to establish eligibility of support. In addition, the Member State reported an error rate above materiality.	Yes	A reservation is entered in respect of 2022 expenditure. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
DK	10.00%	EUR 0.720 million	A DG AGRI audit in 2022 identified deficiencies in the administrative checks to establish eligibility of support as well as in the quality of the on-the-spot (OTSC) controls.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
FI	5.36%	EUR 0.200 million	A DG AGRI audit in 2021 identified deficiencies in the administrative checks to establish eligibility of support as well as in the quality of the on-the-spot (OTSC) controls.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
FR	12.94%	EUR 16.505 million	The Member State reported an error rate above materiality. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure (covered by the horizontal reservation for France AGRIMER). The Member State should implement an action plan addressing the Certification Body's findings. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
GR	2.25%	EUR 0.228 million	The Member State has reported an error rate above materiality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
NL	2.29%	EUR 0.651 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
PL	3.38%	EUR 0.145 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
PT	4.01%	EUR 0.515 million	The Member State has reported an error rate above materiality. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. A conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 – 3.1.4.1.-2

Conclusions for the Fruit and Vegetables sector

For the fruit and vegetables sector, there is a limited number of Member States for which serious problems have been detected by DG AGRI and the Certification Bodies in recent years. The errors, which such deficiencies would produce, were not indicated in the results of control carried out and reported by those Member States.

The table below summarises the data, which are set out in detail above, and indicates that four reservations are required in respect of four Member States for a total amount of EUR 17 935 million. The total amount at risk in the 2022 expenditure is estimated at EUR 29 410 million.

Summary of reservations and amounts at risk for Fruit & Vegetable Sector					
Measure	Expenditure EUR	Adjusted error rate	MS with reservation	Amount under reservation EUR	Total amount at risk EUR
Operational programmes for Producer Organisation	877 864 479	3.35%	CZ	1 429 654	29 409 975
			FR	16 504 982	
			Total OPPO	17 934 637	
Grand Total	877 864 479	3.35%		17 934 637	29 409 975

Table: Annex 7 – 3.1.4.1-3

3.1.4.2 Wine sector

The common organisation of the wine market is aimed essentially at improving the competitiveness of EU wine producers and balancing supply and demand in the wine sector. Each Member State sets up a national support programme, defining the measures and budgets that are best adapted to its particular situation. The most significant measures, in financial terms, have been restructuring and conversion of vineyards; investments; promotion on third country markets and information within the EU; by-product distillation and harvest insurance.

Wine - 2022 Expenditure - National Support Programme								
Calculation of Adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up	Amount at risk for top-up	Adjusted error rate	Total amount at risk
	EUR				EUR	EUR		EUR
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (f+g)/b	(i) = (f) +(g)
AT	12 134 642	99.99%	1.84%	0.32%	93	39 336	0.32%	39 429
BE	-	-	-	-	-	-	-	-
BG	19 696 274	99.10%	1.71%	0.90%	16 627	177 377	0.98%	194 004
CY	4 465 000	92.89%	0.59%	-	-	-	-	-
CZ	4 954 000	100.00%	6.35%	-	-	-	-	-
DE	36 718 882	88.76%	0.63%	0.40%	7 377	146 066	0.42%	153 443
DK	-	-	-	-	-	-	-	-
EE	-	-	-	-	-	-	-	-
ES	187 065 202	79.18%	0.70%	0.61%	92 893	1 134 274	0.66%	1 227 167
FI	-	-	-	-	-	-	-	-
FR	269 627 967	91.15%	3.66%	6.29%	181 074	16 947 650	6.35%	17 128 725
GR	17 589 019	68.12%	4.43%	-	-	-	-	-
HR	10 409 724	99.68%	0.48%	-	367	-	0.00%	367
HU	25 442 864	99.26%	4.73%	0.70%	-	177 286	0.70%	177 286
IE	-	-	-	-	-	-	-	-
IT	267 118 925	75.88%	0.86%	3.22%	643 197	8 610 503	3.46%	9 253 700
LT	-	-	-	-	-	-	-	-
LU	-	-	-	-	-	-	-	-
LV	-	-	-	-	-	-	-	-
MT	-	-	-	-	-	-	-	-
NL	-	-	-	-	-	-	-	-
PL	-	-	-	-	-	-	-	-
PT	62 617 700	85.61%	8.34%	1.26%	69 743	792 029	1.38%	861 772
RO	23 014 517	63.26%	0.56%	0.01%	5 652	1 894	0.03%	7 547
SE	-	-	-	-	-	-	-	-
SI	4 849 000	87.03%	0.79%	-	-	-	-	-
SK	4 882 313	91.86%	0.00%	-	-	-	-	-
Grand Total	950 586 028	83.57%	2.32%		1 017 022	28 026 417	3.06%	29 043 439

Table: Annex 7 – 3.1.4.2-1

The above table indicates that the adjusted error rate for the national support programme for the wine sector is 3.06%, which represents a total amount at risk in the 2022 expenditure of EUR 29 043 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% and the reasons which led to DG AGRI making top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
FR	6.35%	EUR 17.129 million	DG AGRI audits in 2022 identified weaknesses in wine promotion to third countries concerning the administrative checks, and the verification of implementation of the actions and late payments. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State for wine investment and wine promotion to third countries.	Yes	A reservation is entered in respect of 2022 expenditure (covered by the horizontal reservation for France AGRIMER). The Member State should implement an action plan addressing the deficiencies identified by DG AGRI and the Certification Body. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.

IT	3.46%	EUR 9.254 million	A DG AGRI audit in 2021 identified deficiencies in the administrative checks concerning wine restructuring and conversion of vineyard. In addition, a DG AGRI audit in 2022 identified deficiencies in wine promotion to third countries concerning the administrative checks.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should implement an action plan addressing the deficiencies identified by DG AGRI for the measures. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
----	-------	-------------------	---	-----	--

Table: Annex 7 3.1.4.2-2

3.1.4.3 Olive oil

In 2022, the expenditure under this scheme, which is implemented only by three Member States (France, Greece and Italy) amounted to EUR 47.722 million.

The table below indicates that the reported error rate for the olive oil sector is 0.59%.

Olive oil Work Programme Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
FR	552.023	100,00%	0,00%		-	-	-	-
GR	14.732.908	100,00%	1,47%		-	-	-	-
IT	32.436.969	100,00%	0,20%		-	-	-	-
Grand Total	47.721.899	100,00%	0,59%	-	-	-	-	-

Table: Annex 7 – 3.1.4.3-1

3.1.4.4 EU School Scheme

The school scheme is implemented under Regulations (EU) 2017/39 and 2017/40. Article 9 of Regulation (EU) 2017/40 requires Member States to report on the School Scheme control statistics.

In 2022, the expenditure under this scheme amounted to EUR 170.127 million.

DG AGRI audits carried out in 2022 identified control deficiencies for Finland, Italy and Spain (ES01 – Andalusia) and have led to adjustments for these Member States while further adjustments were made based on audit enquiries carried out in 2021 for Hungary, Luxemburg and Sweden. An adjustment was also made based on a follow-up desk audit for Poland.

For Belgium, Bulgaria, Germany (DE21 – Schleswig-Holstein), France, Malta, Portugal, Romania and Sweden, errors have been reported by the respective Certification Bodies for 2022 and DG AGRI has included them in the amount at risk.

Based on these audit findings, DG AGRI auditors have therefore used their professional judgment to propose adjustments to the error rates reported.

School scheme - Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
AT	2.457.222	52,82%	0,01%		105	-	0,00%	105
BE	3.535.412	16,18%	0,19%	1,31%	5.536	46.433	1,47%	51.969
BG	3.143.173	20,04%	0,29%	0,03%	7.366	790	0,26%	8.156
CY	496.242	23,23%	0,00%		-	-	-	-
CZ	4.959.339	27,32%	0,00%		-	-	-	-
DE	27.418.016	16,48%	0,13%	0,06%	29.553	15.947	0,17%	45.500
DK	2.743.272	31,19%	8,30%		156.710	-	5,71%	156.710
EE	1.126.831	16,75%	0,77%		7.178	-	0,64%	7.178
ES	14.095.785	67,10%	0,00%	0,13%	92	18.700	0,13%	18.792
FI	4.675.911	13,84%	0,44%	10,00%	17.677	467.600	10,38%	485.277
FR	5.472.149	5,04%	3,78%	25,00%	196.591	1.368.037	28,59%	1.564.628
GR	2.126.235	0,00%	0,00%		-	-	-	-
HR	1.755.211	6,26%	0,00%		-	-	-	-
HU	5.134.893	11,27%	0,01%	9,85%	413	505.580	9,85%	505.993
IE	2.779.631	18,41%	0,00%		-	-	-	-
IT	21.371.552	92,45%	0,18%	6,49%	2.965	1.387.313	6,51%	1.390.278
LT	1.990.470	82,20%	0,00%		-	-	-	-
LU	455.665	74,04%	0,00%	3,29%	-	15.000	3,29%	15.000
LV	1.335.994	20,70%	0,00%		-	-	-	-
MT	27.138	100,00%	0,00%	25,00%	-	6.784	25,00%	6.784
NL	5.711.915	99,71%	0,00%		-	-	-	-
PL	25.300.795	11,46%	1,15%	2,46%	256.807	622.418	3,48%	879.225
PT	2.228.344	9,24%	0,67%	10,37%	13.538	231.079	10,98%	244.617
RO	17.115.957,35	100,00%	0,10%	4,91%	-	841.052	4,91%	841.052
SE	9.116.076	17,45%	0,26%	6,18%	19.911	563.184	6,40%	583.095
SI	824.974	7,85%	0,00%		-	-	-	-
SK	2.728.369	64,25%	0,40%		3.934	-	0,14%	3.934
Grand Total	170.126.571	42,60%	0,54%		718.271	6.089.919	4,00%	6.808.295

Table: Annex 7 – 3.1.4.4-1

The above table indicates that the adjusted error rate for the EU school scheme is 4.00% which represents a total amount at risk in the 2022 expenditure of EUR 6.808 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% including the reasons which led to the top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
DK	5.71%	EUR 0.157 million	The Member State reported an error rate above materiality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
FR	28.59%	EUR 1.565 million	The Member State has reported a high error rate above the materiality level. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure (covered by the horizontal reservation for France AGRIMER). The Member State should implement an action plan addressing the deficiencies identified by DG AGRI and the Certification Body.
IT	6.51%	EUR 1.390 million	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the eligibility of the aid and the performance of on-the-spot controls of sufficient quality.	Yes	A reservation is entered in respect of 2022 expenditure. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
LU	3.29%	EUR 0.015 million	A DG AGRI audit in 2021 identified deficiencies as regards the checks to establish the access to the aid and the checks to ensure the eligibility of the aid, and the performance of on-the-spot controls of sufficient quality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
FI	10.38%	EUR 0.485 million	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the access to the aid and the eligibility to the aid and in the performance of on-the-spot controls of sufficient quality. .	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
PL	3.48%	EUR 0.879 million	A DG AGRI audit in 2021 identified deficiencies as regards the checks to establish the eligibility of the aid.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
HU	9.85%	EUR 0.506 million	A DG AGRI audit in 2021 identified deficiencies as regards the checks to establish the access to the aid.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
SE	6.40%	EUR 0.583 million	A DG AGRI audit in 2021 identified deficiencies as regards the checks to establish the access to the aid, the checks to ensure the eligibility of the aid and in the performance of on-the-spot controls of sufficient quality..	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
MT	25.00%	EUR 0.007 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
RO	4.91%	EUR 0.841 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the issues identified by the Certification Body.
PT	10.98%	EUR 0.245 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the issues identified by the Certification Body.

Table: Annex 7 – 3.1.4.4-2

3.1.4.5 POSEI

The EU's outermost regions benefit from the POSEI arrangements ("*Programme d'Options Spécifiques à l'Éloignement et l'Insularité*") in the agricultural sectors in France, Portugal and Spain and the SAI arrangements ('Small Aegean Islands') in Greece. These programmes are designed to take account of the geographical and economic handicaps of these regions (islands), such as remoteness, insularity, small size, difficult topography and climate as well as economic dependence on a few products.

These measures are funded both under ABB02 and ABB03. This sub-chapter describes only cases within ABB02 expenditure, which in 2022, amounted to EUR 221.293 million.

DG AGRI audits carried out in Portugal (Madeira) and Spain (Canary Islands) have identified possible risks to the Fund affecting financial year 2022.

POSEI Market measures Calculation of adjusted Error Rate and Amount at Risk

Member State	Aid paid in 2022 EUR	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up EUR	Amount at risk for top-up EUR	Adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
ES	66.773.711	5,79%	1,43%	0,07%	913.936	49.000	1,44%	962.936
FR	124.844.392	52,16%	2,12%	-	952.584	-	0,76%	952.584
GR	6.333.848	38,27%	-	-	-	-	-	-
PT	23.340.739	60,32%	0,06%	1,75%	5.799	408.600	1,78%	414.399
Grand Total	221.292.689	38,63%	1,64%		1.872.320	457.600	1,05%	2.329.920

Table: Annex 7 – 3.1.4.5-1

The table above indicates that the adjusted error rate for the market measures under POSEI/SAI is 1.05%, which represents a total amount at risk in the 2022 expenditure of EUR 2.329 million.

3.1.4.6 Temporary exceptional aid

The Commission, when needed, adopts Regulations providing for temporary exceptional aid to farmers in various sectors, depending on the scope and nature of the market disturbances.

Given the temporary nature of the measures, there are no control statistics available. In financial year 2022, expenditure in this field covered the following two measures.

Exceptional adjustment aid

An exceptional adjustment aid amounting to EUR 492 166 million was adopted under Regulation (EU) 2022/467 following Russia's invasion of Ukraine on 24 February 2022. This specific adjustment aid was open to all sectors included in Regulation (EU) 1308/2013 and aimed to help them to deal with the market disturbances due to increased input prices and trade distortions caused by the war in Ukraine. Member States were in charge of identifying their most affected sectors and designing the aid schemes best suited to address their specific difficulties provided that these measures did not distort the competition and were distributed based on objective and non-discriminative criteria.

The Certification Bodies for France (FR20 – France Agrimer) and Croatia have reported errors for 2022 and DG AGRI has included them in the amount at risk.

Exceptional adjustment aid Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
AT	8.998.883	NA	NA		-	-	-	-
BE	6.255.559	NA	NA		-	-	-	-
BG	10.609.752	NA	NA		-	-	-	-
CY	559.192	NA	NA		-	-	-	-
CZ	11.240.351	NA	NA		-	-	-	-
DE	60.059.869	NA	NA		-	-	-	-
DK	10.374.474	NA	NA		-	-	-	-
EE	2.570.659	NA	NA		-	-	-	-
ES	63.266.762	NA	NA		-	-	-	-
FI	6.867.793	NA	NA		-	-	-	-
FR	89.330.157	NA	NA	1,72%	-	1.540.592	1,72%	1.540.592
GR	26.234.891	NA	NA		-	-	-	-
HR	5.283.123	NA	NA	0,03%	-	1.515	0,03%	1.515
HU	16.930.779	NA	NA		-	-	-	-
IE	15.654.693	NA	NA		-	-	-	-
IT	47.764.915	NA	NA		-	-	-	-
LT	7.682.787	NA	NA		-	-	-	-
LU	443.444	NA	NA		-	-	-	-
LV	4.235.160	NA	NA		-	-	-	-
MT	-	NA	NA		-	-	-	-
NL	7.940.700	NA	NA		-	-	-	-
PL	43.960.416	NA	NA		-	-	-	-
PT	9.024.838	NA	NA		-	-	-	-
RO	21.752.110	NA	NA		-	-	-	-
SE	8.755.447	NA	NA		-	-	-	-
SI	1.746.312	NA	NA		-	-	-	-
SK	4.623.218	NA	NA		-	-	-	-
Grand Total	492.166.285	-			-	1.542.107	0,31%	1.542.107

Table: Annex 7 – 3.1.4.6-1

The table above indicates that the adjusted error rate for the exceptional adjustment aid is 0.31%, which represents a total amount at risk in the 2022 expenditure of EUR 1.542 million.

Private storage for pigmeat

A temporary exceptional measure for private storage of pigmeat was adopted under Regulation (EU) 2022/591 with expenditure amounting to EUR 10.230 million in nine Member States.

This measure has not been audited by DG AGRI in 2022. The Certification Bodies for Germany and Malta have reported errors for 2022 and DG AGRI has included them in the amount at risk.

Private storage - Pigmeat Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g)= (b)*(e)	(h) = (f+g)/b	(i) = (f) +((g)
BE	296.941	NA	NA		-	-	-	-
DE	1.756.068	NA	NA	0,01%	-	240	0,01%	240
EE	11.310	NA	NA		-	-	-	-
ES	2.483.676	NA	NA		-	-	-	-
HU	24.940	NA	NA		-	-	-	-
MT	6.628	NA	NA	100,00%	-	6.628	100,00%	6.628
NL	3.878.603	NA	NA		-	-	-	-
PL	1.696.500	NA	NA		-	-	-	-
RO	75.400	NA	NA		-	-	-	-
Grand Total	10.230.067	-			-	6.868	0,07%	6.868
Total other ABB02 measures under budget code 08 02 99	36							
Grand Total	10.230.031	-			-	6.868	0,07%	6.868

Table: Annex 7 – 3.1.4.6-2

The table above indicates that the adjusted error rate for the pigmeat private storage measure is 0.07%, which represents a total amount at risk in the 2022 expenditure of EUR 0.007 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% including the reasons which led to the top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reser- vation	Mitigating factors/Reservation follow-up
MT	100%	EUR 0.007 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Table: Annex 7 – 3.1.4.6-3

3.1.4.7 Beekeeping

The EU support for beekeeping is provided through the 3-year national apiculture programmes, which aim at improving the general conditions for the production and marketing of honey and other apiculture products in the EU. In financial year 2022, the expenditure amounted to EUR 51.212 million. In 2022, DG AGRI audited this scheme in Portugal, which has led to an adjustment.

For Bulgaria, Germany (DE07 – Brandenburg and Berlin) and Spain (ES07 – Castilla-La Mancha) errors were reported by the Certification Bodies in their reports for 2022 and DG AGRI has included them in the amount at risk.

Beekeeping								
Calculation of adjusted Error Rate and Amount at Risk								
Member State	Aid paid in 2022 EUR	% of claims checked OTS	reported error rate	adjustment	amount at risk if no top-up EUR	amount at risk for top-up EUR	adjusted error rate	Total amount at risk EUR
(a)	(b)	(c)	(d)	(e)	(f) = b*(1-c)*d	(g) = (b)*(e)	(h) = (f+g)/b	(i) = (f) +(g)
AT	1.468.324	NA	NA		-	-	-	-
BE	399.897	NA	NA		-	-	-	-
BG	1.811.516	NA	NA	5,00%	-	90.576	5,00%	90.576
CY	151.519	NA	NA		-	-	-	-
CZ	1.517.893	NA	NA		-	-	-	-
DE	1.387.290	NA	NA	0,50%	-	6.928	0,50%	6.928
DK	165.458	NA	NA		-	-	-	-
EE	132.990	NA	NA		-	-	-	-
ES	8.660.544	NA	NA	0,01%	-	807	0,01%	807
FI	158.671	NA	NA		-	-	-	-
FR	3.901.070	NA	NA		-	-	-	-
GR	6.055.675	NA	NA		-	-	-	-
HR	1.199.410	NA	NA		-	-	-	-
HU	3.810.592	NA	NA		-	-	-	-
IE	52.154	NA	NA		-	-	-	-
IT	4.523.705	NA	NA		-	-	-	-
LT	497.441	NA	NA		-	-	-	-
LU	30.621	NA	NA		-	-	-	-
LV	326.311	NA	NA		-	-	-	-
MT	12.909	NA	NA		-	-	-	-
NL	256.227	NA	NA		-	-	-	-
PL	4.606.230	NA	NA		-	-	-	-
PT	1.966.345	NA	NA	3,00%	-	58.990	3,00%	58.990
RO	6.180.831	NA	NA		-	-	-	-
SE	507.368	NA	NA		-	-	-	-
SI	498.397	NA	NA		-	-	-	-
SK	933.161	NA	NA		-	-	-	-
Grand Total	51.212.548	-			-	157.301	0,31%	157.301

Table: Annex 7 – 3.1.4.7-1

The table above indicates that the adjusted error rate for aid for beekeeping is 0.31%, which represents a total amount at risk in the 2022 expenditure of EUR 0.157 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% including the reasons which led to the top-ups to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
BG	5.00%	EUR 0.091 million	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the issues identified by the Certification Body.
PT	3.00%	EUR 0.059 million	A DG AGRI audit in 2022 identified deficiencies in the performance of on-the-spot controls (OTSC).	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 – 3.1.4.7- 2

3.1.4.8 Promotion measures

For the promotion regime under Regulation (EU) 2015/1831 in financial year 2022, EUR 57.584 million has been paid. For this scheme Member States are required to provide control statistics.

In 2022, adjustments were applied based on earlier enquiries carried out in 2021 (Spain, Italy and Poland).

Furthermore, the Certification Body for Spain has reported further errors and DG AGRI has included the estimated amount of error as an amount at risk.

Promotion Measures - Expenditure in 2022								
Calculation of amount at risk								
Member State	Expenditure EUR	% of claims checked OTS	Reported error rate	Adjustment	Amount at risk if no top-up EUR	Amount at risk for top-up EUR	Adjusted error rate	Total amount at risk EUR
BE	1.332.957	-	-	-	-	-	-	-
DE	524.914	100,00%	-	-	-	-	-	-
ES	11.027.168	37,96%	1,92%	0,73%	131.347	80.229	1,92%	211.576
FI	456.871	67,78%	0,12%	-	181	-	0,04%	181
FR	15.419.249	16,31%	0,92%	-	118.908	-	0,77%	118.908
GR	5.121.013	34,00%	-	-	-	-	-	-
IE	1.432.465	-	-	-	-	-	-	-
IT	18.408.333	100,00%	-	5,00%	-	920.500	5,00%	920.500
LV	777.520	39,03%	-	-	-	-	-	-
PL	1.098.067	36,42%	-	5,01%	-	55.000	5,01%	55.000
PT	391.390	100,00%	1,60%	-	-	-	-	-
RO	602.595	100,00%	-	-	-	-	-	-
SE	473.471	100,00%	0,13%	-	-	-	-	-
SI	518.005	37,62%	-	-	-	-	-	-
Grand Total	57.584.017	52,19%	0,63%		250.436	1.055.729	2,27%	1.306.164

Table: Annex 7 – 3.1.4.8-1

The table above indicates that the adjusted error rate for promotion under Regulation (EU) 2015/1831 is 2.27%, which represents a total amount at risk in the 2022 expenditure of EUR 1.306 million.

The following table sets out the situation for all the cases where the adjusted error rate is above 2% and the reasons which led to DG AGRI making adjustments to the reported error rates. In each case, it is assessed whether it is necessary to make a reservation and if so, an indication is given of the follow-up action required.

Member State	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
IT	5.00%	EUR 0.921 million	A DG AGRI audit in 2021 detected deficiencies in the administrative controls to verify the expenditure and in the performance of on-the-spot checks (OTSC) of sufficient quality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
PL	5.01%	EUR 0.055 million	A DG AGRI audit in 2021 detected deficiencies in the performance of on-the-spot checks (OTSC) of sufficient quality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 – 3.1.4.8-2

3.1.5 France AGRIMER

The Certification Body and DG AGRI identified weakness in the control system and amounts at error (including known errors for late payments) across several aid schemes managed by this Paying Agency affecting financial year 2022. This information have been used to adjust the error rate at Paying Agency level. The following table summarises the situation with regard to the risk at the level of France Agrimer:

Budget Article	Measure	Sector Level		Error rate
		Expenditure	Amount at risk	
08 02 03 02	Promotion measures	15 419 249	118 908	
08 02 03 04	School scheme	5 472 149	1 564 628	
08 02 03 05	Olive Oil	552 023	-	
08 02 03 06	Fruit & Vegetables	127 533 750	16 504 982	
08 02 03 07	Wine	269 627 967	17 128 725	
08 02 03 08	Apiculture	3 901 070	-	
08 02 03 10	Public and Private storage			
08 02 03 11	Exceptional measures	89 330 157	1 540 592	
FR20	France AGRIMER	511 836 364	36 857 835	7.20%

Table: Annex 7 – 3.1.5-1

DG AGRI's adjustments and their impact on the amounts at risk are summarised in the following table with an indication of the follow-up action required:

Paying Agency	Adjusted error rate	Amount at risk	Reason for top-up	Reservation	Mitigating factors/Reservation follow-up
FR 20 (Agrimer)	7.20%	EUR 36.858 million	The Certification Body has identified significant errors with regard to 2022 expenditure for market measures including known errors for late payments. In addition, based on the Certification Body's assessment, adjustments were made to the error rate reported by the Member State and for measures for which there are no control statistics, the amount at risk has been estimated.	Yes (see also Fruit and Vegetables Operational programmes for POs, Wine sector and the EU School Scheme)	A reservation is entered in respect of 2022 expenditure.. The Member State should implement an action plan addressing the deficiencies identified by the Certification Body as well as the deficiencies which have also been identified by DG AGRI in the wine sector (wine promotion to third countries).

Table: Annex 7 – 3.1.5-2

3.1.6 Conclusions as regards assurance for ABB02

As a result of the adjustments made by DG AGRI to the error rates reported by the Member States, an adjusted error rate of 2.90% has been calculated for shared management.

As mentioned in section 2.1.4. "Conclusion on assurance" of this report, DG AGRI had a solid basis for obtaining assurance on the CAP expenditure.

The following is a summary of all cases where a reservation is applied in respect of the various measures within ABB02. In the section dealing with each aid measure there is an explanation for those cases where a reservation was considered unnecessary (error rate between 2% and 5% or *de minimis* amount at risk) and details are also given for reservations made in the 2021 AAR which are not carried over in respect of 2022.

Seven reservations from 2021 can be lifted:

Germany, Spain and Italy for operational programmes of producer organisations;
Spain for POSEI (ABB02);
Spain, Hungary and Romania for wine measures.

Part C of Annex 9 provides details of these cases where a reservation made in the 2021 AAR is not carried forward into the 2022 AAR due to residual error rates in 2022 below 2% and remedial actions taken.

Two reservations from 2021 are carried forward as the remedial action plans are still underway and the error is material:

France for operational programmes of producer organisations;
France and Italy for wine measures.

New reservations are introduced in three Member States:

Czech Republic for operational programmes of producer organisations;
France and Italy for the EU school scheme.

One horizontal reservation comprises three elements of reservation for France Agrimer.

The following table shows the share of ABB02 market measures expenditure covered by Member States' control statistics and the amounts at risk, which results from DG AGRI's validation and adjustment process. Control statistics are available for 80.78% of the expenditure covering EUR 2 327.36 million.

For a further EUR 51.21 million for which no statistics were available, DG AGRI auditors have used their judgement to estimate the maximum amount at risk in that expenditure. For the remaining EUR 502.396 million the aggregate error rate for the other measures (2.90%) was extrapolated to the expenditure concerned.

Overall assessment of risk for ABB02 - Market Measures									
Budget item	Sector	Expenditure (1) EUR	Expenditure covered by statistics		Expenditure for which no control statistics are available				
			Expenditure(1) EUR	Risk EUR	No statistics available EUR	Measures risk assessed by auditors		ABB02 error rate applied 2.90 %	
						Expenditure(1)	Risk	Expenditure(1)	Risk
08 02 03 05	Olive Oil	47 721 899	47 721 899	-	-	-	-	-	-
08 02 03 06	Fruit and Vegetables	877 864 479	877 864 479	29 409 975	-	-	-	-	-
08 02 03 07	Wine (2)	950 586 028	950 586 028	29 043 439	-	-	-	-	-
08 02 03 02	Promotion (shared management only)	57 584 017	57 584 017	1 306 164	-	-	-	-	-
08 02 03 01	POSEI and Smaller Aegean Islands	221 292 689	221 292 689	2 329 920	-	-	-	-	-
08 02 03 10	Public and Private storage	10 230 031	-	-	10 230 031	-	-	10 230 031	296 999
08 02 03 09	Hops	2 188 000	2 188 000	-	-	-	-	-	-
08 02 03 08	Apiculture	51 212 548	-	-	51 212 548	157 301	-	-	-
08 02 03 04	School scheme	170 126 571	170 126 571	6 808 295	-	-	-	-	-
08 02 03 11	Exceptional measures	492 166 285	-	-	492 166 285	-	-	492 166 285	14 288 627
Total		2 880 972 548	2 327 363 684	68 897 794	553 608 864	51 212 548	157 301	502 396 316	14 585 627
						Expenditure	Amount at risk	% coverage	Error rate
Expenditure covered by control statistics						2 327 363 684	68 897 794	80.78%	
Expenditure for which there are no statistics but for which risk assessment carried out						51 212 548	157 301	1.78%	
Risk for expenditure covered by statistics and by risk assessment						2 378 576 232	69 055 095	82.56%	
*Error rate used on expenditure covered by statistics and risk assessed									2.90%
Extrapolated risk for non-risk assessed expenditure						502 396 316	14 585 627		
ABB02 - shared management - monthly declaration						2 880 972 548	83 640 722		
08029901	Reimbursement of suspensions of payments				526 117	-			
08029901	Completion of previous measures under the "European Agricultural Guarantee Fund (EAGF)" – Shared management				1 507 750	-			
ABB02 - shared management - payments made						2 879 990 914	83 640 722		2.90%
ABB02 - direct management - payments made on Promotion measures - direct payments by the Union									
Total ABB 02 - payments made						2 879 990 914	83 640 722		2.90%

Footnote: ⁽¹⁾ Monthly declaration of expenditure affected by Paying Agencies.
⁽²⁾ There are still payments and reimbursements made to Member States for measures from previous claim years. No control statistics are available on these measures, hence the average error rate is applied only on payments made but not on reimbursements.

Table: Annex 7 – 3.1.6-1

Overall, the adjustments made resulted in the reported error rate of 0.89% increasing to 2.90% for ABB02. The adjusted error rate has slightly increased from the error rate of 2.12% for 2021 (and 2.43% for 2020).

The total amount at risk for ABB02 is 83.64 EUR million with an error rate of 2.90%.

It is noted that the average amount of net financial corrections per year for the five-year period 2018-2022 (excluding corrections made for cross-compliance and no longer existing schemes) is EUR 38.69 million for ABB02¹⁷⁸.

¹⁷⁸ See sub-section 2.1.1.3.1 of the main body of the report on "corrective capacity". No information is given on the corrective capacity, which derives from recoveries as this is not split by ABB activity and is available only at Funds level.

3.2 ABB03 – Direct Payments

Index for Part 3.2 – ABB03: Direct Payments

3.2.1 Introduction

3.2.2 ABB03 Expenditure

3.2.3 What assurance does the Director-General have regarding the expenditure under ABB03 – Direct Payments?

3.2.4 The information used to adjust the error rate reported in the Member States control statistics

3.2.5 Reservations for financial year 2022

3.2.6 Conclusions as regards assurance for ABB03

3.2.1 Introduction

With a yearly budget of almost EUR 38 billion, Direct payments (also called direct aids, direct support, area aids and animal premia) represent the most significant part of the CAP budget and a substantial part of the EU budget¹⁷⁹.

Direct payments benefited approximately 5.9 million farms throughout the European Union in financial year 2022. They often represent an important share of their agricultural income (on average, nearly 25% of farmers' income in the last ten years came from this direct support).

As from 2015, active farmers in the EU have access to compulsory schemes applicable in all EU countries, as well as to voluntary schemes if established at the national level, through the direct payment system

Direct payments are granted to farmers in the form of a basic income support based on the number of hectares farmed. This so-called '**basic payment**' is complemented by a series of other support schemes targeting specific objectives or types of farmers:

- ⇒ a 'green' direct payment for agricultural practices beneficial for the climate and the environment, which conditions the payment of 30% Member States' annual allocation to meeting three categories of generalised, non-contractual and annual obligations beneficial for the environment and climate: crop diversification, maintenance of

¹⁷⁹ As of 1 February 2020, the United Kingdom is no longer a member of the European Union. In accordance with Article 137 (1) second subparagraph of the Withdrawal Agreement between the EU and the UK, from claim year 2020 (financial year 2021) the EU direct payment and market measures legislation does not apply to the UK, consequently there are no payments made from the EU budget (except reimbursement of financial discipline). However, the EU rural development legislation continues to apply to the UK for financial year 2022.

permanent grassland, and the dedication of five per cent of arable land to ecologically beneficial areas ("ecological focus areas") 78.7% of the total EU agricultural area is subject to at least one "greening" obligation¹⁸⁰.

- ⇒ a payment to young farmers, a top-up payment added to the basic payment – which is also obligatory in every Member State. It is granted for a maximum of five years from the moment a young farmer takes over as the head of a farm holding. This payment can account for up to 2% of total direct payment national allocations.
- ⇒ (where applied) a redistributive payment to provide improved support to small and middle-size farms. Under this scheme, Member States may allocate up to 30% of their national budget to a top-up payment for the first eligible hectares. The number of hectares for which this payment can be allocated is limited to a threshold set by national authorities (30 hectares or the average farm size in Member States if the latter is more than 30 hectares). The amount per hectare is the same for all farmers in the country where it is applied and cannot exceed 65% of the average payment per hectare.
- ⇒ (where applied) payments for areas with natural constraints (ANC), where farming conditions are particularly difficult, such as mountain areas. Under this scheme, up to 5% of the national allocation for direct payments can be used for top-up payments to farmers in areas with natural constraints – an option applied at present only by Denmark as from 2015, and Slovenia as from 2017.
- ⇒ (where applied) a small farmers' scheme, a simplified scheme for small farmers replacing the other schemes. It is a simplified direct payment scheme granting a one-off payment to farmers who choose to participate. The maximum level of the payment is decided at the national level, but in any case may not exceed EUR 1 250. The small farmers' scheme includes simplified administrative procedures, and participating farmers are exempt from greening obligations and cross-compliance sanctions and controls.
- ⇒ and (where applied) voluntary support coupled to production (VCS) to help certain sectors undergoing difficulties. Under this scheme, Member States may continue to link (or couple) a limited amount of direct payments to certain products. VCS is a production-limiting scheme, which aims at supporting regions or sectors where specific types of farming or specific agricultural sectors, that are particularly important for economic, social or environmental reasons, undergo difficulties. This option was applied by 26 Member States (not Germany) out of the 27 Member States in 2022.

In addition, a crop specific payment to cotton is also available to cotton production.

¹⁸⁰ Data source: 2021 notifications from Member States.

Member States can combine different direct payment schemes to ensure efficient support to farmers, adapted to their national context.

Payment Entitlements

A change since 2015 is that young farmers and new entrants are allocated preferentially entitlements stemming from the national reserve. The actual payment is made to active farmers based on the activation of entitlements they hold and calculated in relation to the eligible land they declare. If entitlements are not activated (used) for two consecutive years, an equal number of entitlements replenishes the national reserve.

Regulation (EU) 2020/2220 of the European Parliament and the Council of 23 December 2020 includes certain transitional provisions, among others two amnesties for Payment Entitlements.

The first general amnesty was deemed necessary as in 2015, at the first allocation of entitlements or at the recalculation of entitlements for Member States keeping existing entitlements under Regulation (EU) No 1307/2013, some Member States made errors when establishing the number or value of entitlements. Many of those errors, even when they occurred in respect of a single farmer, influenced the value of the entitlements for all farmers and for all years. Some Member States also made errors after 2015, when allocating entitlements from the reserve, for example in the calculation of the average value. Such non-compliance is normally subject to financial correction, until corrective measures are taken by the Member State concerned. In the light of the time elapsed since the first allocation, the efforts made by Member States to establish, and where relevant, correct entitlements, and also in the interest of legal certainty, the number and value of entitlements will now be considered legal and regular with effect from 1 January 2021 (Article 5(1)).

A further retro-active amnesty applies to specific entitlements. Under Article 24(6) of Regulation (EU) No 1307/2013, Member States were given the option to apply for the allocation of entitlements a reduction coefficient to eligible hectares consisting of permanent grassland located in areas with difficult climate conditions. This, as alpine pastures are often managed collectively and further assigned on a yearly basis, thus creating a significant degree of uncertainty amongst farmers in the Member States concerned. The implementation of that system has proven to be particularly complex, especially with regard to the exact definition of the areas concerned. Since also the value of entitlements in areas where the reduction coefficient is not applied depends on the sum of the entitlements in the designated areas, that uncertainty subsequently affected all farmers in the Member States concerned. To stabilise the system currently applied in those Member States, and with a view to ensuring legal certainty for all farmers in the Member States concerned as early as possible, the Member States concerned are able to consider retroactively legal and regular the value and number of all entitlements allocated to all farmers before 1 January 2020. The value of those entitlements shall, without prejudice to

any legal remedies open to individual beneficiaries, be the value for calendar year 2019 valid on 31 December 2019, see Article 5(2) of Regulation (EU) 2020/2220.

As a consequence of the above, Member States will not be requested to take future remedial action for payment entitlements in case they are subject to a reservation in this AAR.

Explanatory box: Annex 7 – 3.2.1-1

3.2.2 ABB03 Expenditure

ABB03 expenditure in financial year 2022 was as follows:

Expenditure reimbursed by DG AGRI to the Member States in 2022		
Budget item	Measure	Totals (EUR)
080205	Direct payments outside the CAP Strategic Plans	37 969 031 672
08020501	POSEI and smaller Aegean islands (direct payments)	436 236 250.26
08020502	Single area payment scheme (SAPS)	4 375 919 452.61
08020503	Redistributive payment	1 608 943 591.89
08020504	Basic payment scheme (BPS)	14 736 978 475.13
08020505	Payment for agricultural practices beneficial for the climate and the environment	10 763 126 380.19
08020506	Payment for farmers in areas with natural constraints	4 814 161.35
08020507	Payment for young farmers	469 489 211.16
08020508	Crop-specific payment for cotton	235 358 839.53
08020509	Voluntary coupled support scheme	4 015 248 191.95
08020510	Small farmers scheme	646 888 422.75
08020512	Reimbursement of direct payments to farmers from appropriations carried-over in relation to financial discipline	676 028 695.50
080299	Completion of previous programmes and activities	- 5 325 803
08029901	Completion of previous measures under the European Agricultural Guarantee Fund (EAGF) — Shared management	- 5 325 803
ABB 03 Total		37 963 705 870

Table: Annex 7 – 3.2.2-1

3.2.3 What assurance does the Director-General have regarding the expenditure under ABB03 – Direct Payments?

The assurance of the Director-General is drawn from the various levels of management and control that are in place and the results, which can be obtained from them. In the first place, the Member States' Paying Agencies (66 of which manage direct payments), are responsible for managing and checking the aid applications received from about 5.9 million beneficiaries under direct support schemes and for paying them.

All direct aid payments to farmers are dealt with within the framework of the **Integrated Administration and Control System (IACS)** including the Land Parcel Identification System (LPIS). This system enables the processing of the aid claims received by the Paying Agencies and provides for several eligibility checks including cross-checks between databases and on-the-spot checks.

By 15 July of year N+1, the Paying Agencies are required to send to the Commission data on the outcome of the controls carried out for year N. These control data contain information on amounts claimed, errors corrected as a result of administrative checks, risk and random on-the-spot checks and the resulting reductions applied, based on which the reported error rate and further the adjusted error rate is calculated. As described in Annex 7

– Part 2, the Certification Bodies are required to give an opinion on the completeness, accuracy and veracity of the annual accounts of the Paying Agency, on the proper functioning of its internal control system and on the legality and regularity of the expenditure. Depending on whether a qualified or unqualified opinion was received and any other information available in the opinion, an adjustment is made by DG AGRI to the error rate reported by the Member State, as described in detail in Annex 5.

3.2.3.1 Assessment of findings from the European Court of Auditors (ECA)

Where relevant findings in the annual reports of the European Court of Auditors (ECA) and in Special Reports of the ECA are also taken into account in the final assessment of the adjustments to be made.

3.2.3.2. Assessment of findings from DG AGRI audits carried out in 2020-2022

3.2.3.2.1 Direct Decoupled Aids

In 2022, 12 Paying Agencies in 10 Member States were audited. The Paying Agencies audited were selected on the basis of a risk analysis. In addition, 1 desk audit was launched.

The general objective of the audits performed was to review if Member States carry out the administration and control of the area based decoupled direct payments to farmers in accordance with EU legislation. In these audits particular attention is paid to the existence and functioning of the following key elements of the IACS: the implementation of the LPIS-GIS (Land Parcel Identification System – Geographical information system), the Geospatial Aid Application (GSAA), the functioning of cross-checks, the quality of the on-the-spot checks, the correct payment and application of administrative penalties. In all these cases, the starting point for the audits was the work carried out by the Certification Body as part of its opinion on legality and regularity for financial years 2021 and 2022. Therefore, the DG AGRI audit work, in the first instance, reviewed the work of the Certification Bodies.

Where Certification Bodies did not address or envisaged addressing a particular issue, under the principle of single audit, DG AGRI carried out checks in order to gain the necessary assurance on the basis of its own work.

Where the work of the Certification Bodies was found not to be to the standard required, DG AGRI made comments and/or recommendations so as to enable its use for reliance in the context of the AAR in respect of financial year 2022.

With the exception of a few cases, DG AGRI auditors noted a quality standard that enables reliance on the work of the Certification Bodies on legality and regularity.

The audit missions in 2022 show that the implementation by the Member States of the measures was generally satisfactory. However, some Member States have not remedied

deficiencies that were noted in audit missions carried out in 2015-2020. These deficiencies caused a material risk for the Fund within a subpopulation of farmers. It concerned:

- The correct interpretation of permanent grassland following the new definition applicable as of 2015 or 2018, or the absence of updating the maximum eligible area in the LPIS in line with these definitions
- The distinction of permanent versus temporary grassland and the Land Laying Fallow combined with the inappropriate choice of the crop diversification period.
- The inappropriate timing of on-the-spot checks in relation to voluntary coupled support measures.
- The incorrect use of the COVID-19 derogations.

In many cases where audits revealed findings, as part of the clearance procedure applicable as of 1 January 2015, for Area Aids audits the Member State took remedial action and calculated the risk for the Fund. In addition to the enabling of a better assessment of the risk for the Fund, it also induced effective recovery from the farmers that were overpaid.

For the Slovak Paying Agency SK01, DG AGRI has taken the matter very seriously ever since the first allegations were made and concrete actions are being implemented (see also section 2.1.4). DG AGRI's findings in audits in 2017, 2019 and September 2020 which detected weaknesses in the functioning of the LPIS, the GSAA¹⁸¹, the quality of the on-the-spot checks, as well as excessive delays in the processing of payments, in particular for overlapping claims have been addressed. The latest audit in November 2022 showed that the Slovak authorities are progressing on the legislative measures they are taking to improve the completeness, correctness and transparency of the "Land Registry" (cadastre), as well as on a new methodology for the treatment of double claims from beneficiaries..

In 2022, the management and control system concerning the allocation of **Payment Entitlements** implemented by 1 Paying Agency in 1 Member State that implemented the Basic Payment Scheme was subject to a follow-up desk audit on the management of the national reserve. In the previous years, all Member States concerned have been audited concerning Payment Entitlements. Considering that the system was in its final years of implementation, that the Omnibus Regulation¹⁸² eased certain requirements and that with the entry into force of Regulation (EU) 2020/2220, Payment Entitlements are considered legal and regular as of 1.1.2020 or 1.1.2021, initiating a full cycle of re-visits to Member States appeared inappropriate.

¹⁸¹ Geospatial Aid Application.

¹⁸² Regulation (EU) 2017/2393 of the European Parliament and of the Council of 13 December 2017.

3.2.3.2 Voluntary Coupled Support (VCS) measures

In 2022, 7 Paying Agencies in 6 Member States were audited. In 2022 the VCS animal audits were carried out together with the area aids audits (5 audits) and cross-compliance audits (2 audits) to allow for synergies between the teams with a particular attention to follow-up on outstanding remedial action following earlier audits. The Paying Agencies audited were selected based on a risk analysis. In addition, 2 desk audits were launched.

The general objective of these audits was to review if Member States carry out the administration and control of the Voluntary Coupled Support to farmers in accordance with EU legislation. In these audits, particular attention was paid to the existence and functioning of the following key elements of the IACS: the implementation of the administrative (cross-) checks with the computerised database for the identification and registration of animals, the quality of the on-the-spot checks, the correct payment and application of administrative penalties. These audits showed that the implementation of VCS measures was generally satisfactory with the exception of a few Member States, where deficiencies were noted.

3.2.4. The information used to adjust the error rate reported in the Member States control statistics

Adjustments have been made by DG AGRI to the reported error rates calculated on the basis of the Member States' control data. These adjustments or top-ups have been established in line with the criteria set out in Annex 5 to this AAR and have been made where there were indications of error arising notably from the findings of the Certification Bodies and DG AGRI's own audits.

Where the work carried out by the Certification Bodies resulted in an Incompliance Rate (IRR) and/or known errors being established this was considered for the error rate adjustment. Depending on whether the deficiencies detected by the Certification Body and DG AGRI's auditors were similar and/or covered the same population, the adjustment applied ensured that the risk to the Fund is covered. The IRR was used as adjustment (either to all schemes or to some schemes) to the reported error rates for Germany (1 Paying Agency), Greece, Croatia, Italy (4 Paying Agencies), The Netherlands, Portugal and Slovakia.

Where adjustments were made based on DG AGRI's own audits, the amount at risk was quantified where possible. Otherwise a % flat-rate was used to express the risk for the budget arising from error in the expenditure which is not reflected in the Member States' control statistics.

Paying Agency	Paying Agency Name	Relevant Expenditure ⁽¹⁾ in Financial Year 2022 (EUR)	Reported (residual) Error Rate	Adjusted Error Rate	Amount at Risk (EUR)
AT01	AMA	680 664 411	0.24%	0.30%	2 048 114
BE02	ALV	231 649 162	0.15%	0.24%	547 998
BE03	SPW-DGARNE	265 349 730	0.85%	0.86%	2 286 374
BG01	DFZ [SFA]	789 168 856	1.19%	1.78%	14 056 421
CY01	KOAN [CAPO]	47 681 043	0.58%	0.58%	278 587
CZ01	SZIF [SAIF]	844 353 221	0.84%	0.84%	7 127 676
DE03	Baden-Württemberg MLR	403 407 924	0.42%	0.86%	3 454 166
DE04	Bayern StMLF	915 370 691	0.27%	0.34%	3 154 660
DE07	Brandenburg MLUV	340 623 552	0.15%	0.18%	611 490
DE11	Mecklenburg-Vorpommern MELFF	348 368 325	0.15%	0.31%	1 080 505
DE12	Niedersachsen	727 089 877	0.31%	0.31%	2 260 707
DE15	LWK Nordrhein-Westfalen	426 379 532	0.14%	0.16%	673 608
DE17	Rheinland- Pfalz	193 531 227	0.85%	1.13%	2 195 582
DE18	Saarland	21 302 832	0.20%	0.76%	162 314
DE19	Sachsen	235 380 347	0.15%	0.18%	428 058
DE20	Sachsen-Anhalt	299 644 498	1.10%	1.10%	3 283 930
DE21	Schleswig-Holstein	282 417 824	0.20%	0.47%	1 318 374
DE27	Thüringen	201 626 532	0.44%	0.90%	1 822 819
DE26	Helaba	220 341 119	2.80%	2.85%	6 278 145
DK02	DAFA	808 123 142	0.35%	0.71%	5 769 555
EE01	PRIA	189 820 996	2.23%	2.23%	4 227 328
ES01	Andalucía	1 430 363 798	0.36%	0.41%	5 927 100
ES02	Aragón	422 612 847	1.66%	1.76%	7 451 615
ES03	Asturias	63 198 762	1.67%	1.83%	1 153 578
ES04	FOGAIBA	28 128 441	0.60%	0.68%	190 738
ES05	Islas Canarias	193 063 255	0.52%	0.53%	1 027 081
ES06	Cantabria	44 716 998	0.28%	0.43%	190 847
ES07	Castilla La Mancha	645 444 111	0.35%	0.46%	2 989 918
ES08	Castilla y León	898 262 665	0.46%	0.54%	4 876 386
ES09	Cataluña	257 075 267	1.50%	1.62%	4 173 266
ES10	Extremadura	528 714 185	0.83%	0.93%	4 927 321
ES11	FOGGA	167 743 332	1.07%	1.18%	1 981 682
ES12	Madrid	38 988 050	8.64%	8.72%	3 398 910
ES13	Murcia	55 830 236	0.79%	0.86%	481 079
ES14	Navarra	100 183 670	8.31%	8.40%	8 418 464
ES15	País Vasco	42 238 114	1.05%	1.16%	488 322
ES16	La Rioja	26 931 224	0.64%	0.73%	196 639
ES17	AVFGA	98 245 288	1.12%	1.20%	1 183 032
FI01	MAVI	517 180 018	0.76%	0.85%	4 406 977
FR05	ODEADOM	139 716 859	5.29%	5.29%	7 391 875
FR19	ASP	6 713 830 584	0.81%	1.29%	86 614 830

Paying Agency	Paying Agency Name	Relevant Expenditure ⁽¹⁾ in Financial Year 2022 (EUR)	Reported (residual) Error Rate	Adjusted Error Rate	Amount at Risk (EUR)
GR01	O.Π.Ε.Κ.Ε.Π.Ε. [O.P.E.K.E.P.E.]	1 927 347 728	1.08%	2.19%	42 144 038
HR01	PAAFRD	364 874 913	2.22%	2.50%	9 107 564
HU02	HST	1 276 999 703	2.55%	2.55%	32 577 721
IE01	DAFM	1 179 499 519	0.29%	0.35%	4 141 039
IT01	AGEA	1 521 430 449	0.39%	1.66%	25 306 766
IT05	AVEPA	308 903 122	0.35%	1.60%	4 937 849
IT07	ARTEA	158 532 234	0.34%	1.56%	2 474 286
IT08	AGREA	324 076 902	0.16%	1.42%	4 609 782
IT10	ARPEA	326 607 194	0.33%	1.53%	4 994 976
IT23	OPR Lombardia	396 823 322	0.06%	1.27%	5 054 879
IT24	OPPAB	41 033 101	0.73%	2.12%	870 929
IT25	APPAG	19 904 938	0.93%	2.43%	484 612
IT26	ARCEA	180 481 517	1.79%	3.00%	5 413 788
IT27	AGEA	269 882 996	1.19%	3.58%	9 672 251
LT01	NMA [NPA]	568 368 261	1.35%	1.35%	7 688 747
LU01	Ministère de l'Agriculture	32 990 921	0.88%	0.88%	288 758
LV01	RSS	311 969 091	1.95%	1.95%	6 087 548
MT01	MRRA PA	5 037 107	0.55%	0.55%	27 496
NL04	RVO	662 504 266	1.10%	2.54%	16 823 583
PL01	ARIMR [ARMA]	3 328 477 854	0.91%	0.91%	30 335 312
PT03	IFAP	765 751 281	1.77%	3.21%	24 553 983
RO02	PIAA	1 890 715 452	1.19%	1.40%	26 404 460
SE01	SJV	683 665 549	1.02%	1.96%	13 414 836
SI01	ARSKTRP	131 759 655	0.73%	0.73%	955 955
SK01	APA	416 096 894	2.08%	2.20%	9 172 152
Grand Total	ABB 03	37 978 496 511			
Amounts reimbursed to DG AGRI by Coordinating Bodies		-9 464 839			
Completion of previous measures under the European Agricultural Guarantee Fund (EAGF)		-5 325 803			
ABB03 – Relevant expenditure		37 963 705 870	0.91%	1.31%	498 079 375
Footnote:	(1) Monthly declaration of expenditure affected by Paying Agencies.				

Table: Annex 7 – 3.2.4-1

In a number of cases – Austria, Belgium-Flanders and Wallonie, Bulgaria, Germany (12 Paying Agencies), Denmark, Spain (15 Paying Agencies), Finland, France (1 Paying Agency), Ireland, Italy (6 Paying Agencies), Poland, Romania and Sweden, top-ups, based on the Certification Bodies' work or DG AGRI audits, were made to the reported error rate but the resulting adjusted error rate was not above the materiality threshold of 2% and therefore a reservation was not considered.

3.2.5 Reservations for financial year 2022

The following table sets out the situation for all cases where the adjusted error rate is above 2%. A brief explanation is given for the top-ups applied and any mitigating factors are examined in order to determine if a reservation is required and if so, an indication is given of the follow-up action required. As the new CAP 2023-2027 applies as of 1 January 2023, some of the deficiencies detected for financial year 2022 may not have an impact in the new CAP. Therefore, no new action plans are requested from Member States for ABB03. Nonetheless, Member States must continue to implement any ongoing actions and in addition, take remedial actions if the deficiencies encountered in financial year 2022 continue to be relevant under the new CAP, having in mind the interventions the Member State envisaged in the respective CAP Strategic Plan.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
DE26 Helaba	2.85%	EUR 6.28 million	The Member State reported high error rates above materiality for Greening and the Small farmers' scheme. Based on the Certification Body assessment, an adjustment was made to the error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.
EE01	2.23%	EUR 4.23 million	The Member State reported high error rates above materiality for Greening, the Small farmers' scheme and the Young farmers scheme.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.
ES12 Madrid	8.72%	EUR 3.40 million	The Member State reported a high error rate above materiality for the Basic Payment Scheme (BPS). In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
ES14 Navarra	8.40%	EUR 8.42 million	The Member State reported high error rates above materiality for the Basic Payment Scheme (BPS) and Greening. In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
GR01	2.19%	EUR 42.14 million	<p>The Member State reported high error rates above materiality for Cotton and Voluntary Coupled Support (area and animal based).</p> <p>DG AGRI audit in 2022 found deficiencies administrative and on-the-spot controls in relation to area-based measures and Voluntary Coupled Support animals measures.</p> <p>Based on the Certification Body assessment, a further adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should continue to implement the actions under the 2017 Action Plan and adhere to the previously agreed timeline.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered</p>
HR01	2.50%	EUR 9.11 million	<p>The Member State reported high error rates above materiality for Greening, the Small farmers' scheme, Voluntary coupled support (area and animal based) and the Young farmers scheme.</p> <p>DG AGRI audits in 2020 and 2021 identified weaknesses in administrative and on-the-spot controls in respect of aid claimed, active farmer condition and VCS measures. The adjustment made to the error rate is supported by the findings by the Certification Body.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State is requested to ensure implementation of actions undertaken last year for the VCS animal measures to the extent relevant for the CAP 2023-2027.</p>
HU02	2.55%	EUR 32.58 million	<p>The Member State reported high error rates above materiality for Greening and the Small farmers' scheme.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p>
IT24 Bolzano	2.12%	EUR 0.87 million	<p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	No	<p>As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
IT25 Trento	2.43%	EUR 0.48 million	<p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	No	<p>As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
IT26 Calabria	3.00%	EUR 5.41 million	<p>The Member State reported high error rates above materiality for BPS and Area based Voluntary coupled support.</p> <p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
IT27 Sardegna	3.58%	EUR 9.67 million	<p>The Member State reported a high error rate for Basic payment scheme (BPS).</p> <p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
NL04	2.54%	EUR 16.82 million	<p>Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should take remedial actions to address the findings of the Certification Body.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
PT03	3.21%	EUR 24.55 million	<p>The Member reported high error rates above materiality for Greening, Animal based Voluntary coupled support and the Small farmers scheme.</p> <p>DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls.</p> <p>The adjustment made to the error rate is supported by the findings by the Certification Body.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
SK01	2.20%	EUR 9.17 million	The Member State reported high error rates above materiality for Basic payment scheme and the Young farmers scheme. DG AGRI audits in 2020 and 2021 identified weaknesses in administrative and on-the-spot controls.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.

Table: Annex 7 – 3.2.5-1

In addition, there is a need for a reservation for two French Paying Agencies for the POSEI expenditure under ABB03.

Paying Agency	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors/Reservation follow-up
FR05 ODEADOM	5.29%	EUR 7.39 million	The Member State reported a high error rate above materiality for the banana aid and the aid for the sugar cane production.	Yes	A reservation is entered in respect of the 2022 expenditure. The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned.
FR19 ASP	9.32%	EUR 1.22 million	The Member State reported an error rate above materiality. A DG AGRI audit in 2022 identified deficiencies in the checks for POSEI animal premia measures and area aid in Mayotte. DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls. The adjustment made to the error rate is supported by the findings by the Certification Body.	Yes	A reservation is entered in respect of the 2022 expenditure. The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
GR GR01	2.69%	EUR 0.45 million	The Member State reported high error rates above materiality.	No	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.

Table: Annex 7 - 3.2.5-2

3.2.6 Conclusions as regards assurance for ABB03

As a result of the adjustments made, an adjusted error rate has been calculated of 1.31% with 17 out of 66 Paying Agencies having an adjusted error rate above 2% – see Table: Annex 7 - 3.2.5-1. Overall, the adjusted error rate for ABB03 decreased from

1.44% to 1.31%, as compared to the previous AAR. The overall outcome of this exercise is that 14 reservations are necessary at the Paying Agency level.

For the Paying Agencies with an error rate between 2% and 5%, an examination was carried out of any risk mitigating factors which indicated that the EU budget was protected for the past (conformity clearance procedure, culminating in an ongoing financial correction) and that it is protected for the future (the deficiencies have been addressed by the Paying Agency).

In 3 cases (GR01-POSEI, IT24 Bolzano, IT25 Trento), as the amount at risk was below DG AGRI's *de minimis* threshold, no reservation is required. Table: Annex 7 – 3.2.5-1 sets out the reasoning in respect of each case.

Seven reservations from 2021 AAR (Cyprus and 6 Italian Paying Agencies) are not carried forward in the 2022 AAR due to error rates in 2022 below 2% and remedial actions taken or no longer necessary. Part C of Annex 9 provides details on the reservations not carried forward.

New reservations are introduced for Estonia, Spain, Greece and the Netherlands.

For Direct payments, the adjusted error rate of 1.31%¹⁸³ is lower compared to 2021. The number of Paying Agencies under reservation for 2022 is the same compared to 2021. The overall result with an error rate below materiality continues to confirm that the Integrated Administration and Control System (IACS), when implemented in accordance with applicable rules and guidelines, limits effectively the risk of irregular expenditure.

The error rate for ABB03 is 1.31% with an amount at risk of EUR 498.08 million.

It is noted that the average amount of net financial corrections per year for the five-year period 2018-2022 (excluding corrections made for cross-compliance) is EUR 425.99 million for ABB03¹⁸⁴.

¹⁸³ The adjusted error rate also includes the reimbursement of financial discipline to the UK, to which the error rate from financial year 2021 was applied.

¹⁸⁴ See sub-section 2.1.1.3.1 of the main body of the report on "corrective capacity".

Part 3.3: ABB04 – Rural Development

Index for Part 3.3 – ABB04: Rural Development

3.3.1 Introduction

3.3.2 ABB04 expenditure

3.3.3 What assurance does the Director-General have regarding the expenditure under ABB04 – Rural Development?

3.3.4 The information used to assess the error rate reported in Member States' control data

3.3.5 Reservations for financial year 2022

3.3.6 Conclusions as regards assurance for ABB04

3.3.1 Introduction

One of DG AGRI's key objectives is to contribute to the sustainable development of rural areas. DG AGRI does this through its rural development policy which is funded under the European Agricultural Fund for Rural Development (EAFRD).

While the EAFRD bears many similarities to the European Structural and Investment Funds (ESIF) of DGs REGIO, EMPL and MARE, there are also a number of differences.

- In particular, the EAFRD has been increasingly aligned with the EAGF management system dealing with Direct Payments to farmers, in relation to application, payment dates, penalties and the maximum eligible area for area-based measures.
- Another difference is that, to protect the EU budget, the main instrument used by DG AGRI is the conformity clearance procedure, which resulted in net financial corrections being clawed back to the EU budget, tightened up by the use of its interruption and reduction/suspension mechanisms. For further information on the use of these mechanisms in 2021, see sub-section 2.1.1.3.2 of the main report and Annex 7 - Part 10 to the report.

Member States and regions draw up their Rural Development Programmes (RDPs) based on the needs of their territories and addressing the common EU priorities.

Within their RDPs, Member States or regions set quantified targets against the EU priority “focus areas”. They then set out which of the measures applied they will use to achieve these targets and how much funding they will allocate to each measure. At least 30% of funding for each RDP must be dedicated to measures relevant for the environment and climate change and at least 5% to Leader.

The programming period 2014-2020 was extended until 2022. The rules for rural development spending during 2021-2022 are laid out in the CAP transitional Regulation (EU) No 2020/2220, adopted on 23 December 2020. The regulation largely extends the existing rules (initially in place for the 2014-2020 period), with some additional elements to ensure a smooth transition to the new CAP, which started on 1 January 2023.

As of financial year 2022, the 22¹⁸⁵ proposed measures are either area- and animal-related measures or non-area- and non-animal-related measures (see Table: Annex 7 – 3.3.1-1 below). The list of measures and sub-measures is included in Annex I, Part 5 of Commission Implementing Regulation (EU) No 808/2014¹⁸⁶.

Rural Development measures – 2014-2022 programming period	
01	Knowledge transfer and information actions
02	Advisory services, farm management and farm relief services
03	Quality schemes for agricultural products and food stuffs
04	Investments in physical assets
05	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention
06	Farm and business development
07	Basic services and village renewal in rural areas
08	Investments in forest area development and improvement of the viability of forests
09	Setting up producer groups and organisations
10	Agri-environment climate
11	Organic farming
12	Natura 2000 and Water Framework Directive payments
13	Payments to areas facing natural or other specific constraints
14	Animal welfare
15	Forest-environmental and climate services and forest conservation
16	Cooperation
17	Risk management
18	Financing of complementary national direct payments for Croatia
19	Support for Leader local development (CLLD)
20	Technical assistance
21	Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis
22	Exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine

Table: Annex 7 – 3.3.1-1

¹⁸⁵ Regulation (EU) 2020/872 of 24 June 2020 introduced the new Measure 21, which provides “Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis”, encompassed in Regulation (EU) No 1305/2013 as Article 39, point (b). Regulation (EU) 2022/1033 of 29 June 2022 introduced the new Measure 22, which provides “Exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine”, encompassed in Regulation (EU) No 1305/2013 as Article 39, point (c).

¹⁸⁶ Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 227 of 31.7.2014).

In the 2014-2022 programming period, Member States have the opportunity to implement simplified cost options ('SCO') for investment measures of their RDPs.

Why implementing a simplified cost option ('SCO') for investment measures?

Using simplified costs means that the human resources and administrative effort involved in management of the Funds can be focused on achieving policy objectives rather than being concentrated on collecting and verifying financial documents. It also gives small beneficiaries easier access to the funds thanks to the simplified management process.

Explanatory Box: Annex 7 – 3.3.1-2

To speed up execution of programmes and contribute to sound financial management, the Commission makes automatic de-commitments for RDPs.

What are automatic de-commitments?

Article 38 of Regulation (EU) No 1306/2013 provides that the Commission must automatically de-commit any portion of a budget commitment for a rural development programme that has not been used for the purpose of pre-financing or making intermediate payments. The Funds must be used by 31 December of the third year (in accordance with Regulation (EU) No 1306/2013) following that of the budget commitment (the so-called N+3 rule).

Explanatory Box: Annex 7 – 3.3.1-3

3.3.2 ABB04 expenditure

Expenditure paid and financed under the 2014-2022 programming period, amounted to EUR 15 233 825 315, of this, EUR 15 219 828 810 was paid as interim payments and an amount of EUR 13 733 678 was paid in respect of technical assistance.

Expenditure reimbursed by DG AGRI to Member States in 2022 following Court cases amounted to EUR 386 052. In addition, a reimbursement of EUR 123 226 has been made by Member States to the Commission in respect of the previous programming period 2000-2006 (budget item 080299010056001).

Payments reimbursed by DG AGRI to the Member States in 2022				
Management type	Chapter	Budget item	Description	Payments (EUR)
Shared Management	0803	080299010056001	Completion of rural development financed by the EAGGF Guarantee Section - Programming period 2000 to 2006	-123 226
		080301	Rural development types of interventions	15 219 828 810
			Interim payments for promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector 2014-2020	15 219 828 810
			Reimbursements following Court cases	386 052
Direct management		080302	Operational technical assistance	13 086 288
		08039902	Operational technical assistance prior to 2021	647 390
Total				15 233 825 315

Table: Annex 7 – 3.3.2-1

3.3.3 What assurance does the Director-General have regarding expenditure under ABB04 – Rural Development?

The assurance of the Director-General derives from the various levels of management and controls that are in place, and the results that can be obtained from them. In the first place, the Member States and the United Kingdom, through 72 accredited Paying Agencies for Rural Development, are responsible for managing and checking the aid applications received from around 3.5 million beneficiaries and for paying them.

By 15 July of year N+1, the Paying Agencies are required to send to the Commission data on the outcome of the controls carried out for year N. These control data contain information on amounts claimed, errors corrected as a result of administrative checks, risk and random on-the-spot checks and the resulting reductions applied, based on which the reported error rate and further the adjusted error rate is calculated.

As described in Annex 7 – Part 2, the Certification Bodies are required to give an opinion on the completeness, accuracy and veracity of the annual accounts of the Paying Agencies, on the proper functioning of their internal control system and on the legality and regularity of the expenditure. Depending on whether a qualified or unqualified opinion was received and any other information available in the opinion, an adjustment is made by DG AGRI to the error rate reported by the Member State, process described in detail in Annex 5.

The control statistics (aggregated figures at Paying Agency level) and control data (at claimant level) received in 2022 by DG AGRI correspond to the claims introduced by the claimants in 2021 for IACS measures (claim year 2021), and to the payments made in 2021 for Non-IACS measures.

3.3.3.1 Assessment of findings from the European Court of Auditors (ECA)

Where relevant findings in the annual reports of the European Court of Auditors (ECA) and in Special Reports of the ECA are also taken into account in the final assessment of the adjustments to be made.

The DAS¹⁸⁷ 2022 cases are still under analysis and are therefore not considered for the 2022 AAR. Where DAS cases have led to compliance audits, any adjustment has been done as a result of the DG AGRI audits below.

Most Paying Agencies have corrected their calculation systems; this point is still followed-up in a single Member State (France).

¹⁸⁷ The statement of assurance (sometimes referred to as the 'DAS' from the French "déclaration d'assurance") is an annual financial and compliance audit exercise where the ECA audits the reliability of the EU's accounts and the regularity of the transactions underlying them.

3.3.3.2 Assessment of findings from DG AGRI audits carried out in 2020-2022

I. Audit fields

DG AGRI has decided to carry out audits on measures with similar control systems or targets, and has then grouped measures within so-called “audit fields”. Since 2016, all on-the-spot and remote audits have integrated all measures within a specific audit field. These groupings are the following:

Audit field		Measures of the programming period 2014-2022	
Name	Code	Name	Code
Investment - private beneficiaries	RD-INVEST-PRIVATE	Investments in physical assets	04
		131 — Meeting standards based on Union legislation	98
Investment - public beneficiaries	RD-INVEST-PUBLIC	Basic services and village renewal in rural areas	07
		Technical assistance	20
Measures with flat rate support	RD-FLAT-RATE	Farm and business development	06
		Setting up of producer groups and organisations	09
		113 — Early retirement	97
		Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis	21
		Exceptional temporary support to farmers and SMEs particularly affected by the impact of Russia's invasion of Ukraine	22
Leader	RD-LEADER	Support for Leader local development (CLLD)	19
Knowledge and innovation	RD-KNOW-INNOV	Knowledge transfer and information actions	01
		Advisory services, farm management and farm relief services	02
		Quality schemes for agricultural products and food stuffs	03
		Cooperation	16
		341 — Skills acquisition, animation and implementation of local development strategies	99
Risk management	RD-RISK-MANAGE	Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention	05
		Risk management	17

Audit field		Measures of the programming period 2014-2022	
Name	Code	Name	Code
IACS	RD-IACS	Agri-environment climate	10
		Organic farming	11
		Natura 2000 and Water Framework Directive payments	12
		Payments to areas facing natural or other specific constraints	13
		Animal welfare	14
		Financing of complementary national direct payments for Croatia	18
Forestry	RD-FORESTRY	Investments in forest area development and improvement of the viability of forests	08
		Forest-environmental and climate services and forest conservation	15

Table: Annex 7 – 3.3.3.2-1

II. Audits carried out

In 2022, 16 audits were carried out (including two umbrella audits); these audits were selected mainly on the basis of DG AGRI's central risk analysis. In addition, 9 desk audits were performed.

3.3.3.2.1 Audits carried out on IACS and Forestry measures

a) Audit plan and coverage

In 2022, based on the results of the central risk analysis and on reservations made in the 2021 Annual Activity Report (AAR), the following audits on IACS-related measures and/or on Forestry measures were carried out:

1. Eight single-approach audits were performed on the spot, during the financial year 2022 to assess the work carried out by the Certification Bodies on legality and regularity, related to the IACS measures: GR01, CZ01, GB06, GB09, IE01, RO01, PT03 and IT27;
2. Three umbrella audits (LU01, DE03 and MT01) were also carried out covering the IACS-related measures.

The audits assessed the management and control systems set up by Member States to ensure that they complied with EU and national rules. Their objective was also to assess whether the controls were effectively applied, if appropriate reductions and penalties have been imposed for non-compliance and if the control data sent by the Member States were consistent and reliable. These enquiries also helped to detect the root causes for the high

error rate communicated by the Member States by 15 July in their control data under Article 9 of Regulation (EU) No 809/2014 as well as possible actions to remedy the deficiencies. In addition, the audits enabled the assessment of the implementation of the recommendations made by DG AGRI during the previous audits.

b) Results and possible improvements

The control systems in the Paying Agencies audited in 2022 were not always found to be effective, and there was scope for significant improvement in a number of cases. The audits carried out in 2022 revealed scope for improving the following issues in relation to audits on IACS-related measures (similar to those found in 2020):

- non-respect of the minimum on-the-spot control rates;
- delays for the on-the-spot checks for Agri-environment and Organic farming;
- for organic farming, there were still significant inconsistencies in the system which required additional work from the Paying Agency. In addition, cross-notification between the different bodies involved was not sufficiently developed or formalised;
- for organic farming, additional improvements for the quality of the control procedures of the Control Bodies for organic farming are deemed necessary;
- administrative checks did not include verification of some commitments that could be checked administratively (certificates, results of soil or leaf analysis, training);
- continued efforts are required to reduce the high error rate found in some Paying Agencies on the basis of simple and clear eligibility criteria and commitments that must be respected by the farmers and more information to the farmers;
- continued improvements in the on-the-spot check systems are necessary to better assess farmers' compliance with the commitments made, mainly concerning the best time of the season for assessing the compliance, to integrate visual checks with other control tools wherever possible, the respect of the minimum/maximum livestock density;
- additional procedures need to be put in place to assess and prevent the risk of double financing between the agri-environment-climate measures (AECM) payment and the greening payment and between afforested areas that receive the annual premium to cover the loss of income under the afforestation measure of rural development and are, at the same time, declared as Ecological focus areas (EFA) in order to receive the greening payment; some audits carried out in 2022 identified shortcomings in the procedures to detect and deal with potential creation of artificial situations to receive the aid. In some cases, an adequate system was missing, in other cases the system was not well implemented;
- better traceability and clear conclusions as to the quality of the controls carried out must be achieved by indicating how the checks were performed and how the inspectors came to their conclusions. The control methods used during the on-the-

spot check, to verify compliance with the farmer's commitments, must be indicated in the control report together with measurements, verification of fertilisers and animal counting, to assess whether the livestock density is correct, wherever appropriate;

- additional improvements in assessing the maximum eligible area for IACS measures to ensure that payments are only made for land falling within the delimited area in order to be fully in line with the EU rules and in the updates of the LPIS.

3.3.3.2.2 Audits carried out on Non-IACS-related measures

a) Audit plan and coverage

In 2022, based mainly on the results of DG AGRI's central risk analysis, eight audits were carried out on Non-IACS related measures, covering private investments measures, Leader measure, the audit field RD-FLAT-RATE, knowledge and innovation measures, and the audit field public investment (the same audit may cover more than one audit-field). As part of the single audit approach, additional measures/audit fields than those selected by the central risk analysis it has been possible to add to the audits, on a case by case, based on the audit work of the Certification Bodies.

Three umbrella audits (LU01, DE03 and MT01) were also carried out covering the Non-IACS-related measures.

In addition, five desk audits were opened: for DK02, HU02, GR01, ES07, and ES18, covering the Leader measure and measures of the audit field FLAT-RATE, knowledge and innovation, private investment and public investment. **Identification of links between applicants and other stakeholders**

The identification of links between applicants and other stakeholders can play an important role in establishing the eligibility of the beneficiary or the eligibility of the operation.

Article 48(2) of Regulation (EU) No 809/2014 states that administrative checks should be made to check (among others) the eligibility of the beneficiary and of the operation following applicable obligations established by Union law or by the Rural Development Programme.

Member States have, in their Rural Development Programmes, opted for several measures to restrict the eligibility, to give more priority points in the project selection process, or to give higher aid intensity to applicants of a certain size (e.g. small and medium enterprises – SMEs, semi-large enterprises – SLEs). The way in which the Member States check compliance with the size criteria (in particular the existence of linked and partner enterprises) differs significantly. For example, some Member States rely on a self-declaration by the applicant; others check the companies' shareholdings on the basis of extracts from chambers of commerce, consolidated accounts, etc. (non-exhaustive list).

Commission Recommendation 2003/361/EC of 06/05/2003, concerning the definition of micro, small and medium sized enterprises, highlights that linked and partner enterprises

should be taken into account when determining the size of the applicant. Therefore, Member States should include the linked and partner enterprises (in their country and abroad) in their checks, also in cases where shareholders are natural persons. Member States should therefore set up a system allowing them to assess these obligations and to keep an audit trail of these checks.

In other cases, Member States decided to impose ceilings for the size of the project. In such situations they have to implement appropriate controls to detect the creation of artificial situations to receive the support, including checking the links between the applicants and other stakeholders.

Finally, when assessing the reasonableness of the cost proposed for projects via comparison of different offers, Member States shall verify the absence of links between the applicant and the providers, and of the different providers among them. The existence of such links may in fact put into question the independence and authenticity of the offers.

Since the detection of such links proves to be difficult, DG AGRI provides guidance and plans to disseminate best practices among national authorities and makes the use of Arachne IT tool available for the Structural Funds.

Explanatory Box: Annex 7 – 3.3.3.2.2-1

b) Results and possible improvements

The control systems in the Paying Agencies visited in 2022 were generally found to be effective, albeit with scope for improvement in several cases. DG AGRI recommended actions to increase the robustness of the control system for some specific issues and in most cases requested the Certification Bodies to report on these issues in the subsequent annual reports or in some cases ensured the monitoring of the implementation in subsequent DG AGRI audits.

The audits carried out in 2022 found scope for improving the following elements of the management and control system for investment and/or flat-rate measures, including when they were implemented under Leader (non-exhaustive list) (similar to those found in 2020):

- checks on the eligibility of the applicant/application/project/investment:
 - additional improvements are required to include verification of the linked and partner enterprises when assessing the SME status and to keep an audit trail of these checks (see explanatory box Annex 7 – 3.3.3.2.2-1 above);
 - implementation of appropriate procedures to detect and deal with the creation of artificial conditions to receive the aid (see explanatory box Annex 7 – 3.3.3.2.2-2 below);
- check on the eligibility of costs to ensure that the costs claimed in the application for support are congruent with the project scope;
- assessment of cost reasonableness: additional improvements are required to effectively assess the reasonableness of costs including checks on the independence

and authenticity of the offers received, on the transparency of the decisions taken by the experts committees and to keep an audit trail of these checks;

- public procurement verifications – (see explanatory box Annex 7 – 3.3.3.2.2-3 below);
- quality of the on-the-spot checks, including verifications to establish that no artificial situations were created;
- checks of the payment claims to verify that the completed operation corresponds with the operation for which support was granted (in terms of number of items and output); lack of an adequate audit trail of the checks carried-out.

Creation of artificial conditions

Article 60 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council states that "Without prejudice to specific provisions, no advantage provided for under sectoral agricultural legislation shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for obtaining such advantages were created artificially, contrary to the objectives of that legislation".

Paying Agencies are recommended to have a system of "red flags" for the possible creation of artificial situations to receive the aid. Red flags are indicators (not evidence) of fraud / irregularity, meaning elements that indicate something unusual, create suspicion and generate the necessity of making further checks. The more red flags - the greater the suspicion.

Some audits carried out in 2022 identified shortcomings in the procedures to detect and deal with potential creation of artificial situations to receive the aid. In some cases, an adequate system of red flags was missing, in other cases the red flags were not used properly (did not trigger more in-depth checks).

Explanatory Box: Annex 7 – 3.3.3.2.2-2.

Respect of Public Procurement rules: key control elements

The respect of public procurement EU rules is considered as a key element amongst the controls to be carried out by the Paying Agencies for Rural Development investment measures where the beneficiaries are public authorities.

In 2022, some audits focussed on the respect of public procurement rules and detected non-compliances at different stages of this procedure, either at the level of the public beneficiaries: non independence of the control body towards the contracting authority, the preparation of the procurement documents, and contract notice not sufficiently precise, or during the administrative and on-the-spot checks carried out by the Paying Agency where not all steps, phases and documents of the procedure were assessed, including the selection of the tender.

Explanatory Box: Annex 7 – 3.3.3.2.2-3

For the Slovak Paying Agency SK01, following allegations of fraud in the Paying Agency related to EAFRD Non-IACS measures, as a precautionary measure, DG AGRI suspended the payments for part of the Rural Development investment measures for the last quarter of 2020 and the first two quarters of 2021 (for the third quarter of 2021 no expenditure has been declared by the Slovak paying agency for the measures concerned). Moreover, as requested by DG AGRI, the Slovak Competent Authority put the Paying Agency's accreditation under probation as of 15 October 2020. A plan to remedy deficiencies in the accreditation criteria was drawn up and largely implemented. The accreditation of the Paying Agency was restored by the Competent Authority as from 15 October 2021. Finally, a number of audits were carried out and any financial risks to the EU funds is covered by financial corrections.

3.3.3.2.3 Audits of Financial Instruments

No audit was carried out in respect of Financial Instruments until 2022, first audit took place in November 2022 and other have being programmed in 2023.

What are financial instruments?

Financial instruments are measures of financial support provided on a complementary basis from the EU budget in order to address one or more policy objectives. Such instruments may take the form of loans, guarantees, equity or quasi-equity investments, or other risk-sharing instruments and may, where appropriate, be combined with grants.

Explanatory Box: Annex 7 – 3.3.3.2.3-1

3.3.4 The information used to assess the error rate reported in Member States' control data

Adjustments have been made by DG AGRI to the reported error rates calculated on the basis of the Member States' control data. These adjustments or top-ups have been established in line with the criteria set out in Annex 5 to this AAR and have been made where there were indications of error arising notably from the findings of the Certification Bodies and DG AGRI's own audits.

Where the work carried out by the Certification Bodies resulted in an Incompliance Rate (IRR) and/or known errors being established this was considered for the error rate adjustment. Depending on whether the deficiencies detected by the Certification Body and DG AGRI's auditors were similar and/or covered the same population, the adjustment applied ensured that the risk to the Fund is covered.

Cases where the IRR (Incompliance Rate from opinion of the Certification Body) was used to adjust all or part of both the IACS and Non-IACS expenditure:

Austria (AT01), Belgium (BE03 Wallonie), Bulgaria (BG01), Croatia (HR01), Cyprus (CY01), Finland (FI01), France (FR19), Germany (DE03 Baden-Württemberg, DE04 Bayern, DE07 Brandenburg, DE11 Mecklenburg-Vorpommern, DE12 Niedersachsen, DE15 Nordrhein-Westfalen, DE17 Rheinland Pfalz, DE18 Saarland, DE19 Sachsen, DE26 Hessen and DE27

Thüringen), Hungary (HU02), the Netherlands (NLO4), Portugal (PT03), Romania (RO01), Spain (ES03 Asturias, ES07 Castilla La Mancha and ES08 Castilla y Leon), Sweden (SE01) and the United Kingdom (GB07 Wales and GB09 England).

Cases where the IRR was used to adjust all or part of the IACS expenditure only:

Belgium (BE02 Flanders), Malta (MT01), Luxembourg (LU01), Poland (PL01), Spain (ES01 Andalusia and ES09 Cataluna) and the United Kingdom (GB 05 Northern Ireland).

Cases where the IRR was used to adjust all or part of the Non-IACS expenditure only:

Germany (DE20 Sachsen-Anhalt and DE21 Schleswig-Holstein), Denmark (DK02), Estonia (EE01), France (FR18 ODARC), Ireland (IE01), Italy (IT26 Calabria), Slovakia (SK01), Spain (ES04 Islas Baleares, ES05 Islas Canarias, ES06 Cantabria, ES10 Extremadura, ES11 Galicia, ES12 Madrid, ES13 Murcia, ES14 Navarra, ES16 La Rioja, ES17 Valencia and ES18 FEAGA) and United Kingdom (GB06 Scotland).

The following table summarises the information for all Paying Agencies for relevant expenditure in financial year 2022 for the 2014-2022 rural development programmes:

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2022 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
AT01	AMA	626 723 665	2.19%	2.45%	15 349 069
BE02	ALV	65 322 865	1.64%	1.74%	1 139 624
BE03	SPW-DGARNE	39 699 389	3.03%	3.60%	1 427 451
BG01	DFZ [SFA]	230 482 252	2.55%	7.04%	16 218 823
CY01	ΚΟΑΠ [CAPO]	20 968 869	1.04%	1.12%	235 892
CZ01	SZIF [SAIF]	370 903 313	1.74%	1.74%	6 451 377
DE01	BLE	1 068 753	0.00%	0.00%	53
DE03	Baden-Württemberg MLR	121 467 416	1.24%	2.93%	3 557 281
DE04	Bayern StMLF	269 475 088	1.17%	1.67%	4 505 686
DE07	Brandenburg MLUV	162 347 000	0.37%	0.58%	935 897
DE11	Mecklenburg-Vorpommern MELFF	147 034 740	3.18%	3.73%	5 491 358
DE12	Niedersachsen	188 042 671	0.77%	1.27%	2 387 992
DE15	LWK Nordrhein-Westfalen	104 956 478	2.26%	3.79%	3 982 541
DE17	Rheinland- Pfalz	52 975 331	1.06%	2.26%	1 198 275
DE18	Saarland	6 035 848	2.78%	3.78%	228 266
DE19	Sachsen	156 242 577	0.79%	0.96%	1 507 050
DE20	Sachsen-Anhalt	143 168 214	3.55%	3.56%	5 100 920
DE21	Schleswig-Holstein	62 540 543	4.42%	4.81%	3 005 629
DE27	Thüringen	93 728 228	2.13%	2.47%	2 316 996
DE26	Helaba	66 187 574	0.58%	0.66%	435 517
DK02	DAFA	100 150 973	5.36%	5.87%	5 876 133
EE01	PRIA	99 843 405	3.00%	3.88%	3 876 800
ES01	Andalusia	323 086 184	3.01%	4.70%	15 182 158

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2022 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
ES02	Aragón	69 554 799	1.19%	1.19%	824 324
ES03	Asturias	52 694 111	1.69%	3.78%	1 992 975
ES04	FOGAIBA	8 372 886	1.04%	3.00%	251 360
ES05	Islas Canarias	28 736 274	0.00%	3.58%	1 028 429
ES06	Cantabria	9 815 469	0.84%	0.91%	89 424
ES07	Castilla La Mancha	174 450 183	0.79%	0.84%	1 462 062
ES08	Castilla y León	200 215 342	1.59%	2.46%	4 931 859
ES09	Cataluña	43 660 700	1.09%	1.13%	491 752
ES10	Extremadura	125 384 096	0.83%	0.84%	1 048 296
ES11	FOGGA	114 358 709	0.99%	0.99%	1 131 873
ES12	Madrid	11 600 156	2.52%	2.87%	333 214
ES13	Murcia	33 257 806	1.86%	1.88%	623 830
ES14	Navarra	17 010 153	0.93%	1.05%	178 081
ES15	País Vasco	12 446 759	9.72%	9.72%	1 210 189
ES16	La Rioja	11 981 562	2.83%	4.17%	499 822
ES17	AVFGA	33 647 978	0.66%	0.82%	276 639
ES18	FEGA	37 480 039	0.27%	2.15%	806 079
FI01	MAVI	464 143 913	1.67%	1.95%	9 038 261
FR18	ODARC	20 365 701	9.98%	10.02%	2 041 488
FR19	ASP	1 939 704 412	3.05%	4.80%	93 085 732
GB05	DARD	27 702 525	0.84%	1.99%	550 995
GB06	SGRPID	4 516 646	0.96%	5.08%	229 260
GB07	WG	82 901 624	1.17%	3.24%	2 685 889
GB09	RPA	176 362 333	1.47%	6.80%	12 001 001
GR01	O.Π.Ε.Κ.Ε.Π.Ε. [O.P.E.K.E.P.E.]	864 101 188	0.60%	0.72%	6 230 051
HR01	PAAFRD	375 447 225	1.81%	3.40%	12 770 959
HU02	HST	650 739 496	1.81%	3.17%	20 638 375
IE01	DAFM	371 824 358	0.71%	1.13%	4 218 671
IT01	AGEA	1 129 547 219	0.69%	0.82%	9 282 165
IT05	AVEPA	62 462 662	0.74%	0.74%	460 216
IT07	ARTEA	63 618 268	0.45%	0.45%	286 788
IT08	AGREA	64 889 341	0.61%	0.61%	395 669
IT10	ARPEA	64 471 087	1.32%	1.32%	848 149
IT23	OPR Lombardia	80 789 665	1.10%	1.10%	888 765
IT24	OPPAB	25 181 742	0.65%	0.65%	163 634
IT25	APPAG	20 167 870	2.21%	2.21%	445 699
IT26	ARCEA	113 340 602	1.08%	5.13%	5 811 609
IT27	ARGEA	97 323 149	1.43%	7.44%	7 238 916
LT01	NMA [NPA]	243 030 875	0.26%	0.50%	1 224 607
LU01	Ministère de l'Agriculture	27 391 582	0.83%	2.18%	597 208
LV01	RSS	111 344 516	0.55%	0.55%	606 998
MT01	MRRRA PA	10 042 899	0.36%	3.88%	389 848
NL04	ELFPO	126 072 454	0.63%	1.88%	2 370 610

Paying Agency	Paying Agency Name	Relevant Expenditure Financial Year 2022 (EUR)	Reported (residual) error rate	Adjusted error rate	Amount at Risk (EUR)
PL01	ARIMR [ARMA]	1 377 412 142	0.92%	0.95%	13 067 520
PT03	IFAP	579 490 818	4.24%	6.14%	35 551 849
RO01	PARDF	1 031 153 396	0.39%	2.26%	23 307 597
SE01	SJV	300 600 446	2.37%	2.92%	8 785 594
SI01	ARSKTRP	130 507 970	1.11%	1.11%	1 444 980
SK01	APA	146 062 290	9.10%	9.16%	13 377 724
ABB04	Rural Development Programmes	15 219 828 810	1.73%	2.68%	407 627 824

Table: Annex 7 – 3.3.4-1

In a number of cases, top-ups, based on the Certification Bodies' work or DG AGRI audits, were made to the reported error rate but the resulting adjusted error rate was not above the materiality threshold of 2% and therefore a reservation was not considered:

Belgium (1 Paying Agency), Cyprus, Finland, Germany (5 Paying Agencies), Greece, Ireland, Italy (3 Paying Agencies), Lithuania, the Netherlands, Poland, Spain (8 Paying Agencies) and the United Kingdom (1 Paying Agency).

3.3.5 Reservations for financial year 2022

The following table sets out the situation for all Paying Agencies where the adjusted error rate is above 2% for relevant expenditure for the 2014-2022 rural development programmes. It indicates if reservations are required and mitigating factors are examined in order to determine if a reservation is required and if so, an indication is given of the follow-up action required.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
AT01	2.45%	EUR 15.35 million	The Member State reported high error rate for the IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions addressing the underlying causes of the high error rates for IACS measures and the deficiencies identified by the Certification Body in IACS and Non-IACS measures.
BE03 Wallonia	3.60%	EUR 1.43 million	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the high error rate in IACS measures and the findings of the Certification Body for IACS and Non-IACS measures.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
BG01	7.04%	EUR 16.22 million	The Member State reported high error rate for IACS and Non-IACS measures. Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the Action Plan to address the underlying causes for the high error rates in IACS and Non-IACS measures and the findings of the Certification Body for the IACS and Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
DE03 Baden- Württemberg	2.93%	EUR 3.56 million	A DG AGRI audit in 2021 found deficiencies in Non-IACS measures. Based on the Certification Body's assessment, an adjustment was made to the IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for Non-IACS measures, and by the Certification Body for IACS and Non-IACS measures.
DE11 Mecklenburg- Vorpommern	3.73%	EUR 5.49 million	The Member State reported high error rate for IACS measures. DG AGRI audit in 2021 revealed deficiencies in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for Non-IACS measures and by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
DE15 Nordrhein- Westfalen	3.79%	EUR 3.98 million	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should implement an action plan to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
DE17 Rheinland- Pfalz	2.26%	EUR 1.20 million	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
DE18 Saarland	3.78%	EUR 0.23 million	The Member State reported high error rate for Non-IACS measures.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should identify and address the root cause of higher error rate in Non-IACS measures.
DE 20 Sachsen- Anhalt	3.56%	EUR 5.10 million	The Member State reported high error rate for IACS and Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should implement an action plan to address the identified by the Certification Body for Non-IACS measures, as well as the underlying causes for the high error rates in IACS and Non-IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
DE 21 Schleswig- Holstein	4.81%	EUR 3.01 million	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should implement an action plan to address the deficiencies identified by DG AGRI and the Certification Body for Non-IACS measures and the underlying causes of the high error rate in IACS measures.
DE27 Thüringen	2.47%	EUR 2.32 million	The Member State reported a high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
DK02	5.87%	EUR 5.88 million	The Member State reported high error rates for IACS measures and very high error rate for Non-IACS measures. DG AGRI audit in 2021 found deficiencies in several IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS and Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
EE01	3.88%	EUR 3.88 million	The Member State reported a high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the deficiencies identified by Certification Body for Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.
ES01 Andalucia	4.70%	EUR 15.18 million	The Member State reported high error rates for IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the high error rates for IACS and Non-IACS and the deficiencies identified from the Certification Body on IACS measures.
ES03 Asturias	3.78%	EUR 1.99 million	The Member State reported high error rate for IACS measures. DG AGRI audit in 2022 identified weaknesses in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The member State should implement an action plan to address the deficiencies identified by DG AGRI on Non-IACS, as well as from the Certification Body on IACS and Non-IACS measures, and the underlying causes of high error rate for IACS. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
ES04 FOGAIBA	3.00%	EUR 0.25 million	The Member State reported high error rate for Non-IACS measures. DG AGRI audit in 2021 identified weaknesses in Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. Nevertheless, the Member State should address the underlying causes for high error rates for Non-IACS measures and the deficiencies identified by the Certification Body for Non-IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
ES05 Islas Canarias	3.58%	EUR 1.03 million	The Certification Body assessment revealed a deficiency for Non-IACS measures.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the deficiency for Non-IACS measures. The conformity clearance procedure will ensure that the risk for the EU budget is covered.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
ES08 Castilla y Leon	2.46%	EUR 4.93 million	The Member State reported high error rate for IACS measures. A DG AGRI audit in 2021 identified deficiencies in IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI and from the Certification Body on IACS and Non-IACS measures, as well as the underlying causes of high error rate for IACS measures.
ES12 Madrid	2.87%	EUR 0.33 million	The Member State reported high error rate for Non-IACS measures.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the underlying causes of the high error rate for Non-IACS measures.
ES15 Pais Vasco	9.72%	EUR 1.21 million	The Member State reported high error rate for IACS measures.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should take remedial actions to address the underlying causes of the high error rates in IACS measures.
ES16 La Rioja	4.17%	EUR 0.50 million	The Member State reported high error rate for IACS measures. A DG AGRI audit in 2022 identified deficiencies in Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the underlying causes of the high error rate for IACS measures, as well as the deficiencies identified by DG AGRI and the Certification Body for Non-IACS.
ES18 FEGA	2.15%	EUR 0.81 million	DG AGRI audits in 2022 following up a DAS case revealed weaknesses in Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. The Member State should address the deficiencies detected by DG AGRI and by the Certification Body for Non-IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
FR18 ODARC	10.02%	EUR 2.04 million	The Member State reported high error rate for IACS measures. Financial clearance audit in 2022 found deficiencies in IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	Yes	A reservation is entered in respect of 2022 expenditure. The MS should continue and reinforce the ongoing Action Plan addressing the deficiencies identified by DG AGRI in IACS measures and by the Certification Body for Non-IACS, as well as the causes underlying the high error rate for the IACS measures.
FR19 ASP	4.80%	EUR 93.09 million	The Member State reported high error rate for Non-IACS measures. DG AGRI audit in 2020 found deficiencies in IACS measures. DG AGRI audit in 2019 and 2021 found deficiencies in Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI for IACS and Non-IACS measures and of the Certification Body for IACS and Non-IACS measures, as well as the high error rates in Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
GB06 Scotland	5.08%	EUR 0.23 million	The National Authority reported high error rate for IACS measures. DG AGRI audit in 2021 identified weaknesses in IACS measures.	No	As the amount at risk is below the <i>de minimis</i> threshold established by DG AGRI's materiality threshold (see Annex 5), no reservation is required. The National Authorities should address the deficiencies detected by DG AGRI for IACS measures and remedy high error rate in IACS measures. The ongoing conformity clearance procedures for IACS measures will ensure that the financial risk to the EU budget is covered.
GB07 Wales	3.24%	EUR 2.69 million	DG AGRI audits in 2021 and 2022 revealed weaknesses in Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	Yes	A reservation is entered in respect of 2022 expenditure. The National Authority should continue and reinforce the action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
GB09 England	6.80%	EUR 12.00 million	<p>DG AGRI audits in 2020 and 2022 identified deficiencies in IACS measures.</p> <p>A DG AGRI audit in 2021 identified deficiencies in several Non-IACS measures.</p> <p>Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The National Authority should implement an action plan to address the deficiencies identified by DG AGRI for Non-IACS measures and by the Certification Body on IACS and Non-IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
HR01	3.40%	EUR 12.77 million	<p>The Member State reported high error rates for IACS measures.</p> <p>DG AGRI audits in 2020 and 2021 revealed deficiencies in IACS measures.</p> <p>Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.</p>
HU02	3.17%	EUR 20.64 million	<p>The Member State reported high error rate IACS measures.</p> <p>DG AGRI audits in 2017 and 2022 identified deficiencies in one IACS measure.</p> <p>DG AGRI audits in 2020, 2021 and 2022 identified deficiencies in Non-IACS measures.</p> <p>Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should continue and reinforce the ongoing Action Plan to address the deficiencies identified by DG AGRI and of the Certification Body for the IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.</p> <p>The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
IT25 Trento	2.21%	EUR 0.45 million	<p>The Member State reported high error rates for IACS and Non-IACS measures.</p>	No	<p>As the amount at risk is below <i>de minimis</i> threshold established by DG AGRI's materiality criteria (see Annex 5), no reservation is required.</p> <p>The Member State should address the underlying causes for the high error rate in IACS measures.</p>

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
IT26 Calabria	5.13%	EUR 5.81 million	DG AGRI audits in 2017 and 2022 identified deficiencies in IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	Yes	A reservation is entered in respect of 2022 expenditure. The action plan should be continued and reinforced, to address the deficiencies identified by DG AGRI for IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
IT27 Sardegna	7.44%	EUR 7.24 million	DG AGRI audit in 2022 identified deficiencies in IACS measures.	Yes	A reservation is entered in respect of 2022 expenditure. The Member State should implement an action plan, to address the deficiencies identified by DG AGRI for IACS measures. The ongoing conformity clearance procedures for IACS measures will ensure that the financial risk to the EU budget is covered.
LU01	2.18%	EUR 0.60 million	DG AGRI audits in 2021 found deficiencies in IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS error rate.	No	As the amount at risk is below <i>de minimis</i> threshold established by DG AGRI's materiality criteria (see Annex 5), no reservation is required. Nevertheless, the Member State should take remedial actions to address the deficiencies identified in DG AGRI for the IACS and Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
MT01	3.88%	EUR 0.39 million	DG AGRI audits in 2021 and 2022 revealed deficiencies for IACS and Non-IACS measures.	No	As the amount at risk is below <i>de minimis</i> threshold established by DG AGRI's materiality criteria (see Annex 5), no reservation is required. Nevertheless, the Member State should take remedial actions and remedy the deficiencies identified by in DG AGRI for the IACS and Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.

Paying Agency/ Member State	Adjusted error rate	Amount at risk	Reasons for top-up	Reservation	Mitigating factors Reservation follow-up
PT03	6.14%	EUR 35.55 million	<p>The Member State reported high error rates for IACS and Non-IACS measures.</p> <p>DG AGRI audit in 2022 identified deficiencies in IACS measures.</p> <p>DG AGRI audit in 2018 identified deficiencies related to LPIS maximum eligible area, impacting also the IACS measures.</p> <p>Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates reported by the Member State.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI in IACS measures, as well as from the Certification Body on IACS and Non-IACS measures and the underlying causes of the high error rates for IACS and Non-IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
RO01	2.26%	EUR 23.31 million	<p>DG AGRI audit in 2022 identified deficiencies in IACS measures.</p> <p>Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should implement an action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for the IACS and Non-IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
SE01	2.92%	EUR 8.79 million	<p>The Member State reported high error rate for IACS measures.</p> <p>DG AGRI audits in 2020 and 2021 revealed deficiencies for Non-IACS measures.</p> <p>Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate.</p>	Yes	<p>A reservation is entered in respect of 2022 expenditure.</p> <p>The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.</p> <p>The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
SK01	9.16%	EUR 13.38 million	<p>The Member State reported very high error rate for IACS measures.</p> <p>Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rates.</p>	Yes	<p>A reservation is entered in respect of 2021 expenditure.</p> <p>The Member State should continue and reinforce the ongoing action plan to address the findings of the Certification Body for the Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.</p>

Table: Annex 7 – 3.3.5-1

3.3.6 Conclusions as regards assurance for ABB04

As a result of adjustments made, an adjusted error rate for financial year 2022 has been calculated at 2.68% and decreased from 2.85% as compared to the AAR 2021.

38 out of the 72 Paying Agencies have an adjusted error rate above 2%, of these 10 are above 5%: Bulgaria, Denmark, France (one Paying Agency), Italy (two Paying Agencies), Portugal, Slovakia, Spain (one Paying Agency) and the United Kingdom (two Paying Agencies). In case of 9 Paying Agencies of the above, the amount at risk is above DG AGRI *de minimis* threshold of EUR 1 million, as established in Annex 5 (materiality criteria), they were automatically subject to a reservation (with the exception of the United Kingdom (*de minimis*)). Furthermore, the high adjusted error rate was determined by further adjustment of the error rate by DG AGRI, based on the assessment of the Certification Bodies and DG AGRI own audits except Spain.

For the remaining 29 Paying Agencies with an error rate between 2% and 5%, DG AGRI examined the situation for each Paying Agency concerned to determine if risk mitigation conditions existed rendering it unnecessary to make a reservation. For 9 Paying Agencies (Germany (one Paying Agency), Italy (one Paying Agency), Luxembourg, Malta, Spain (four Paying Agencies) and the United Kingdom (one Paying Agency), the amount at risk is below DG AGRI's *de minimis* threshold of EUR 1 million as established in Annex 5 (materiality criteria), therefore no reservation was necessary. For the remaining 20 Paying Agencies, a reservation was deemed necessary.

The overall outcome of this exercise is that 29 reservations are necessary at Paying Agency level.

Eight reservations (Belgium (1 Paying Agency), Czech Republic, Germany (1 Paying Agency), Finland, the Netherlands, Poland, Spain (1 Paying Agency) and the United Kingdom (1 Paying Agency)) from 2021 AAR are not carried forward in the 2022 AAR due to error rates in 2022 below 2% and remedial actions taken. Part C of Annex 9 provides details on the reservations not carried forward.

The following table sets out the budget items and the error rates, which have been used to assess the amounts at risk. The adjusted error rate of 2.68% represents a decrease compared to 2021.

Payments reimbursed by DG AGRI to the Member States and the UK in 2022

Management type	Chapter	Budget item	Description	Payments (EUR)	Error rate (%)	Amount at risk (EUR)
Shared Management	0803	080299010056001	Completion of rural development financed by the EAGGF Guarantee Section - Programming period 2000 to 2006	-123 226	0.00%	-
		080301	Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector	15 219 828 810	2.68%	407 627 824
			Interim payments for promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union agricultural sector 2014-2020	15 219 828 810	2.68%	407 627 824
			Reimbursements following Court cases	386 052	0.00%	-
			Sub-Total Shared Management	15 220 091 636.75	2.68%	407 627 824
Direct management		080302	Operational technical assistance	13 086 288	1.00%	130 863
		0803902	Operational technical assistance prior to 2021	647 390	1.00%	6 474
			Sub-Total Direct Management	13 733 678	1.00%	137 337
Grand Total 0803				15 233 825 315	2.68%	407 765 161

Table: Annex 7 – 3.3.6-1

The adjusted error rate for payments made for ABB04 is 2.68% and the total amount at risk is EUR 407.77 million.

The assessment of the risk for the entire chapter 0803 covers all payments to Member States in 2022 including pre-financing.

The average amount of net financial corrections per year for the five year period 2018-2022 (excluding corrections made for cross-compliance) is EUR 138.75 million for ABB04¹⁸⁸ while recoveries from Member States from beneficiaries amounted to EUR 101.53 million.

¹⁸⁸ See sub-section 2.1.1.3.1 of the main body of the report on "corrective capacity".

Part 3.4: Root causes of the error rates in the CAP – what is DG AGRI doing about it?

Communication on the root causes of errors

Since 2017, when the Commission Communication to the Council and the European Parliament on the root causes of errors and actions taken (COM (2017) 124 final) was published, the error rate level for EAGF has been further decreasing. As regards the EAFRD, the error rate is decreasing and is consistently below 3% since 2019.

The Communication explained the main root causes of errors under the EAGF and EAFRD, acknowledging the relatively low level and stability of the former and the decreasing although still high level of the latter.

Simplification and other Commission initiatives

In the last six years several legal simplification initiatives have been proposed by DG AGRI, affecting a number of implementing and delegated acts. Thanks to these amendments, the management and control system was simplified and new possibilities were introduced, such as the "yellow card" system for penalties, possibility to do "Checks by Monitoring" and the simplification of controls for financial instruments.

Also in 2021, DG AGRI continued applying the adapted working methods put in place to respond to the **COVID-19 restrictions** in 2020 and actively responded to the impact of the COVID-19 pandemic on the CAP assurance through a series of measures described in section 2.1 of this Annual Activity Report. Considering the prolongation of the exceptional administrative difficulties encountered due to the continuation of the COVID-19 pandemic in 2021 in the EU, the Commission proposed continued application of the amended rules and alternative methods for Member States to carry out their controls by adopting the relevant Regulations¹⁸⁹¹⁹⁰.

Conferences, workshops and networking

In 2022, DG AGRI participated in two conferences with the Heads of the Paying Agencies chaired, respectively, by French and the Czech Presidencies. The conference organised annually in Brussels by DG AGRI took place on 28 November 2022. These conferences allow for the sharing of good practices in the implementation of the CAP and inform about strategic issues as regards assurance and audit. The Brussels conference also included presentations and discussions on the new CAP that entered into force on 1 January 2023.

¹⁸⁹ Commission Implementing Regulation (EU) 2021/725 of 4 May 2021.

¹⁹⁰ Possibility to replace physical inspections and on-the-spot checks under Direct Payments, Rural Development and markets support measures with alternative control evidence, such as geo-tagged photos, satellite images, documents, video meetings, etc.

Meetings are also regularly organised with representatives of the Learning Network of the Paying Agencies, in which strategic issues and implementation challenges, including the main challenges of the new CAP (in particular, the draft guidelines on Certification Bodies and the ARACHNE data-mining tool), the implementation of the area monitoring system (AMS) and the anti-fraud and conflict of interests issues, are discussed. In 2022, the Learning Network has created a working group on anti-fraud and conflict of interest issues and has held a conference in Sofia (organised by the Bulgarian Paying Agency). Following its decision of December 2021, the network has increased the number of delegations attending the Plenaries and improved the discussions with an active participation and involvements of the delegations at the Plenaries (also via the organisation of working groups), and so on.

Furthermore, since 2013 annual seminars on error rate in Rural Development have been organised, of which the latest took place in 2020. The seminars aim at presenting the lessons learnt from the audit work, sharing good practices in Member States' experience with the implementation of the programmes and provide guidance on various aspects of the policy. These seminars are organised jointly in the framework of the Rural Development Committee and the Agricultural Funds Committee in order to ensure the involvement of both Managing Authorities and Paying Agencies. The "geographical desks" (DG AGRI's units responsible for the Member States' Rural Development Programmes) ensured regular monitoring of the remedial action plans and carried out follow-up activities in annual and ad-hoc meetings with Member States, monitoring committees and, if relevant, in the context of programme amendments.

The European Network for Rural Development (ENRD) - which has been replaced by the EU CAP Network as of 6 October 2022 - also had a role in disseminating good practices and guidance related to improving RDP implementation, including the reduction of errors. In 2022, ENRD-supported events continued to focus on drawing lessons from the current programming period and supporting Member States' representatives, including Managing Authorities and Paying Agencies, in the preparation of the future CAP strategic plans and the shift to the new performance-based delivery model. They covered topics such as: implementing the CAP Green Architecture, Strengthening the position of farmers in the organic food supply chain, Advancing gender equality in rural areas, Best Practices and Sustainability Agreements in the agri-food supply chain, Landscape Features and Biodiversity, Carbon Farming, Rural Revitalisation and Rural Proofing, Making the seven LEADER principles work in practice for all LAGs under the CAP Strategic Plans.

Finally, a number of expert group meetings took place in 2022, notably dedicated to modernisation and simplification of IACS for Member States, in particular supporting them in preparation for the new Area Monitoring System, compulsory as of 2023.

Action plans

As from 2015, DG AGRI has continuously improved the system of action plans reporting by Member States concerned by, including a reinforcing focus on audit findings as well as

improving indicators and milestones for monitoring purposes. The request for action plans is normally triggered by serious deficiencies identified in the framework of conformity procedures. Once approved, the action plans are expected to address the identified deficiencies by describing, for each of them, the corrective actions to be taken and the established benchmarks and timetable for implementing their actions.

For Direct payments and market measures, DG AGRI monitors the implementation progress of each established action plan based on the progress reports that are sent regularly (at least every 3 months) by the Member States and reacts in case of inconsistencies or delays in the implementation of the necessary remedial measures.

For Rural Development, action plans are normally requested when there are serious deficiencies: 1) in the management and control system or 2) in the implementation of the RDPs identified by audit findings and which cannot or should not be resolved by a modification of the programmes. The concerned Member States are asked to report on the progress of their established action plans on a regular basis, normally twice a year, in September and in January; however, the frequency may be adapted depending on the gravity of the audit findings and urgency of the actions to be taken.

The regulatory quality assessment (QA) which Member States must carry out of their LPIS is actively followed-up by DG AGRI to ensure that Member States take the remedial actions required to meet the quality standards that are considered appropriate, in view of the fundamental role played by the LPIS in ensuring correct claims and payments. With the help of the JRC, DG AGRI carries out a number of LPIS QA advisory missions or dedicated bilateral meetings, organised every year to support Member States with their quality assessments.

As regards market support measures within the CMO Regulation: (1) sectoral support programmes and (2) the EU school scheme, DG AGRI, based on major audit findings, also requests Member States to set up remedial action plans and to report on their progress.

Part 4: Conformity Clearance Procedure and Net Financial Corrections

4.1 Definition of "Clearance"

While it is the Member States which have the responsibility for managing and controlling the various aid schemes provided for by the CAP legislation, there must be a mechanism in place which enables the Commission to ensure that they carry out their work properly and, if they fail to do so, draw the necessary financial consequences. This mechanism consists of the clearance procedures operated by the Commission, which include an annual financial clearance of the accounts of each Paying Agency and a multi-annual conformity clearance covering the conformity of the expenditure with EU rules, and as regards the EAFRD in conformity with the applicable EU and national rules.

The legal basis for the Clearance of Accounts procedures in place is provided by Regulation (EU) No 1306/2013¹⁹¹, Commission Delegated Regulation (EU) No 907/2014¹⁹² and Commission Implementing Regulation (EU) No 908/2014¹⁹³.

4.1.1 Financial clearance of accounts – Completeness, accuracy and veracity of the annual accounts

The financial clearance is based on an examination by the Certification Body, an audit body which is independent from the Paying Agency. This body draws up a certificate stating whether it has reasonable assurance that the accounts of the Paying Agency are true, complete and accurate, that the internal control procedures have operated satisfactorily and whether the expenditure for which reimbursement has been requested from the Commission have been in conformity with the applicable rules (see above Part 2). They also give an opinion on the Management Declaration signed by the head of the Paying Agency, i.e. stating whether the examination puts in doubt the assertions made in the Management Declaration.

The financial clearance covers the annual accounts of each Paying Agency and the control systems set up by these. Within this framework, particular attention is paid to the Certification Bodies' conclusions and recommendations (where weaknesses are found), following their reviews of the Paying Agencies' management and control systems. This review also covers aspects relating to the accreditation criteria for the Paying Agencies. Commission's audits under the annual financial clearance procedure may lead to opening a conformity clearance procedure when errors are found in the annual accounts, in the

¹⁹¹ Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy (OJ L 347 of 20.12.2013).

¹⁹² Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 with regard to Paying Agencies and other bodies, financial management, clearance of accounts, securities and use of euro (OJ L 255 of 28.08.2014).

¹⁹³ Commission Implementing Regulation (EU) No 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 with regard to Paying Agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency (OJ L 255 of 28.08.2014).

legality and regularity of expenditure and/or findings from certification/accreditation missions require that a financial correction is proposed.

The Commission adopts an annual clearance of accounts decision per Fund¹⁹⁴, by which it conveys that it accepts the Paying Agencies annual accounts on the basis of the certificates and reports from the Certification Bodies, but without prejudicing any subsequent decisions to recover expenditure which proves not to have been effected in conformity with the applicable rules (this is reserved for the conformity clearance). The Commission must adopt these decisions by 31 May of the year following the financial year in question (for agricultural expenditure a financial year starts on 16 October of one year and ends on 15 October of the next year).

4.1.2 Conformity clearance – checking the system

In contrast to the financial clearance, the conformity clearance is designed to exclude expenditure from EU financing which has not been paid in conformity with EU rules, thus shielding the EU budget from expenditure that should not be charged to it. These "net financial corrections" are recovered from the Member States. The conformity clearance is, therefore, not a mechanism by which irregular payments are recovered from the final beneficiaries, which according to the principle of shared management is the sole responsibility of the Member States.

However, net financial corrections are a strong incentive for the Member States to improve their management and control systems and thus to prevent or detect and recover irregular payments to final beneficiaries. The conformity clearance thereby contributes to the legality and regularity of the transactions at the level of the final beneficiaries.

Financial corrections

Financial corrections relate to expenditure which as regards the EAGF has not been spent by the Member States in conformity with EU rules or as regards the EAFRD has not been spent in conformity with the applicable EU and national rules, and which are therefore recovered to the EU budget. Please note that financial corrections cannot be qualified as "penalties" or "fines". A penalty or fine implies a sanction over and above the undue expenditure, which is not the case for DG AGRI's financial corrections.

Explanatory Box: Annex 7 - 4.1.2-1

While the financial clearance is an annual exercise, conformity clearance does not follow an annual cycle. It covers expenditure incurred in more than one financial year, with the exception of expenditure made more than 24 months before the Commission officially notifies the Member State of its audit findings.

¹⁹⁴ Separate decisions are adopted for the accounts of the 27 Member States and that of the Paying Agencies in the United Kingdom.

The Commission’s Directorate General for Agriculture and Rural Development carries out around 160 audits, half of which include on-the-spot missions¹⁹⁵ to the Paying Agencies and/or Certification Bodies in the Member States. The Paying Agencies and Certification Bodies to be visited are selected on the basis of a detailed risk analysis, and the audit work normally concentrates on the work of the Certification Bodies on legality and regularity and the functioning of the Paying Agencies’ management and control systems

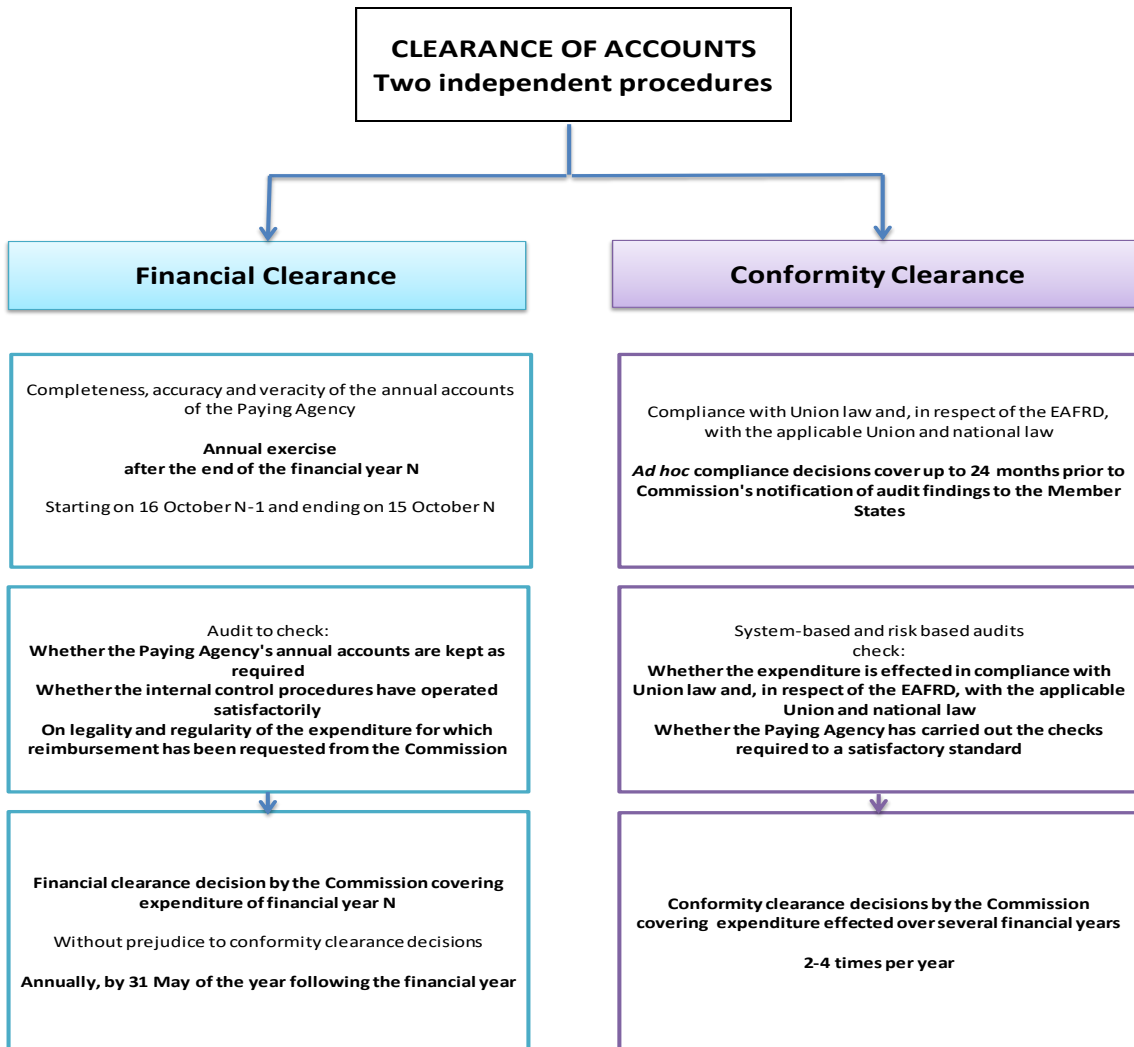


Diagram: Annex 7-4.1.2-2

4.1.3 Conformity procedure in practice

If an audit (including DG AGRI audits, Certification Body audits and occasionally ECA audits) reveals deficiencies in the functioning of the national systems, the Commission initiates a conformity clearance procedure with a view to determining whether to impose a net

¹⁹⁵ A small part of the audits in 2022 were still carried out as remote audits.

financial correction on the Member State in question and, if so, what the amount of that correction that needs to be excluded from Union financing should be. Such a procedure comprises the following steps (see diagram Annex 7 – 4.4):

- **The Commission officially notifies the Member State of the audit findings** and indicates the corrective measures, which the Member State should take to remedy the deficiencies found. The Member State then has two months to reply to the Commission's findings.
- **The Commission arranges a bilateral meeting with the Member State** where both parties shall endeavour to reach an agreement on the corrective measures to be taken as well as on the gravity of the infringement and the financial damage caused to the EU budget. The Member State has fifteen working days after having received the minutes of the meeting to react and 2 months to provide further.
- **The Commission formally communicates its conclusions to the Member State**, including the financial correction, which it envisages to impose on the Member State.
- Within 30 working days following receipt of these conclusions, **the Member State may submit the case for conciliation** to the "Conciliation Body"(see Explanatory Box below). The Conciliation Body has four months to try to reconcile the positions of the Commission and the Member State and, at the end of this period, to draw up a report on the results of its efforts and any recommendations it may wish to make to the parties.
- After having examined the Conciliation Body's report, **the Commission notifies the Member State of its final conclusions.**

What is the role of the Conciliation Body?

The conciliation procedure was set up in order to reconcile the divergent positions of the Commission and the Member State, occurring during the conformity clearance procedure.

The Conciliation Body is composed of five members, who are highly qualified in matters regarding the financing of the CAP or in the practice of financial audit and originate from different Member States. The chairman and the four other members are nominated by the Commission, after having consulted the Committee on the Agricultural Funds. They are appointed for three years (renewable for a year at a time only). The secretariat of the Body is provided by the Commission.

Only reasoned requests from the Member States are accepted by the Conciliation Body. A request for conciliation is only admissible when the correction proposed by the Commission services either exceeds EUR 1 million or accounts for more than 25% of the Member State's total annual expenditure under the budget headings concerned or, if these thresholds are not reached, if the request concerns a matter of principle relating to the application of EU rules.

The Conciliation Body has four months to reconcile the positions of the Commission and the Member State. At the end of its work – which takes place as informal and rapid as possible – the results are to be reported to the Member State concerned, to the Commission and to the other Member States through the Committee on the Agricultural Funds.

The Conciliation Body is completely independent; it carries out its duties neither seeking nor accepting any instructions from Member States or other body.

Explanatory Box: Annex 7 - 4.1.3-1

Once this procedure has been completed, any resulting financial correction is included in a formal decision adopted by the Commission (referred to as *ad-hoc* decision) after having consulted the Member States through the Committee on the Agricultural Funds. Such a conformity decision can then be challenged by the Member States before the Court of Justice of the European Union.

Throughout the procedure Member States have the right to a fair contradictory procedure. Also because Member States have the right (which they regularly exercise) to challenge the conformity decisions in the Court of Justice of the European Union, the Commission is very vigilant that it fully respects the Member States' rights under the conformity procedure. Failure to do so would expose the EU budget to the risk that financial corrections would have to be reimbursed to the Member States.

4.1.4 Shortening of the conformity clearance procedure

Carrying out a contradictory procedure is legally indispensable before making financial corrections. Prior to implementing any net financial correction, the Commission must therefore offer the Member States the opportunity to provide evidence and arguments that may contradict its initial findings. The CAP Horizontal Regulation, Regulation (EU) No 1306/2013, provides that "*Member States shall be given the opportunity to demonstrate that the actual extent of the non-compliance is less than the Commission's assessment*". The principle of a contradictory process between the auditor and the auditee is also an essential element of audit quality standards.

In addition to the contradictory procedure, Article 52(3) of the CAP Horizontal Regulation provides for a "procedure aimed at reconciling each party's position" if an agreement is not reached at the end of the contradictory procedure. The duration of the conciliation as such is limited to four months. But the whole process from the request of the Member State concerned to the final result of the analysis by the Commission of the recommendations of the Conciliation Body takes at least six months¹⁹⁶.

The Commission has streamlined the procedure to the extent possible. Firstly, the CAP Horizontal Regulation describes precisely the nature, scope and sequence of the successive steps, as well as the different types of financial corrections. Secondly, the legal provisions

¹⁹⁶ It can take even longer if the whole case has to be re-examined.

of the Delegated Act (method and criteria for calculating the financial correction) and Implementing Act (details of the conformity procedure, with deadlines for each step of the procedure) are intended to further streamline the legal framework and limit the risk of unnecessary delays. Thirdly, on that stronger basis, DG AGRI intensified its monitoring of the progress of the conformity procedures to ensure a strict respect of the deadlines.

The following diagram describes the successive steps of a conformity clearance procedure leading to a net financial correction carried out under the Implementing Regulation (Article 34 of Commission Implementing Regulation (EU) No 908/2014).

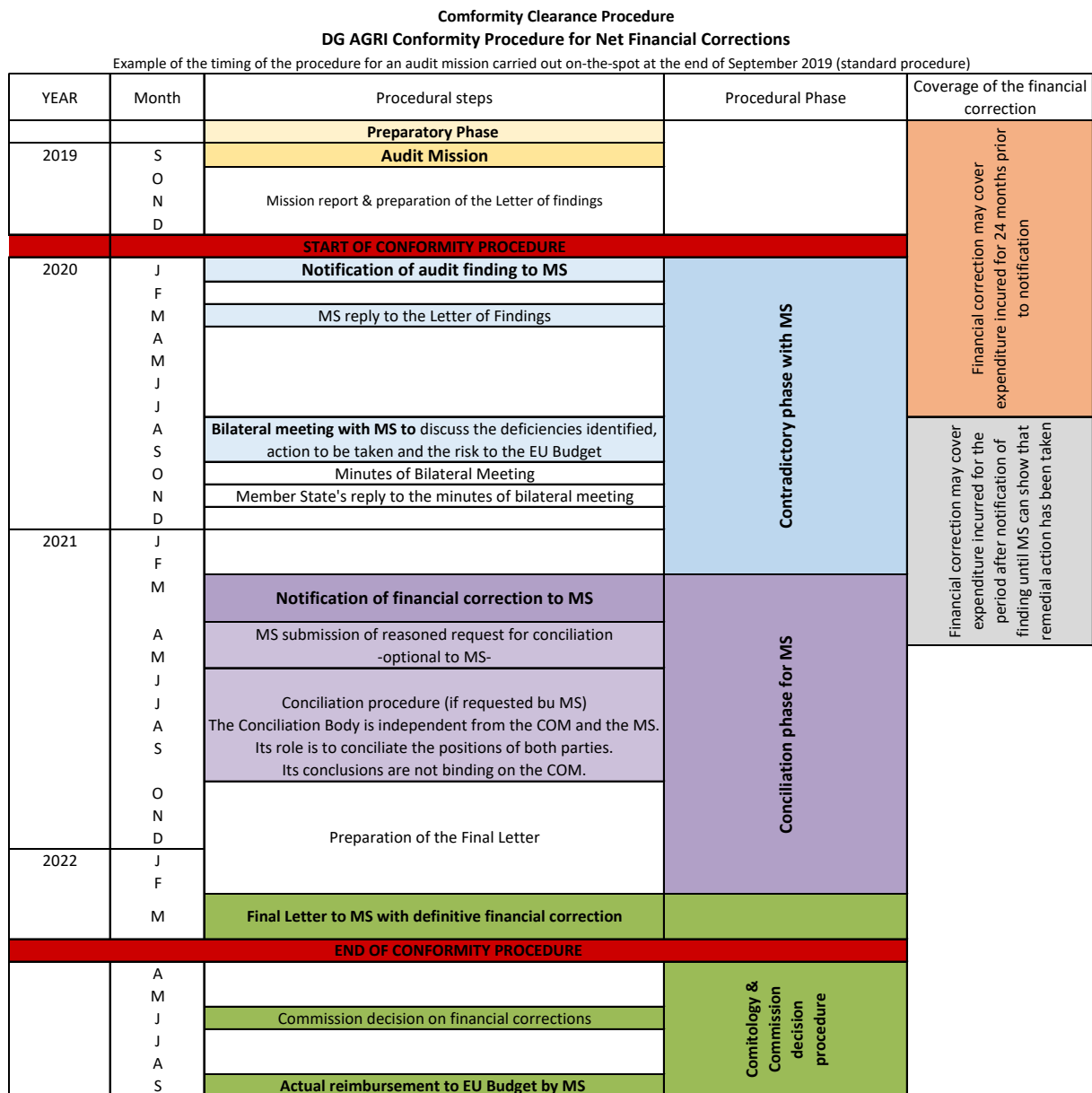


Diagram: Annex 7 – 4.1.4-1

4.2 Net financial corrections and corrective capacity

4.2.1 Calculation of net financial corrections

Financial corrections are determined on the basis of the nature and gravity of the infringement and the financial damage caused to the EU budget. Where possible, the amount is **calculated on the basis of the loss actually caused** (Article 12(2) of Commission Delegated Regulation (EU) No 907/2014) **or** on the **basis of an extrapolation** (Article 12(3) of Commission Delegated Regulation (EU) No 907/2014).

Where this is not possible, **flat-rates** (Article 12(6) of Commission Delegated Regulation (EU) No 907/2014) are used which take account of the severity of the deficiencies in the national management and control systems in order to reflect the financial risk for the EU budget. In order to ensure equal treatment of all cases of this kind, the Commission has adopted guidelines¹⁹⁷, which provide for standard correction rates of 2%, 3%, 5%, 7%, 10% or 25% of the expenditure at risk, depending on whether the deficiencies concern key or ancillary control requirements, which are determined for each aid schemes.

What are key and ancillary controls?

- **Key controls** are the administrative and on-the-spot checks necessary to determine the eligibility of the aid and the relevant application of reductions and penalties. It concerns those physical and administrative checks required to verify substantive elements, in particular the existence of the subject of the claim, identification of duplicate claims for the same subject, the quantity, the qualitative conditions including the respect of time limits, harvesting requirements, retention periods, etc. in order to ensure the accurate calculation of the amount due to the beneficiary. They are performed on-the-spot, and by administrative cross-checks with independent data (such as a land parcel identification system).

- **Ancillary controls** involve all other administrative operations required to correctly process claims, such as a risk analysis and appropriate supervision of the procedures.

When assessing the internal control systems in the Paying Agencies - administrative and on-the-spot checks (OTSC) for a given population, the Certification Body's assessment should be based on the key and ancillary controls. The Certification Bodies are also using the key and ancillary controls when they assess the legality and regularity of the expenditure (under their compliance and substantive testing).

Explanatory Box: Annex 7 - 4.2.1-1

¹⁹⁷ Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures C(2015) 3675 final.

On this basis, the guidelines provide that:

- When a Member State has adequately performed the key controls, but completely failed to operate one or two ancillary controls then a correction of 2% is justified in view of the lower risk of financial damage to the Union's budget, and in view of the lesser gravity of the infringement;
- When one or two key controls are not applied, in the number, frequency, or depth required by the regulations, then a correction of 5% is justified, as it can reasonably be concluded they do not provide sufficient level of assurance of the regularity of claims, and that the risk to the Funds was significant;
- When one or more key controls are not applied or applied so poorly or so infrequently that they are completely ineffective in determining the eligibility of the claim or preventing irregularities, then a correction of 10% is justified, as it can reasonably be concluded that there was a high risk of wide-spread financial damage to the Union's budget;
- When three or more deficiencies are detected with respect to the same control system, a financial correction of 3% is justified if the deficiencies concern only ancillary controls, which have completely failed;
- When three or more deficiencies are detected with respect to the same control system, a financial correction of 7% is justified if these deficiencies include maximum two key controls not being carried out in the number, frequency, or depth required by the Regulations;
- When a Member State's application of a control system is found to be absent or gravely deficient, and there is evidence of wide-spread irregularity and negligence in countering irregular or fraudulent practices", then a correction of 25% is justified as it can reasonably be assumed that the freedom to submit irregular claims with impunity will occasion exceptionally high financial damages to the Union's budget.

The rate of correction may be fixed at an even higher rate to exclude all expenditure when weaknesses are so serious that they constitute a complete failure to comply with EU rules.

Is the amount executed in a given year the same as the amount adopted in the same year?

For EAGF, financial corrections are executed by deducting the amounts concerned from the monthly payments made by the Commission in the second month following the Commission decision on a financial correction to the Member State concerned. For EAFRD, the financial corrections are executed through a recovery order requesting the Member State concerned to reimburse these amounts to the EU budget, mostly executed by set-off in the reimbursement in the following quarter. It therefore occurs that decisions adopted at the end of year N are only executed at the beginning of year N+1.

Furthermore, the execution of the decision may be delayed due to instalment and deferral decisions.

This is particularly the case since 2010 when, due to the financial and economic crisis, Member States requested more frequently the benefit of an existing provision in the legislation allowing reimbursement of financial corrections via annual instalments (rather than a one-off payment): if the amount to be reimbursed by the Member State is more than 0.01% of its GDP, it may request that the deductions are made in annual instalments (maximum 3) instead of all at once. **In 2022, instalment decisions have been adopted in respect of EUR 230.712 million of financial corrections** (see Annex 7 – 4.2.3-1 for details).

In order to ensure comparability with previous years, DG AGRI continues to use the **executed amounts**, and not those decided, in the calculation of the corrective capacity as the executed amounts are those best reflecting the actual protection of the EU budget.

4.2.2 Instalments and Deferrals

Net financial corrections do put a real strain on the national budgets of Member States. Therefore, an option was introduced according to which corrections of a certain volume can be executed in three **annual instalments** on request of the Member State concerned.

The following table, Annex 7 - 4.2.3-1, sets out the financial impact of the instalment decisions applicable in 2022, showing when they were adopted and when the various instalments are actually reimbursed by the Member States.

Corrections adopted for which payment was postponed via instalments decision (in million EUR)

			Year of reimbursement					
Ad hoc decision	Year of adoption	Amount in instalments	2020	2021	2022	2023	2024	2025
63	2020	71.314	23.771	23.771	23.771			
64	2020	82.035		27.345	27.345	27.345		
65	2021	7.657		2.552	2.552	2.552		
67	2021	223.056			74.352	74.352	74.352	
69	2022	137.020			45.673	45.673	45.673	
70	2022	74.111				24.704	24.704	24.704
Total		595.193	23.771	53.668	173.693	174.626	144.729	24.704

Table: Annex 7 – 4.2.2.-1

4.2.3 Amounts of financial corrections decided each year

Sub-section 2.1.1.3 of the main body of this report provides further information on of the net financial corrections and how they protect the EU budget. Three pairs of conformity clearance decisions were adopted by the Commission in 2022:

Financial corrections decided in 2022 (and net amount ¹⁹⁸)					
million EUR					
Commission Conformity Decisions		EAGF	EAFRD	TRDI	Total
ad hoc 68	EU 2022/222	55.921 (55.291)	12.637 (12.636)		68.558 (67.927)
ad hoc 68 UK	EU 2022/221	0.001 (0.001)	0.154 (0.154)		0.154 (0.154)
ad hoc 69	EU 2022/908	166.88 (166.436)	89.962 (84.768)		256.842 (251.204)
ad hoc 69 UK	EU 2022/909	1.546 (1.546)	0.167 (0.167)		1.713 (1.713)
ad hoc 70	EU 2022/2261	216.51 (215.543)	56.835 (55.189)	0.006 (0.006)	273.351 (270.737)
ad hoc 70 UK	EU 2022/2262	8.538 (8.334)	8.5 (8.5)		17.038 (16.834)
Total		449.396 (447.151)	168.253 (161.412)	0.006 (0.006)	617.655 (608.569)

Table: Annex 7 – 4.2.3-1

Impact of net financial corrections on Member States

In all Member States the national and regional authorities responsible for implementing the CAP are directly affected by EU net financial corrections. Such corrections which relate to expenditure made by Member States in previous budget years lead to a reduction of EU financing in the current budget year. This requires Member States in many cases to find the financial means necessary to fill the gap by making budget transfers or amending budgets.

Explanatory Box: Annex 7 - 4.2.3-2

Apart from the financial corrections in favour of the EU budget, the conformity decisions contain reimbursements to Member States, following judgements of the European Court of Justice - partially or fully in their favour.

In 2022, EUR 149.350 million was reimbursed in the ad hoc decisions listed above (the financial impact of the reimbursements is already reflected in the total corrections).

Reimbursements following judgements of the European Court of Justice in 2022				
million EUR				
Case number	Commission Conformity Decisions		Member State	Reimbursed amount
T-265/19	ad hoc 68	EU 2022/222	IT	0.305
C-742/18P	ad hoc 69	EU 2022/908	CZ	0.706
T-10/20	ad hoc 69	EU 2022/908	IT	144.005
T-57/21	ad hoc 70	EU 2022/2261	HU	4.334
Total				149.350

Table: Annex 7 – 4.2.3-3

¹⁹⁸ The net amount is after taking account of other financial corrections on the same expenditure.

4.2.4 Mechanisms for net financial corrections

4.2.4.1 Focus on more risky expenditure

DG AGRI audit activities are driven by risk analysis, i.e. more audits focus on Member States, measures and programmes affected by higher risks. In line with its audit strategy, DG AGRI developed a rolling three-year audit programme (see explanatory box 1-1 Annex 7 - Part 1)). The risk assessment for this multi-annual plan was complemented by risk mapping (see Part 1 of this Annex) and has been carried out mid-year in order to exploit the opinions of the Certification Bodies (which are available in March) and to take into account any follow up work resulting from the AAR (in particular action plans which have to be followed up with the Member States). This approach ensures sufficient audit coverage of the overall expenditure while taking into account DG AGRI's audit capacity. Where the risk is considered to be high, the Paying Agency concerned will continue to be subject to intense audit supervision by DG AGRI in order to ensure that remedial actions are undertaken in line with an agreed schedule of work.

4.2.4.2 The Commission's legal obligation to correct

Any identified risk to the EU budget systematically triggers a net financial correction. The Commission has no discretion to not correct as it is legally bound to exclude any identified illegal expenditure from EU financing. For both EAGF and EAFRD financial corrections for audit enquiries launched up from 2015 onwards are governed by the legislation referred to in section 4.1 above.

This legislation frames the procedure even more tightly with the method and the criteria for fixing the amount of financial corrections set out in the delegated act. In the case of flat-rate corrections, it is specified how the severity of deficiency shall be assessed, taking into account its nature (key or ancillary control) but also its recurrence (repetition from a previous year without improvement) and the accumulation with other deficiencies (the risk of errors is likely to be higher when there are several deficiencies). The Commission guidelines¹⁹⁹ on how it determines financial corrections fully reflect these provisions. The implementing act sets out mandatory legal deadlines for both Member State and Commission for the various steps of the conformity clearance procedure.

4.2.4.3 Less recourse to flat-rate corrections

Both the Financial Regulation and the CAP Horizontal Regulation provide for a ranking of types of financial corrections where flat-rate corrections may only be used if calculated or extrapolated corrections cannot be established with proportionate efforts.

¹⁹⁹ Guidelines on the calculation of the financial corrections in the framework of the conformity and financial clearance of accounts procedures C(2015) 3675 final.

4.2.5 DG AGRI estimated future corrections for the corrective capacity based on financial corrections executed 2018-2022

As explained in part 2.1, the corrective capacity represents the Commission's capacity to prevent errors before payments are made as well as to correct errors after payment. In this context, recoveries and net financial corrections are effective mechanisms for correcting the errors made by the Member States and protecting the EU budget and should be considered in any comprehensive assessment of the overall control system.

Table Annex 7 – 4.2.5-1 below sets out the net financial corrections executed (except cross-compliance, reimbursements following court judgments, individual corrections for market measures ABB02 that are no longer relevant, late payments and overshooting of ceilings) reimbursed to the EU budget for ABB02, ABB03 and ABB04 over the past five years.

DG AGRI corrective capacity from financial corrections executed 2018-2022				
net financial corrections, million EUR				
	ABB02	ABB03	ABB04	Total
2018	48.139	548.407	139.456	736.002
2019	51.822	506.832	170.883	729.537
2020	30.052	178.095	147.640	355.787
2021	33.147	448.828	99.310	581.285
2022	30.264	447.787	136.451	614.502
Total	193.424	2 129.949	693.740	3 017.113
5-year average	38.685	425.990	138.748	603.423

Table: Annex 7 – 4.2.5-1

As mentioned in the main body of the report (under sub-section 2.1.1.3.1), DG AGRI uses a historical average of the net financial corrections **executed** (not decided) for calculating its estimated future corrections for the corrective capacity. In 2022, DG AGRI used five year average for all ABBs, because the distorting factors that had to be excluded earlier by using different timeframes on different ABBs were phased out.

As in previous years, DG AGRI carefully reviewed the individual corrections for market measures ABB02 in order to exclude factors from the past years that would no longer be relevant for current measures. It results in the best but conservative estimate of the expected corrective capacity average to be applied to the reporting year's relevant expenditure, so as to get the related estimated future corrections. The corrections excluded refer exclusively to ABB02 (market measures) and are those concerning aid schemes which no longer exist, notably, export refunds, food for the most deprived, sugar restructuring and historic wine plantation right.

Thus, as the resulting estimated future corrections for the corrective capacity are based on executed amounts and exclude some financial corrections as explained, the resulting estimated amount of EUR 603.423 million is slightly lower than the net decided financial corrections adopted in 2022 of EUR 608.569 million.

As in previous years, in its calculation of corrective capacity for net financial corrections, DG AGRI excludes corrections in respect of cross-compliance infringements as these are not

considered to be “errors” as regards eligibility and therefore are not included in the estimates of the error rates. These amounts are, however significant, and are therefore disclosed separately in the table below:

Cross-compliance corrections executed in 2022 and 5-year average				
million EUR				
	ABB02	ABB03	ABB04	Total
2022	0.106	53.010	7.009	60.125
5-year average	0.150	38.318	5.589	44.057

Table: Annex 7 – 4.2.5-2

Part 5: Debt management by the Member States

5.1 Legal Framework

Regulation (EU) No 1306/2013 on the financing of the CAP requires the Member States to recover sums lost as a result of irregular payments detected. However, the recovery procedures, in accordance with the principle of subsidiarity, are the full responsibility of the Member States concerned and, thus, subject to their individual administrative and judicial procedures. Therefore, while some procedures deliver rapid results, others take more time.

In order to address delays by some Member States in recovering undue payments, the legislator introduced an automatic clearing mechanism under which 50% of any undue payments which the Member States have not recovered from the beneficiaries within 4 years or, in the case of legal proceedings, 8 years, would be charged to their national budgets (50/50 rule).

Even after the application of this mechanism, Member States are still obliged to pursue their recovery procedures and, if they fail to do so with the necessary diligence, the Commission may decide to charge the entire outstanding amounts to the Member States concerned. Moreover, pursuant to Article 28 of Regulation (EU) No 908/2014, Member States are required to off-set any outstanding debts against future payments to the debtor (compulsory compensation).

From financial year 2014, the 50/50 rule is applied to EAFRD in the financial year when it occurs and not at the closure of the programme. Consequently, the Member States are required to indicate amounts to be charged under the 50/50 rule also for EAFRD 2007-2013 as well as for EAFRD 2014-2022 programmes²⁰⁰.

Undue payments that are the result of administrative errors committed by the national authorities also have to be deducted from the annual accounts of the Paying Agencies concerned and, thus, excluded from EU financing.

²⁰⁰ Article 54(2) of Regulation (EU) No 1306/2013.

5.2 Amounts recovered by the Member States in financial year 2022 for the EAGF

Table Annex 7 – 5.2-1 below sets out the amounts recovered in 2022 from the beneficiaries by the Member States as reported in their debtors' ledger for the EAGF²⁰¹.

MS	EAGF recoveries	EAGF recoveries cross-compliance	EAGF recoveries Total
AT	375 617	482 419	858 036
BE	662 142	2 760 411	3 422 554
BG	436 184	6 372 008	6 808 192
CY	0	98 167	98 167
CZ	517 033	2 801 650	3 318 683
DE	7 884 383	5 716 852	13 601 235
DK	348 875	422 439	771 314
EE	26 960	215 753	242 714
ES	12 630 456	7 054 789	19 685 245
FI	704 868	493 194	1 198 062
FR	8 003 055	12 145 528	20 148 583
GB	673 558	106 368	779 926
GR	7 511 010	4 000 523	11 511 533
HR	918 857	711 835	1 630 693
HU	821 386	1 467 023	2 288 409
IE	8 375 051	3 642 299	12 017 349
IT	10 873 447	31 523 740	42 397 187
LT	1 262 707	2 081 048	3 343 755
LU	19 489	60 318	79 808
LV	341 723	603 928	945 652
MT	31 387	43 149	74 537
NL	503 032	2 739 647	3 242 679
PL	4 736 359	1 327 907	6 064 267
PT	2 135 588	1 711 270	3 846 858
RO	7 022 945	10 926 569	17 949 514
SE	475 847	1 829 981	2 305 828
SI	73 349	151 720	225 069
SK	871 934	1 364 721	2 236 655
Total	78 237 244	102 855 256	181 092 499

Table: Annex 7 – 5.2-1

For the purpose of calculating estimated future corrections, including recoveries for the purposes of the corrective capacity (see Table Annex 7 – 5.2-2 below and sub-section 2.1.1.3 of the main body of the report), amounts recovered from the beneficiaries by the Member States and reimbursed to the Commission as assigned revenue (67 02) for the EAGF in 2022 are taken into account. These amounts slightly differ from the debtors' ledgers as reported by the Member State as it accounts for recovered amounts subject to

²⁰¹ Since the entry into force of the Commission Implementing Regulation (EU) No 908/2014 laying down rules for the application of Regulation (EU) No 1306/2013, Paying Agencies are required to record the budget code of the amounts recovered. However, this requirement is only applicable to new debt cases (as per Article 41(5) of Regulation (EU) No 907/2014). Consequently, since Paying Agencies are still presently reporting old debts cases, it is still not possible to provide a breakdown of recovered amounts at ABB level and this is why the corrective capacity is still reported at Fund level.

the retention of a 20% flat rate recovery cost, as well as recovered amounts of recovery cases that were subject to the 50/50 rule in the financial clearance of accounts for financial year 2022 and assigned revenue from (disjoined) financial clearance decisions of previous financial years.

The total amount recovered and reimbursed to the EU budget is EUR 131.79 million. This corresponds to the amount declared by DG AGRI in the consolidated accounts for 2022. Amounts recovered in respect of cross-compliance infringements (i.e. EUR 39.91 million) are indicated separately and deducted to show the amount of recoveries for 2022 which DG AGRI considers to be relevant for its corrective capacity, i.e. EUR 91.88 million for 2022.

MS	EAGF recoveries	EAGF recoveries cross-compliance	EAGF recoveries Total
AT	401 654	374 240	775 894
BE	622 748	1 709 279	2 332 027
BG	6 113 524	745 004	6 858 527
CY	54 343	53 255	107 598
CZ	577 373	1 844 267	2 421 640
DE	6 954 299	6 994 038	13 948 338
DK	272 497	517 415	789 912
EE	89 434	107 159	196 593
ES	12 516 580	3 507 156	16 023 735
FI	676 164	435 228	1 111 392
FR	11 259 348	4 553 806	15 813 154
GB	0	0	0
GR	9 554 560	857 422	10 411 982
HR	1 177 508	404 363	1 581 871
HU	2 149 824	369 297	2 519 121
IE	7 964 784	3 219 552	11 184 336
IT	12 365 553	2 882 235	15 247 788
LT	1 146 094	398 442	1 544 535
LU	19 489	139 830	159 319
LV	523 353	217 765	741 118
MT	32 462	31 401	63 862
NL	915 039	471 080	1 386 119
PL	5 129 046	1 209 227	6 338 272
PT	1 702 186	1 262 162	2 964 348
RO	7 958 163	4 736 569	12 694 732
SE	438 694	1 860 499	2 299 193
SI	91 474	127 982	219 456
SK	1 178 052	881 054	2 059 107
Total	91 884 244	39 909 727	131 793 971

Table: Annex 7 – 5.2-2

In addition, an amount of EUR 16.35 million was recovered by the Commission from the Member States from the so-called 50/50 for EAGF in 2022.

5.3 Amounts recovered by the Member States and the UK in financial year 2022 for the EAFRD

Table Annex 7 – 5.3-1 below sets out the amounts recovered in 2022 from the beneficiaries by the Member States and the UK as reported in their debtors' ledger for the EAFRD²⁰².

MS	EAFRD recoveries	EAFRD recoveries cross-compliance	EAFRD recoveries Total
AT	1 981 577	47 783	2 029 360
BE	463 932	223 925	687 857
BG	5 197 933	881 830	6 079 763
CY	47 598	68 272	115 870
CZ	1 229 789	832 508	2 062 297
DE	4 350 559	288 769	4 639 329
DK	1 027 104	15 874	1 042 978
EE	847 713	64 760	912 473
ES	7 137 817	284 262	7 422 079
FI	986 873	239 647	1 226 520
FR	10 168 632	970 894	11 139 526
GB	7 245 300	60 447	7 305 747
GR	5 810 680	1 393 314	7 203 994
HR	1 845 991	3 263 763	5 109 755
HU	3 286 159	3 925 083	7 211 242
IE	1 945 752	551 806	2 497 559
IT	8 162 741	16 567 265	24 730 006
LT	1 367 620	391 033	1 758 653
LU	11 856	92 362	104 218
LV	1 129 535	128 873	1 258 408
MT	924 020	42 147	966 168
NL	111 137	28 131	139 268
PL	12 558 325	1 495 184	14 053 509
PT	11 954 997	649 405	12 604 403
RO	21 487 573	4 497 293	25 984 866
SE	1 680 734	15 301	1 696 035
SI	308 590	119 714	428 304
SK	2 480 745	655 569	3 136 314
Total	115 751 282	37 795 217	153 546 499

Table: Annex 7 – 5.3-1

For the purpose of calculating the estimated future corrections, including recoveries for the purposes of the corrective capacity, (see sub-section 2.1.1.3 of the main body of the report), recovered amounts in respect of cross-compliance infringements are deducted. The resulting amount of recoveries for 2022 which DG AGRI considers relevant for its corrective capacity is EUR 115.75 million.

From the above table, the total amount of EAFRD recoveries in 2022 that could be reused by Member States within the same programme amounts to EUR 117.99 million.

²⁰² Including other penalties and sanctions.

In addition, an amount of EAFRD EUR 24.42 million was recovered by the Commission from the Member States from the so-called 50/50 in 2022.

5.4 Application of the 50/50 Rule

The financial consequences of non-recovery for cases dating from 2018 (4 year deadline for recovery) or 2014 (8 year deadline in case of legal proceedings) will be determined for 2021 in accordance with the 50/50 rule mentioned above by charging approximately EUR 60.1 million to the Member States concerned²⁰³. On the other hand, around EUR 49.2 million represents cases reported as fully irrecoverable during financial year 2022²⁰⁴. The final figures will be established in May 2023 when the financial clearance decision for financial year 2022 will be adopted. Due to the application of the 50/50 rule, important non-recovered sums have already been charged to the Member States for EAGF, EAFRD and TRDI expenditure.

The overall outstanding amount still to be recovered from the beneficiaries at the end of financial year 2022 was EUR 1 345 million for all the Funds. Of this amount, EUR 1 019.8 million is outstanding to the EU budget (the difference, EUR 324.8 million, having already been charged to the Member States via the 50/50 mechanism in previous years or amounts recovered and returned to the Funds).

The clearance mechanism (50/50 rule), referred to above, provides a strong incentive for Member States to recover undue payments from the beneficiaries as quickly as possible. Even after the application of the 50/50 rule, Member States are still obliged to pursue their recovery procedures in order to recover, in full, the unduly paid amount and to return this to the EU budget. As a result, by the end of financial year 2022, 58% of the new EAGF debts, registered as from 2007, had already been recovered (the recovery rate for FY2021 was 59 %). The detailed breakdown of this recovery rate has developed as follows:

²⁰³ Please note that these amounts relate to EAGF, EAFRD and TRDI.

²⁰⁴ For EAFRD, from financial year 2014 the Member States have to report as well the irrecoverable cases established during the financial year in question.

		Recovery rate															
		until end of 2007	until end of 2008	until end of 2009	until end of 2010	until end of 2011	until end of 2012	until end of 2013	until end of 2014	until end of 2015	until end of 2016	until end of 2017	until end of 2018	until end of 2019	until end of 2020	until end of 2021	until end of 2022
Year of discovery of the irregularity	2007	33%	47%	50%	54%	60%	60%	63%	64%	68%	71%	75%	75%	75%	75%	76%	76%
	2008	-	24%	39%	46%	48%	56%	58%	59%	66%	67%	94%	95%	96%	96%	96%	96%
	2009	-	-	24%	33%	42%	44%	46%	49%	52%	63%	84%	84%	85%	85%	86%	86%
	2010	-	-	-	29%	39%	44%	45%	47%	49%	53%	66%	66%	66%	66%	66%	86%
	2011	-	-	-	-	23%	35%	41%	45%	51%	53%	62%	62%	63%	64%	65%	89%
	2012	-	-	-	-	-	34%	61%	66%	69%	72%	73%	77%	78%	78%	79%	80%
	2013	-	-	-	-	-	-	23%	30%	36%	39%	41%	42%	46%	47%	64%	65%
	2014	-	-	-	-	-	-	-	14%	28%	32%	33%	34%	38%	39%	39%	47%
	2015	-	-	-	-	-	-	-	-	45%	61%	64%	67%	72%	73%	77%	81%
	2016	-	-	-	-	-	-	-	-	-	39%	38%	41%	45%	46%	47%	48%
	2017	-	-	-	-	-	-	-	-	-	-	21%	32%	35%	36%	38%	40%
	2018	-	-	-	-	-	-	-	-	-	-	-	50%	60%	66%	69%	70%
	2019	-	-	-	-	-	-	-	-	-	-	-	-	26%	35%	38%	43%
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-	37%	49%	54%
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27%	56%	
2022															-	39%	
2007-2022																	58%

Table: Annex 7 – 5.4-1

The recovery rates quoted in this table are based on the data communicated by the Paying Agencies in their annual accounts and only present a snapshot of the situation as at 15 October 2022 of the recovery rate of the Paying Agencies in relation to the unduly paid amounts for EAGF. This should not be confused with the financial exposure of the Fund since parts of these amounts have already been returned to the fund through the 50/50 mechanism. The recovery rate in the table above only gives an indication of the Paying Agencies' average recovery rate, over time, of the undue amounts from the beneficiaries. For most of the debt cases outstanding, national legal proceedings are on-going, the length of which varies between Member States and explains, to a large extent, the average speed of recovery. It is also noted that more recent years include new debts which have not yet been subject to the 50/50 mechanism.

Moreover, it should be noted that some of these debt amounts were already written off as unrecoverable by Member States in the period 2007-2022 (EUR 217.9 million) and therefore, in the vast majority of cases, they will not be recovered from the beneficiaries.

For more details on the recovery rates at Member State level, see table Annex 7–5.4-2 below.

Recoveries (EUR) from beneficiaries for cases detected since 2007 – EAGF

Member State	New cases since FY2007	Adjustments since FY2007	Recoveries since FY2007	Non-recoverable since FY2007	Recovery rate
AT	63.176.410,50	2.824.451,52	-60.944.090,08	-305.157,81	93%
BE	83.996.294,87	-17.731.220,59	-41.243.346,28	-11.575.245,28	75%
BG	7.663.294,07	934.896,31	-3.584.774,54	-266.496,00	43%
CY	3.080.436,25	-41.917,26	-2.470.906,86	-11.675,93	82%

CZ	7.353.995,98	2.102.713,41	-4.449.617,96	-10.131,56	47%
DE	127.910.710,93	-6.852.098,98	-101.779.027,32	-4.265.656,43	87%
DK	38.538.763,85	18.874.524,82	-30.661.350,41	-26.057.574,38	98%
EE	3.018.570,46	-1.018.846,97	-1.621.857,96	-142.403,53	87%
ES	360.996.603,57	-60.603.389,41	-216.472.294,20	-43.509.762,33	84%
FI	15.324.336,58	-71.395,16	-13.623.827,19	-280.231,47	91%
FR	484.595.795,94	-100.749.277,20	-158.420.520,42	-15.913.873,82	43%
GB	97.204.038,33	-11.355.358,61	-51.501.594,72	-943.848,00	61%
GR	185.208.080,30	-41.148.925,73	-50.597.580,09	-37.584,40	35%
HR	7.731.632,16	-561.845,50	-4.219.462,48	-11.913,89	59%
HU	122.436.484,50	-72.681.754,98	-21.901.250,24	-16.896.324,46	67%
IE	46.951.424,65	-3.300.331,18	-38.469.933,41	-677.970,41	90%
IT	433.581.986,49	-54.737.934,14	-212.206.640,48	-38.825.338,59	62%
LT	17.215.004,27	-3.277.939,63	-12.693.706,98	-151.960,50	92%
LU	1.281.092,53	-660.284,47	-468.589,31	-2.268,94	76%
LV	3.843.169,27	-26.232,79	-3.010.248,48	-97.209,33	81%
MT	1.593.135,93	277.692,58	-752.093,13	-31.423,77	41%
NL	81.743.660,20	4.430.873,45	-31.966.921,85	-41.421.667,64	71%
PL	880.377.100,82	-591.539.879,30	-50.168.725,71	-12.493.299,08	18%
PT	93.537.644,87	-22.950.838,91	-53.372.178,75	-2.903.966,73	79%
RO	140.451.866,80	-8.657.939,67	-46.274.270,49	-137.549,57	35%
SE	31.051.776,30	-5.845.151,84	-21.550.202,69	-183.688,49	86%
SI	19.647.283,51	-8.777.933,32	-9.639.030,74	-241.222,22	91%
SK	10.548.108,98	-1.043.552,29	-4.566.538,92	-474.169,15	51%
Total	3.370.058.702,91	-984.188.895,85	-1.248.630.581,68	217.869.613,73	58%

Table: Annex 7 – 5.4-2

The recovery rates quoted in this table are based on the data communicated by the Paying Agencies in their annual accounts. Similarly to the previous table, this table presents a snapshot of the situation of recoveries as at 15 October 2022.

5.5 DG AGRI Enquiries

Based on the annual accounts of financial year 2022, the global amount subject to debt management is approximately **EUR 1.35 billion**.

Based on the results of the audit work carried out by DG AGRI (desk audits and missions) as well as on the audit work of external audit bodies (Certification Bodies, European Court of Auditors, OLAF), the consolidated assessment of DG AGRI, at the end of 2022, as regards the effectiveness of irregularities and debt management and control systems (IDMCS) can be described as follows:

- the IDMCS implemented in the following Paying Agencies is partially effective and improvements are necessary: BG01, CZ01, DE03, DE17, DE21, ES01, ES03, ES07, FI01, FR19, GB06, GB07, GB09, HU02 IT01, IT10 IT27, NL04, PL01, PT03 and RO01.

In financial year 2022, remedial actions were put in place by Member State's authorities to address the deficiencies identified in the previous financial years in the debt management systems of the paying agencies BG01, CZ01 and DE17. Moreover, the accreditation of the Paying Agencies MT01 – ARPA and IT01 – AGEA was under probation²⁰⁵ in financial year 2022 and an accreditation action plan, drawn up by the Competent Authority, was implemented to address the deficiencies and weaknesses found in their debt management control system. As regards IT27 – ARGEA, under probation since 10 October 2022, the ongoing accreditation action plan also covers deficiencies found in the debt management control system.

DG AGRI is following up the adequacy and effectiveness of the accreditation and improvement plans put in place to address the deficiencies identified in the debt management control systems of the given paying agencies.. The financial impact of the deficiencies identified in the audit report for financial year 2022 are followed up under a conformity enquiry.

²⁰⁵ The accreditation of MT01 – ARPA was restored on 29.6.2022 and the accreditation of IT01-AGEA was restored on 30.9.2022.

Part 6: Cross-compliance

Cross-compliance is a mechanism by which farmers are penalised when they do not respect a series of rules which stem in general from policies other than the CAP and which apply to EU citizens independently of the CAP.

The respect of cross-compliance obligations does not constitute an eligibility criterion for CAP payments and therefore the checks of these requirements do not pertain to the legality and regularity of the underlying transactions. Penalties imposed for non-compliance with cross-compliance requirements are therefore not taken into account for the calculation of the error rates for the CAP.

The control statistics referred to below do not therefore correspond to errors in underlying transactions.

The results of the checks on cross-compliance are shown in table Annex 7 – 6-1 for claim year 2021 (financial year 2022). That table shows that on average 1.79% of all claimants were checked as regards their compliance with cross-compliance requirements in claim year 2021. Thereby the minimum control rate of 0.5% set by Regulation (EU) 2021/725 introducing derogations due to the COVID-19 pandemic for claim year 2021 (financial year 2022), was globally respected. Where those derogations reduced the minimum control rate for cross-compliance, the average control rate was not proportionally lower compared to the one in claim year 2019 (2.46%). The claim year 2021 rate of farmers checked on the spot and subsequently subject to a cross-compliance sanction was 24.98%.

According to the control statistics, total cross-compliance sanctions in respect of claim year 2021 amounted to EUR 46.2 million. Sanctions following regulatory on-the-spot checks amounted to EUR 29.7 million in total.

A further analysis allows identifying the sanctions applied in case of negligence of the farmer, i.e. excluding the sanctions for repetition and intentional non-compliance. Those sanctions amount to EUR 25 million (2.74% of the aid covered by on-the-spot checks). Additional EUR 25.8 million of sanctions was applied following repetition and intentional non-compliance.

Member State	Population	Subject to on-the-spot checks		Results of on-the-spot checks	
	Total number of beneficiaries	Number of beneficiaries	As share of total number of beneficiaries	Beneficiaries sanctioned for non-compliances	As share of total number of on-the-spot-checks
	number	number	%	Number	%
	A	B	C=B/A	D	E=D/B
AT	102.752	1.681	1,64%	244	14,52%
BE	35.058	4.693	13,39%	578	12,32%
BG	63.271	1.478	2,34%	664	44,93%
CY	30.985	156	0,50%	47	30,13%
CZ	31.224	2.431	7,79%	162	6,66%
DE	290.762	5.396	1,86%	1.788	33,14%
DK	36.461	381	1,04%	144	37,80%
EE	17.380	278	1,60%	12	4,32%
EL	551.099	3.460	0,63%	1.358	39,25%
ES	581.760	6.814	1,17%	1.634	23,98%
FI	46.801	885	1,89%	238	26,89%
FR	309.666	6.687	2,16%	2.132	31,88%
HR	110.955	864	0,78%	567	65,63%
HU	149.486	4.033	2,70%	681	16,89%
IE	126.469	703	0,56%	383	54,48%
IT	666.475	15.439	2,32%	1.736	11,24%
LT	120.901	665	0,55%	238	35,79%
LU	1.724	207	12,01%	32	15,46%
LV	46.556	980	2,10%	281	28,67%
MT	6.297	73	1,16%	56	76,71%
NL	46.539	243	0,52%	27	11,11%
PL	764.367	14.393	1,88%	3.862	26,83%
PT	146.122	1.573	1,08%	914	58,11%
RO	600.577	15.135	2,52%	4.319	28,54%
SE	58.487	308	0,53%	162	52,60%
SI	55.778	605	1,08%	182	30,08%
SK	18.380	254	1,38%	95	37,40%
UK	32.285	682	2,11%	74	10,85%
EU-28 2021	5.048.617	90.497	1,79%	22.610	24,98%
EU-28 2020	5 027 787	83 434	1,66%	20 144	24,14%

Table: Annex 7 – 6-1

Table Y- Overview of AGRI's estimated cost of controls at Commission (EC) level

- Overview of AGRI's estimated cost of controls at Commission (EC) level

The absolute values are presented in EUR

EXPENDITURE

AGRI	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Shared management	42,986,205.00 €	56,476,349,269.19 €	0.08%	18,257,105.00 €	N /A	0.00%	61,243,310.00 €	0.11%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
OVERALL total estimated cost of control at EC level for expenditure	42,986,205.00 €	56,476,349,269.19 €	0.08%	18,257,105.00 €	- €	0.00%	61,243,310.00 €	0.11%

* if the control costs are not attributable to a single RCS and may relate to a 'mix' of expenditure, revenue, assets/liabilities, etc, they may be grouped

** ratio possibly "Not Applicable (N/A)", e.g. if a RCS specifically covers an Internal Control Objective such as safeguarding sensitive information, reliable accounting/reporting, etc

*** any 'holistic' control elements (e.g. with 'combined' ex-ante & ex-post characteristics) can be reported in the ex-ante column provided that a footnote clarifies this (their nature + their cost). Example: MS system audits in shared management.

NB: DG AGRI operates under shared management. It does not collect the data for ex ante and ex post controls separately.

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

IPARD (Instrument for Pre-Accession Assistance in Rural Development) expenditure is managed by DG AGRI under the decentralised or indirect management mode²⁰⁶.

Description of the management and control system

For IPARD funds, assurance is obtained based on a management and control system for programmes established in line with both the principles of the agricultural funds and the relevant external aid provisions of the Financial Regulation.

In particular, the management and control system has a structure similar to the one applicable under EAGF and EAFRD, with however some more stringent conditions. The main ones are the following:

- The accreditation of the structures at national level only, is not sufficient to enable the management and control systems in the beneficiary countries to start operating. In accordance with the rules established in the Financial Regulation for indirect management, following the setup of the management and control system by the national authorities, the Commission needs to formally entrust the budget implementation tasks to the beneficiary countries, after having verified their level of preparedness;
- Once budget implementation tasks have been entrusted, substantial changes to the management and control procedures need the prior approval of DG AGRI before they can be put into operation;
- More extensive control procedures and stricter conditions for payments to the recipients apply, compared to the same measures in EAFRD.

²⁰⁶ Chapter 2, Section 1 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 30 July 2018 on the financial rules applicable to the general budget of the Union.

Audit work by DG AGRI

The Framework and Sectoral Agreements for IPARD provide for financial and conformity audits. Following the above agreements, principles and procedures similar to EAGF and EAFRD apply with however some important differences as described above.

The audit work by DG AGRI focuses on the verification of compliance with the conditions laid down in the legal framework, as set out in the applicable regulations and agreements signed between each beneficiary country and the Commission.

The audit work is about assessing the procedures and structures of the entities in charge of the implementation of the IPARD policy area/component prior to entrustment (entrustment audits), ex-post audits (conformity audits) and the audit work conducted by independent Audit Authorities²⁰⁷ at national level (whose results are used in the financial clearance) as well as audit work to verify the proper functioning of the said Audit Authorities (Verifications audits).

Explanatory box: Annex 7 - 8-1

IPARD I (2007-2013)

IPARD was a pre-accession Programme of the EU for the programming period 2007-2013, its implementation has finished.

Overall adjusted error rate as regards IPARD I expenditure and cleared pre-financing (ABB 05) in 2022						
Country	Payments made (EUR)	Pre-financing paid (EUR)	Cleared pre-financing (EUR)	TOTAL relevant expenditure (EUR) (payments made - pre-financing + cleared amounts)	Adjusted error rate	Amount at risk (EUR)
TR	31 310 709.48	0	0	31 310 709.48	0 %	0
Total ABB 05	31 310 709.48	0	0	31 310 709.48	0%	0

Table: Annex 7 -8-2

Conclusion for IPARD I (2007-2013)

One closure balance was paid to Türkiye of EUR 31 310 709.48 in financial year 2022 for the last IPARD I 2007 – 2013 programme. The decisions for closure and establishing the final balance to be paid or recovered in relation to the IPARD I programmes for the 3 beneficiary countries were adopted in 2022²⁰⁸.

²⁰⁷ The Audit Authorities in IPARD correspond to the Certification Bodies in EAGF/EAFRD.

²⁰⁸ The decision for Türkiye was adopted on 4.3.2022, for Croatia - on 24.11.2022 and for North Macedonia - on 30.11.2022.

IPARD II (2014-2020)

Albania had expenditure of EUR 11 795 556.97 in 2022. An extension from n+3 to n+4 for the financial year 2017 was granted (expenditure deadline 31/12/2021).

Montenegro had expenditure of EUR 5 066 030.87 in 2022. An extension from n+3 to n+4 for the FY 2018 was granted (expenditure deadline 31/12/2022).

North Macedonia had expenditure of EUR 12 108 124.13 in 2022.

Serbia had expenditure of EUR 12 257 378.25 in 2022. An extension from n+3 to n+4 for financial year 2018 was granted (expenditure deadline 31/12/2022).

Türkiye effected expenditure of EUR 121 015 371.52 in 2022. An extension from n+3 to n+4 for financial year 2018 was granted (expenditure deadline 31/12/2022).

Audit work as regards acceptance of accounts for IPARD II

Under IPARD II, the beneficiary countries have to send the **Accounts** and the **Management Declaration** by 15 February N+1 and the **Audit Authority opinion and Annual Audit Activity Report** on the management and control system as well as on the expenditure declared to the Commission by 15 March N+1.

DG AGRI assesses the above documents and, by 15 July N+1, has to inform the countries on the result of the acceptance of accounts exercise. In case the conditions to accept the accounts are met, the Commission adopts a decision.

In 2022, DG AGRI accepted the accounts for 2021 for **Albania and Türkiye**²⁰⁹. The accounts for Montenegro and Serbia for 2021 were not yet proposed for acceptance due to material financial errors. The accounts for North Macedonia were not proposed for acceptance as those needed resubmission to correct the debtors' ledger. DG AGRI launched conformity enquiries for all 5 IPARD countries as a result of the acceptance of accounts procedure for financial year 2022.

In 2022, 3 audits to IPARD countries took place: Albania (verification mission), Montenegro (bilateral meeting on the spot for the open enquiry from the acceptance of accounts for financial year 2021 and review of the implementation of the Action plan related to conditional entrustment) and to Türkiye (bilateral meeting on the spot for the open enquiry from the acceptance of accounts for financial year 2021). No serious issues were identified, only recommendations for improvement.

During financial year 2022 Commission Decision C(2022) 292 of 21.1.2022 excluded from Union financing certain expenditure incurred by the Republic of Turkey under IPARD in

²⁰⁹ The acceptance of accounts decisions were adopted in November 2022.

respect of the programming periods 2007-2013 and 2014-2020. It was related to a conformity audit covering expenditure from financial year 2016, 2017, 2018 for a total amount of EUR 489 810.92.

Concerning financial year 2022, the Audit Authorities reports and opinions were submitted by 15 March 2023, except for Türkiye where an exceptional extension of the deadline was granted due to the impossibility to carry out on the spot controls in the affected by the earthquake regions. The Turkish Audit Authority provided a draft audit opinion and report by the 15 March deadline.

Conclusion for IPARD II (2014-2020)

The IPARD agencies must carry out 100% on-the-spot controls to all projects (at least once during the lifetime of the project). In order to provide an opinion on the legality and regularity of the expenditure, the Audit Authorities carry out on-the-spot controls for a selection of transactions. For most of the countries, given the low number of payments, the Audit Authorities test a percentage (15-20%) of all payments and, consequently, any errors found are projected to the whole expenditure. On the basis of the Audit Authorities' findings, DG AGRI considers proposing financial corrections in the context of the annual acceptance of accounts. The total recoveries for IPARD in financial year 2022 amounted to EUR 7 595 437.00.

As regards expenditure implemented under indirect management (ABB05), taking into account the results of previous DG AGRI audits and the Audit Authorities' findings for financial year 2022²¹⁰, DG AGRI considers a certain part of the expenditure to be at risk.

The table below shows the amount at risk for IPARD II.

It is not considered necessary to issue a reservation for IPARD II expenditure (ABB05) for financial year 2022.

²¹⁰ The results of DG AGRI analysis of the Audit Authorities reports for financial year 2022 were not available for this report. Therefore, the error rates are provisional, as indicated by the Audit Authorities in their reports. Error rates reported by the Audit authorities for financial year 2022: AL – 1,66%, ME- 0,28%, MK – 0,12%, RS – 0%, TR – 1,03% (based on draft report, the final report will be submitted on 1.5.2023 due to the exceptional circumstances related to the earthquake).

Overall adjusted error rate as regards IPARD II expenditure and cleared pre-financing (ABB 05) in 2022						
Country	Payments made (EUR)	Pre-financing paid (EUR)	Cleared pre-financing (EUR)	TOTAL relevant expenditure (EUR) (payments made - pre-financing + cleared amounts)	Adjusted error rate	Amount at risk (EUR)
AL	11 795 556.97	0	0	11 795 556.97	1.66%	195 806.25
ME	5 066 030.87	0	0	5 066 030.87	0.28%	14 184.89
MK	12 108 124.13	0	0	12 108 124.13	0.12%	14 529.75
RS	12 257 378.25	0	0	12 257 378.25	0%	0.00
TR	121 015 371.52	0	0	121 015 371.52	0.47%	568 772.25
Total ABB 05	162 242 461.74	0	0	162 242 461.74	0.49%	793 293

Table: Annex 7 -8-3

Conclusion for Indirect management

Title 15	Agriculture and rural development	Payments made (EUR)	Prefinancing paid (EUR)	Cleared prefinancing (EUR)	Relevant expenditure (EUR)	Adjusted error rate	Amount at risk (EUR)
1502	Instrument for Pre-accession Assistance	193 553 171	-	-	193 553 171	0.41%	793 293
Total		193 553 171				0.41%	793 293

Table: Annex 7 - 8-4

Taking IPARD I and IPARD II for the EUR 193.55 million in indirect management under the pre-accession programmes, **the maximum amount at risk is estimated at EUR 0.79 million indicating an estimated adjusted error rate for relevant expenditure of 0.41%.**

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

Research activities

The implementation of the work program of the cluster 6 'Food, Bio economy, Natural Resources, Agriculture and Environment' as well as the work program related to the EU mission "A Soil Deal for Europe" is well on track. REA performed well against its Key Performance Indicators.

There are no critical risks reported by the agency and no identified reservations (error rates fall within the target). The root causes of errors are identified and targeted actions are taken to address any identified weaknesses.

Based on the most relevant key indicators and the controls results, REA has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost effectiveness of controls for which it is responsible.

The *supervision of the delegated activities to REA* is implemented through DG AGRI's participation in the quarterly Steering Committee meetings, regular coordination meetings both at Director and at working levels, the annual planning and reporting cycle from the AWP to the AAR - including the interim reporting, the budget cycle and management reporting. An external evaluation is ongoing for the period 2018-2021 in conformity with Article 25 of Council Regulation (EC) No 58/2003 laying down the statute for executive agencies. The final report is expected to be submitted early 2023.

Budget implementation:

The agricultural research activities are implemented under a shared budget line for cluster 6. Consequently, the budgetary execution data available on the level of the clusters are not exclusively related to the agricultural research activity. The majority of the soil mission is financed under cluster 6.

Appropriations implemented by REA for cluster 6:

Commitment appropriations:	EUR 954.657.523 (100% execution)
Payment appropriations:	EUR 836.190.615 (100% execution)

Appropriations related to the agricultural research activity implemented by REA under H2020:

Payment appropriations (PA):	EUR 90.373.569 (100% execution)
------------------------------	---------------------------------

Within the frame of activities of DG AGRI as parent DG of the Research and Innovation family, DG AGRI is actively engaged in several *inter-service groups*:

- The Research Budget Network (RBN);
- The Legal Mechanism issue Group (LMIG);

- The Coordination of research family Parent DGs on supervision and governance;
- The R&I audit network.

Agricultural Promotion

Under the new mandate, REA successfully integrated the agricultural promotion activity and its staff. The 2022 work program has mainly been implemented as planned. However, due to an undersubscription of the multi calls in 2022, an amount of EUR 19 million has been transferred from the co-financing of multi promotion programmes (grant management in REA) to the Commission own initiatives (procurement in REA).

No identified reservations or critical risks have been reported.

Budget execution of the agricultural promotion activity, 2022 appropriations (C1) delegated to REA:

- in commitments (CA) EUR 95.427.855 (100%)
- in payments (PA) EUR 72.042.505 (100%).

Cross sub-delegations

When the Authorising Officer by Delegation cross sub-delegates the management of a budget line or part of a line to one or several Directors-General or Heads of Service, the Authorising Officers by cross sub-delegation shall report to the Authorising Officer by Delegation on the implementation of the amounts cross sub-delegated. In their reports, they have to provide assurance that the programmes, operations and actions were implemented in respect of the powers cross sub-delegated to them. In this respect, they shall inform in writing of the management problems encountered and the solutions proposed to remedy them.

In order to implement its 2022 budget, DG AGRI cross sub-delegated the management of some actions to Directorates-General REGIO and RTD.

The reports provided by DG RTD and DG REGIO confirm that there are no issues or anomalies.

In 2022, the DG AGRI has cross-delegated activities to DG REGIO and DG RTD. The cross sub-delegation is summarised in the table below.

B2022 credits transferred by DG AGRI		
Cross sub-delegation to:	REGIO	RTD
Budget Line (Non-Differentiated Credits):	08.02 06 03	
Transferred Commitment Credit	240.000,00	4550,12
Transferred Payment Credit	240.000,00	4550,12
Consumed Commitment Credit	239.820,89	4550,12
Consumed Payment Credit	65.708,25	0

Table: Annex 7 – 9-1

Part 10 - Interruptions, reductions and suspensions

In 2022, DG AGRI continued to apply the interruptions and reductions/suspensions of monthly payments (EAGF) and interim payments (EAFRD) in order to safeguard the EU financial interests. The Commission powers for this preventive mechanism are laid down in the CAP Horizontal Regulation (EU) No 1306/2013 (and the Common Provisions Regulation (EU) No 1303/2013).

The deadline for EAFRD payments can be interrupted for verifications due to inconsistent, incomplete or unclear information²¹¹. If there is a clear indication of a deficiency in the management and control system or that expenditure is linked to an irregularity with serious financial consequences, expenditure can be interrupted²¹² - as for other structural funds.

Payments for both pillars may be reduced or suspended if payments have not been made in accordance with EU rules²¹³, or when there is an evidence of a deficiency in the national management and control or recovery systems.

In particular, if the declarations of expenditure or the annual accounts enable the Commission to establish that expenditure has been effected by bodies which are not accredited Paying Agencies, that the payment deadlines or financial ceilings set by Union law have not been respected or that expenditure has otherwise not been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State, after giving the Member State the opportunity to submit its comments²¹⁴.

Where the declarations of expenditure or the annual accounts do not enable the Commission to establish that the expenditure has been effected in accordance with Union rules, the Commission shall ask the Member State concerned to supply further information and comments within 30 days. If the Member State does not reply within that period or if the reply is unsatisfactory or demonstrates that the expenditure has not been effected in accordance with Union rules, the Commission may reduce or suspend the monthly or interim payments to the Member State.

In the case of deficiencies in the Member State's control system, the Commission may reduce or suspend the monthly or interim payments to a Member State if one or more of the key components of such control system do not exist or are not effective due to the gravity or persistence of the deficiencies found, or if there are similar serious deficiencies in the system for the recovery of irregular payments, and either these deficiencies are of a continuous nature or the Commission concludes that the Member State is not in a position to implement in the immediate future the necessary remedial measures in accordance with

²¹¹ Article 22 of Commission Implementing Regulation (EU) No 908/2014.

²¹² Article 83 of the Common Provisions Regulation (EU) No 1303/2013.

²¹³ Article 41 of Regulation (EU) No 1306/2013.

²¹⁴ Article 41(1) of Regulation (EU) No 1306/2013.

an action plan²¹⁵. Before acting, the Commission informs the Member State concerned of its intention and asks it to react within 30 days.

Reductions and suspensions shall be applied in accordance with the principle of proportionality and shall be without prejudice to the application of the conformity clearance procedures.

Since 2014, DG AGRI has a Suspension Board, an advisory body to the Director-General, co-chaired by two Deputy Directors-General responsible for the 1st pillar and the 2nd pillar. The Board meets regularly taking into account the rhythm of interim payments (monthly payments for EAGF and quarterly payments for EAFRD) and the existence of potential cases. If necessary, the Board has been consulted by an ad hoc written consultation.

The interruptions and reductions/suspensions are provisional. When relevant, these could be accompanied by an audit of the DG AGRI audit service. If the deficiency is confirmed, the relevant expenditure is definitely excluded from EU financing by application of a financial correction.

An overview of interruptions and reductions/suspension applied in 2022 for each of the funds (EAGF and EAFRD) is provided below.

EAGF

Reductions/Suspensions of payments in respect of EAGF declarations of expenditure reimbursed in 2022.

The **reductions** made in 2022 concerned 10 Member States and a total amount of **EUR -11 675 349.03**. There were no reductions in the monthly payments due to deficiencies in the control system in 2022. The reductions concern overruns of financial ceilings. There were also reimbursements for a total amount of **EUR 1 357.75**. Reimbursements linked to suspensions are done through offsetting against the financial corrections which results from the final decisions on the expenditure at risk, which has been suspended.

The total balance is then **EUR -11 673 991.28**.

In addition, the Commission had to repay an amount of **EUR 155 650 053.62**²¹⁶ in the framework of the clearance procedure out of which **EUR 144 629 849.57** correspond to two Member States following European Court of Justice rulings in the context of previous clearance procedures.

²¹⁵ Article 41(2) of Regulation (EU) No 1306/2013.

²¹⁶ EAGF amounts related to the execution of the clearance of accounts decisions for UK are not included in this report.

There were no new suspensions of payments due to deficiencies in the control system. However the only amount still suspended for Poland, **EUR 526 116.83** was fully reimbursed in 2022.

The following table shows the amounts and number of cases reduced/suspended for each Member State:

**Summary of reductions and payment suspensions executed during
financial year 2022**

Member States	Corrections*	Number of cases	Suspensions	Number of cases
CZ	705 570.43	1		
DK	-7 572 126.74	2		
EE	420.88	1		
IE	1 241 932.20	1		
ES	-684 561.13	4		
FR	103 642.44	1		
HR	-39 503.56	62		
IT	143 752 158.91	4		
CY	-295.29	1		
LT	321 207.24	1		
LU	103 817.63	1		
NL	-1 102.62	1		
AT	8 031 282.00	1		
PL	25 451.78	1	-526 116.83	3
PT	1 102 006.54	5		
RO	-1 287 749.43	1		
SK	-912 404.16	2		
FI	81 444.62	1		
SE	-995 129.40	1		
Total MS	143 976 062.34	92	-526 116.83	3

* Including reductions and reimbursements

Table: Annex 7 - 10-1

EAFRD**Interruptions and reductions/suspensions of payments in respect to EAFRD declarations of expenditure for financial year 2022**

The interruptions and reductions/suspensions of EAFRD payments concerned 2 out of 115 RDPs from the 2014-2022 programming period.

The following table shows the cases of interruptions and reductions/suspensions by Member State and quarter with the corresponding amounts and measures. It covers the quarterly declarations of expenditure received and processed during the budget year 2022. The Q4/2021 data corresponds to payments made as from 01/02/22 based on declarations received by 31/01/22. The Q3/2022 data corresponds to declarations received by 10/11/21 and executed by 31/12/22.

PROGRAMMING PERIOD 2014-2022

Member States	Quarter	Type	Amount interrupted	Amount reduced / suspended	Measure
Romania	2021Q4	Interruption	180 055.17		10
	2021Q4	Interruption	391 712.11		13
	2021Q4	Suspension		180 055.17	10 ^[1]
	2021Q4	Suspension		391 712.11	13 ^[1]
	2022Q1	Interruption	11 617.49		10 ^[2]
	2022Q1	Interruption	111 053.16		13 ^[2]
	2022Q2	Interruption	9 055.05		10 ^[2]
	2022Q2	Interruption	4 022.13		13 ^[2]
Slovakia	2022Q2	Interruption	34 668.89		4
	2022Q2	Interruption	98 750.45		7
	2022Q2	Interruption	220 618.36		8
	2022Q3	Interruption	583 115.67		4
	2022Q3	Interruption	1 767 384.43		7
	2022Q3	Interruption	436 179.94		8
Total			3 848 232.85	571 767.28	

^[1] The suspension was previously an interruption that was lifted and transformed into a suspension.

^[2] The interruption will be transformed into suspension beginning of 2023.

Table: Annex 7 - 10-2

The following table shows the number of interruption and reduction/suspension cases related to EAFRD declarations of expenditure for the Member States concerned.

Member State	Number of interruption	Number of reductions / suspensions
Romania	6	2 ^[1]
Slovakia	6	

^[1] The suspension was previously an interruption that was lifted and transformed into a suspension.

Table: Annex 7 - 10-3

EAGF²¹⁷

Total of financial corrections and Payment Suspensions executed during the financial year 2022

M.S.	EXPENDITURE declared by MS T104	Corrections*	EXPENDITURE taken into account for the monthly payments	Payment Suspension	Amounts paid out
BE	563 659 851.82		563 659 851.82		563 659 851.82
BG	817 666 044.80		817 666 044.80		817 666 044.80
CZ	869 951 443.81	705 570.43	870 657 014.24		870 657 014.24
DK	827 825 786.79	-7 572 126.74	820 253 660.05		820 253 660.05
DE	4 785 434 021.51		4 785 434 021.51		4 785 434 021.51
EE	193 466 193.11	420.88	193 466 613.99		193 466 613.99
IE	1 195 968 020.41	1 241 932.20	1 197 209 952.61		1 197 209 952.61
EL	2 005 280 173.71		2 005 280 173.71		2 005 280 173.71
ES	5 668 187 878.84	-684 561.13	5 667 503 317.71		5 667 503 317.71
FR	7 474 435 400.75	103 642.44	7 474 539 043.19		7 474 539 043.19
HR	382 009 948.35	-39 503.56	381 970 444.79		381 970 444.79
IT	4 173 085 245.42	143 752 158.91	4 316 837 404.33		4 316 837 404.33
CY	53 544 867.45	-295.29	53 544 572.16		53 544 572.16
LV	318 687 850.75		318 687 850.75		318 687 850.75
LT	577 952 498.08	321 207.24	578 273 705.32		578 273 705.32
LU	33 761 332.75	103 817.63	33 865 150.38		33 865 150.38
HU	1 330 221 833.99		1 330 221 833.99		1 330 221 833.99
MT	5 019 919.40		5 019 919.40		5 019 919.40
NL	705 870 294.23	-1 102.62	705 869 191.61		705 869 191.61
AT	711 124 945.28	8 031 282.00	719 156 227.28		719 156 227.28
PL	3 403 078 550.60	25 451.78	3 403 104 002.38	-526 116.83	3 403 630 119.21
PT	875 195 993.59	1 102 006.54	876 298 000.13		876 298 000.13
RO	1 948 055 206.55	-1 287 749.43	1 946 767 457.12		1 946 767 457.12
SI	139 976 886.44		139 976 886.44		139 976 886.44
SK	430 175 649.63	-912 404.16	429 263 245.47		429 263 245.47
FI	531 985 351.32	81 444.62	532 066 795.94		532 066 795.94
SE	704 609 187.99	-995 129.40	703 614 058.59		703 614 058.59
Total MS	40 726 230 377.37	143 976 062.34	40 870 206 439.71	-526 116.83	40 870 732 556.54

Table: Annex 7 - 10-4

²¹⁷ Executed by the monthly decisions, taken in accordance with Article 18(3) of Regulation (EU) N° 1306/2013. Further corrections may have occurred within the context of the annual clearance of accounts.

Part 11 - Fraud prevention, detection and correction

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)²¹⁸ aimed at the prevention, detection and correction²¹⁹ of fraud

Indicator: Implementation of the actions included in DG AGRI's anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)

Source of data: DG AGRI's annual activity report, DG AGRI's anti-fraud strategy, OLAF reporting

Baseline (2021)	Target (2024)	Latest known results (2022)
DG AGRI's AFS	100% of action points implemented in time	100%

Main outputs in 2021:

Description	Indicator	Target	Latest known results (situation 31/12/22)
Referral of allegations of fraud and other serious irregularities to the European Anti-fraud Office (OLAF)	Referrals of allegations	100%	100% of the allegations
Ongoing assessment of the risk of fraud based on OLAF investigation reports and audits by DG AGRI	Fraud risk assessment as at 12/01/2016	Update of fraud risk assessment if needed by 31/12/2022 in view of new CAP	DG AGRI fraud risk assessment has been updated as planned in time for the application of the new CAP as of 01/01/23
Follow-up of OLAF financial recommendations	Financial corrections/recoveries following OLAF financial recommendations	100% of the financial recommendations transmitted to Member States	100% by the deadlines set for Member States

²¹⁸ Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD/2019/170 – 'the CAFS Action Plan'.

²¹⁹ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

Seminars with Member States	Number of seminars organised	At least 4 in 2022 (subject to the Covid situation)	4 seminars organized during 2022 (SK, IE, EE, ES) and 1 conference in BG from 19 to 21 October 2022 on antifraud
Training events for AGRI staff	Number of training events organised	At least 4 in 2022 (subject to the Covid situation)	No requests for training received for 2022.

Table: Annex 7 – 11-1

Part 12: European Court of Auditors: Special Reports

In 2022, the ECA published 8 special reports concerning DG AGRI's activities.

1. Special Report 10/2022: LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated (multi-DG audit, DG AGRI chef de file, DG REGIO, DG EMPL and DG MARE associated)

LEADER is the EU's participatory and bottom-up approach to involve local communities in project development and decision-making processes. It involves extra costs and risks compared to mainstream (top-down) EU spending programmes.

The ECA examined whether the LEADER approach delivered benefits that justified its additional costs and risks and followed up on its 2010 special report on this subject. The ECA found that more than a decade later, improvements have taken place in some areas and that the LEADER approach facilitates local engagement. However, there is still little evidence that the benefits outweigh the costs and risks incurred.

As regards DG AGRI activities, **the ECA recommended** that the Commission should comprehensively evaluate the costs and benefits of LEADER and assess the community-led local development approach. This evaluation for LEADER should cover (points a to e):

- (a) the application of a selection process of local action groups that allocates money on quality local development strategies;
- (b) actions to reduce costs and administrative complexities (e.g. extra administrative burden for project owners, long selection procedures);
- (c) the extent to which decision-making bodies are representative, including by age, gender and other target groups;
- (d) the extent to which LEADER-funded projects bring additional benefits compared to non-LEADER projects and
- (e) the extent to which LEADER funds are used to fund the statutory tasks of EU, national, regional or local bodies.

The Commission has mostly agreed with the ECA recommendation to conduct an extensive evaluation of LEADER. It will look at the inclusiveness of the LEADER partnerships, quality of selection of Local Development Strategies, administrative complexity of implementing LEADER projects and their results compared with non-LEADER delivery. The Commission will, however, not be able to evaluate the participation of ethnic and disadvantaged groups due to data protection considerations. The evaluation of LEADER projects versus the statutory tasks of public authorities could also be limited due to their diverse definitions in the Member States.

2. Special report 12/2022: Durability in rural development – Most projects remain operational for the period required, but there are opportunities to achieve longer lasting results

The ECA examined whether these investments in rural development delivered durable benefits. The ECA found that legal durability requirements are largely met. The durability of diversification projects varied across sectors and Member States. Weak economic performance and illegitimate private use affect the durability of projects such as tourist accommodation.

The ECA recommended that the Commission should share best practices to better target funds on viable projects, mitigate the risk of diversion of projects for private use and harness the potential of large databases, and in particular:

- In its advisory capacity, the Commission should share best practices to promote the application of selection procedures in a way that limits the risk of selecting non-viable projects.
- To promote long-lasting project benefits and value for money from EU support, the Commission should:
 - Facilitate the sharing of best practices to promote safeguards on project durability and against the diversion of EU funded assets for personal use. These exchanges should include the appropriate use of:
 - national durability conditions, taking account of the different types of investments supported;
 - loans to finance long-term assets;
 - evidence of the continued operation of funded activities; and
 - provisions in grant agreements on the use of the investments for their intended purpose.
 - Analyse the use of these best practices by Member States and disseminate the results.
- For evaluation purposes, the Commission, in consultation with Member States, should:
 - identify relevant sources of information on the continued operation of EU funded projects and share best practices with Member States.
 - use this information to draw up a list of risk factors based on examples of projects which are less durable.

The Commission will help Member States identifying the relevant sources of information and will facilitate the sharing of best practices between Member States.

The Commission will continue to work with Member States' authorities as well as other stakeholders notably in the future European CAP Network in order to share and exchange on best practices and thereby facilitate an efficient implementation of the policy, aiming to ensure the highest EU added value of the support provided. The Commission is encouraging the Member States to include relevant durability requirements in the CAP Strategic Plans where appropriate, depending on the type of support provided.

The Commission will continue to encourage Member States to provide support in the form of financial instruments, such as loans and guarantees, notably to economically viable and revenue generating investments.

3. Special report 14/2022: The Commission's response to fraud in the Common Agricultural Policy – Time to dig deeper (multi-DG audit, DG AGRI chef de file, OLAF and DG BUDG associated)

Fraud harms the EU's financial interests and prevents EU resources from achieving the policy objectives. In this report, the ECA presented an overview of the fraud risks affecting the Common Agricultural Policy (CAP) and assessed the Commission's response to fraud in the CAP. The ECA concluded that the Commission has responded to instances of fraud in CAP spending, but that it was not sufficiently proactive in addressing the impact of the risk of illegal land grabbing on CAP payments, in monitoring Member States' anti-fraud measures, and in exploiting the potential of new technologies.

The ECA recommended to the Commission actions to deepen its insight of fraud risks and anti-fraud measures and to subsequently act on its assessment, and to increase its role in promoting new technologies for preventing and detecting fraud, and in particular:

- To gain and share a deeper insight of fraud risks and measures in CAP spending, the Commission should:
 - (a) update the guidelines for certification bodies to clarify their role in assessing paying agencies' anti-fraud measures, and check how certifications bodies follow the guidelines;
 - (b) review how paying agencies implement the guidance on checking that land is at the applicants' lawful disposal, and disseminate best practices addressing the risks of illegal land grabbing;
 - (c) on the basis of (a) and (b), update its assessment of the extent to which different spending schemes are exposed to fraud risks and the extent to which anti-fraud measures implemented at Member State level are able to detect, prevent and correct them, and take the necessary measures to mitigate key fraud risks.
- To promote the use of new technologies in preventing and detecting fraud in CAP spending, the Commission should:
 - (a) support paying agencies in their use of 'checks-by monitoring' and the future 'area monitoring system' by identifying bottlenecks in the uptake of new technologies and sharing best practices and technical solutions on how to remove these bottlenecks;
 - (b) promote the use of fraud-detection tools, such as Arachne, among paying agencies, in order to increase the number of Member States using them;
 - (c) share with Member States best practices on the use of artificial intelligence and machine-learning to identify patterns indicating fraud.

The Commission considers that guidance has been provided. The Commission highlights that the design and implementation of an anti-fraud strategy remains the responsibility of the Member States. In addition to Guideline 1 regarding the work of the certification bodies

on all accreditation criteria, DG AGRI has provided to the certification bodies specific guidance with best practices on their role in assessing the paying agencies' anti-fraud measures during the Expert Group meeting of November 2021. In the context of the application of the new CAP legislation, all the guidelines for the Paying Agencies and the Certification Bodies will be reviewed, and specific guidance on the anti-fraud measures will be included in these guidelines. DG AGRI continuously monitors the work of the certification bodies as regards the assessment of the accreditation criteria including the implementation of the anti-fraud measures at paying agency level through the annual clearance of accounts exercise where all reports received by the certification bodies are reviewed and through the dedicated missions where the implementation of the certification bodies' audit strategy is reviewed.

The Commission will monitor how paying agencies are implementing "land at disposal" requirements taking into consideration the guidance note while respecting the New Delivery Model and the focus on Member States' systems. Moreover, the Commission already disseminates best practices among Member States in all appropriate fora for elements of the CAP.

The Commission has carried out a new horizontal fraud risk assessment for the CAP in time for the new legal framework to be implemented on 1 January 2023.

The Commission considers it has started implementing the actions proposed and will continue to support the Member States in their use of new technologies, artificial intelligence and machine learning also for the use of preventing and detecting fraud, as far as these systems can serve such purpose.

The Commission would like to draw attention to the fact that, as of 2023, Member States have full subsidiarity on designing their control and penalty systems. From 2023 onwards, the mandatory Area Monitoring System will cover area-related interventions across all Member States for the purpose of measuring policy performance. This mandatory use of Copernicus Sentinel satellites data in the CAP 2023-2027 is introduced to ensure the reliability of the annual performance reporting of Member States. The underlying information the Area Monitoring System will provide can be also used by Member States to prevent irregularities and to reduce risks to the fund.

The Commission has already started implementing the actions proposed and will continue to support the Member States in their use of fraud-detection tools. The Commission will keep encouraging Member States to use the integrated IT system for data-mining and risk-scoring Arachne; it will continue to provide training and to offer support and technical assistance, with a view to promote its application and increase the number of Member States using it. In parallel, the Commission will continue to improve the features of the IT system, its user-friendliness and interoperability with other sources of data.

The Commission accepts the recommendation, considers it is already sharing best practices in identifying patterns of fraud. However, as regards artificial intelligence and machine-learning, the Commission is considering sharing best practices on the use of AI in general

(CAP monitoring and evaluation, analysis, generation of statistics, etc.) and, depending on the results, to assess the extent to which it may be applied to fraud detection.

4. Special report 16/2022: Data in the Common Agricultural Policy – Unrealised potential of big data for policy evaluations (multi-DG audit, DG AGRI chef de file, DG ENV, DG CLIMA, JRC, DG CNECT, ESTAT and JRC)

Using an evidence-based approach in policy decisions requires various data from different sources and subsequent analysis. The ECA assessed whether the Commission is making good use of data and data analytics for policy design, monitoring and evaluation of the Common Agricultural Policy, which represent more than a third of the EU budget. The ECA found that the Commission has taken several initiatives to make better use of existing data. However, barriers to making the best use of collected data remain. Obstacles such as a lack of standardisation and limitations due to data aggregation reduce data availability and usability.

The ECA recommended that the Commission should establish a framework for using disaggregated data from Member States and make more use of and develop data sources to meet policy needs, and in particular:

- The Commission should establish a technical and administrative framework for sharing and re-using disaggregated data from IACS (beyond those needed for annual performance reports) in order to monitor, evaluate and ultimately design policy. This should respect principles of efficiency, and so minimise the administrative burden and costs on beneficiaries and Member State authorities.
- The Commission should address the data gaps identified in evaluations of the 2014-2020 CAP and the impact assessment of the post-2020 CAP by:
 - making more use of existing data sources (e.g. administrative data and statistical surveys, and Copernicus data), considering new data sources, or combining existing ones;
 - examining the possibility of using proxies or indirect data sources when the use of direct sources is not feasible for assessing key indicators or aspects; and
 - assessing the possibility of scaling up the use of farm-machinery data.

The Commission will further work towards a legal, technical and administrative framework for sharing and re-using data from IACS and other data sources in the Member States, beyond what the Commission will receive in the Annual Performance Reports. This data will be useful to monitor and evaluate the policy.

The Commission is constantly trying to re-use existing data sets collected for other purposes and will further work on more advanced methodologies to identify suitable proxies and other methods and to explore and use available farm-machinery data, developing tools for data harvesting.

5. Special report 06/2022: EU intellectual property rights - Protection not fully waterproof (multi-DG audit, DG GROW chef de file, DG SANTE, DG TAXUD, DG AGRI associated)

In this audit, the ECA assessed whether intellectual property rights in EU trademarks, EU designs and geographical indications are well protected within the Single Market.

The ECA concluded that the protection is generally robust, despite some legislative shortcomings and the absence of a clear methodology for determining EU fees. There are weaknesses in the accountability framework of the European Union Intellectual Property Office, in its management of European Cooperation Projects, and in the implementation of geographical indications and customs enforcement controls by the Commission and Member State authorities.

As regards DG AGRI activities, the ECA recommended that the Commission improve the geographical indications systems, and in particular:

- The Commission should analyse and register geographical indication applications in a timely manner and provide Member States with official guidelines on geographical indication controls.

The Commission proposal revising the existing geographical indication schemes for agricultural and foodstuff products, wines and spirits focusses on several essential elements of the functioning of the GI system, such as protection of GIs, also on internet; empowering producers; aligning and simplifying procedures to improve overall responsiveness and timely treatment of the GI applications; and making GI controls and enforcement more efficient.

6. Special Report 09/2022: Climate spending in the 2014-2020 EU budget- Not as high as reported (multi-DG audit, DG CLIMA chef de file, DG BUDG, DG REGIO, DG RTD, DG MOVE, DG INTPA, DG GROW, DGEFIN, DG AGRI and JRC associated)

The EU committed to spending at least 20 % of its 2014-2020 budget on climate action. The Commission announced that the EU met the target, with EUR 216 billion reported in climate spending for this period.

The ECA found that the reported spending was not always relevant to climate action and climate reporting was overstated overall. The ECA estimated that it was overstated by at least EUR 72 billion. Despite the planned improvements in 2021-2027 climate action reporting, challenges remain.

As regards DG AGRI activities, **the ECA recommended** obtaining scientific evidence to support the climate contribution made by the EU's agricultural policy, and in particular:

- The Commission should base its quantification of the contribution of the 2021-2027 agricultural policy to climate action on scientific evidence. In line with Article 100(3) of Regulation (EU) 2021/2115 establishing rules on support for strategic plans under

the common agricultural policy, it should adjust the climate contribution accordingly, if needed.

The Commission consistently aims to measure CAP contributions in the most reliable, scientific-based manner possible, while also taking into account that the methodology needs to be simple to implement and undue administrative burdens should be avoided. The Commission agrees to modify the weightings referred to in Article 100(3) of Regulation (EU) 2021/2115, where such modification is warranted for more precise tracking of expenditure on environmental and climate-related objectives.

7. Special report 11/2022: Protecting the EU budget - Better use of blacklisting needed (multi-DG audit, DG BUDG chef de file, DG RTD, DG INTPA, DG EMPL, DG REGIO, DG AGRI, OLAF and REA associated)

"Blacklisting" is a measure aimed at preventing fraud. Through its EDES²²⁰ database, the EU tries to exclude untrustworthy counterparties, such as those involved in fraud, corruption or other irregularities, from receiving public funds. The ECA audit assessed whether blacklisting is being used effectively to protect the EU budget.

The ECA concluded that the current system is not effective as there is no coherent set of obligations for the different payment modes. Furthermore, for funds managed by Member States, the use of exclusion systems is not mandatory. Fragmented responsibilities and shortcomings in identifying excludable counterparties lead to few cases on the EDES-blacklist.

As regards DG AGRI activities, **the ECA recommended** to extend the use of EDES to funds managed by the Member States, where a patchwork of legal obligations on exclusion currently applies, and in particular:

- The Commission should address the following issue when preparing its proposal to the legislator on revision of the Financial Regulation: applying the key elements of the EDES to funds under shared management, so that counterparties found to be in an exclusion situation are treated consistently across management modes.

In the context of the upcoming revision of the Financial Regulation, the Commission is proposing a targeted and proportionate extension of EDES to shared management, as well as the obligation for Member States to check the EDES database and take into consideration the exclusions therein when awarding EU funds. The targeted extension of EDES to shared management is due to the need to respecting the delegation of the tasks relating to budget implementation to Member States pursuant to Article 63(1) of the Financial Regulation.

²²⁰ Early Detection and Exclusion System

8. Special report 17/2022: External consultants at the European Commission – Scope for reform (multi-DG audit, DG BUDG chef de file, SG, DG HR, DG RTD, DG EMPL, DG REGIO, DG ENV, DG GROW, DG AGRI, DG NEAR, DG REFORM, JRC and ESTAT associated)

The Commission makes extensive use of external consultants, committing almost EUR 1 billion for this purpose each year between 2017 and 2020. The ECA analysed whether the Commission manages external consultants' services in a way which safeguards its interests and ensures value for money. External consultants contribute to the development of the Commission's objectives. However, there are significant gaps in the Commission's framework governing the use of these services, bringing risks of overdependence and potential conflicts of interest. The Commission did not manage these risks sufficiently, and its reporting on the use of consultants was weak.

No recommendations were directly addressed to DG AGRI.

ANNEX 8: Specific annexes related to "assessment of the effectiveness of the internal control systems"

This annex provides additional information on the assessment of Internal Control in DG AGRI and complements Section 2.1.3 of the AAR 2022.

Process, sources and methodology for the Internal Control assessment in DG AGRI

In DG AGRI, the internal control system is based on the clear definition of **roles** and **responsibilities** within the DG. The internal control monitoring indicators have been selected together with the **DG AGRI services** contributing to internal control. The **Director-General** signs the most important notes related to internal control. **Senior management** is consulted and kept informed of important activities under internal control, i.e. risk management, the annual report to the Commissioner and the management supervision reports. The **Director²²¹ for Risk Management and Internal Control (RMIC)** addresses to the Director-General an annual note on the functioning of the internal control system in the DG, thereby supporting the conclusions in the Annual Activity Report.

In addition to the assessment of the internal control principles (see Section 2.1.3), **DG AGRI managers** formally reported on the supervision carried out on the activities under their responsibilities in the course of 2022. Despite the very **important workload** due to the approval of the CAP Strategic Plans and the additional urgent work related to the war in Ukraine and its consequences on the agricultural markets, the managers did not report any major operational risk/issue having an effect on the achievement of objectives: all deliverables expected from the services were provided within the deadlines, respecting the procedures and at high quality standards.

As regards recommendations issued by the **Internal Audit Service (IAS)** (see Section 2.1.2.1), in 2022 DG AGRI accepted all recommendations (important and very important) and submitted the respective action plans that were assessed as satisfactory to mitigate the risks identified by the IAS. There were no critical recommendations, no overdue of very important IAS audit recommendation nor delays in the implementation of the agreed recommendations. There are, however, six open 'very important' recommendations related to three audits and due with different deadlines in the course of 2023.

As regards recommendations issued by the **European Court of Auditors (ECA)** in its special reports (see Section 2.1.2.4) or in its annual report (see Section 2.1.2.2), DG AGRI is taking action to implement the recommendations that were addressed to the Directorate-General and which have been accepted. DG AGRI considers that most of the ECA observations are related to considerations that are not directly linked to identified

²²¹ Since the reorganisation of DG AGRI of 16.01.2022, the function for Risk Management and Internal Control (RMIC) is held by the Director of Directorate I.

weaknesses in the DG's internal control systems and therefore have no impact on the assurance.

Risk Management

DG AGRI has in place a **solid risk management process** ensuring an appropriate coverage of its objectives/activities. In 2022, DG AGRI performed a comprehensive risk identification and assessment by requesting contributions from all services. The process is organised as a bottom-up exercise with top-down steering when launching and concluding. The Director-General and the senior management were involved at all stages of the process. The assessment covered in particular the substance of the risks, their rating (likelihood and impact), mitigating controls in place and related action plans. A critical new risk has been identified with regard to the possible disruption of financial IT applications used by DG AGRI in the process of development of the SUMMA programme. The SUMMA programme will replace the current corporate finance platform ABAC at the beginning of 2024.

Procedures, exceptions and non-compliance events

DG AGRI's main processes and procedures are adequately documented by **internal procedures** to provide a clear reference framework to staff on how work has to be carried out. Guidance, templates and assistance are provided to DG AGRI services in setting up/updating the internal procedures, and an ex-ante check is conducted to verify the presence of the key elements (context/legal basis, scope, actors, steps, timeline).

The functioning of the internal control systems is monitored throughout the year by the registration of possible exceptions and non-compliance events. Accordingly, a register of **exceptions to process/procedures and non-compliance events** was finalised and the content analysed in parallel with the assessment of the functioning of internal control for the year 2022. The purpose of this register is to make sure that the exceptions to the procedures and the non-compliance events are not caused by systemic faults in the processes, and, if necessary, to correct the processes and the relevant procedures.

For the year 2022, the register included 3 exceptions (of which 2 were linked to previous non-compliance events), and 4 non-compliance events. These exceptions to procedures and non-compliance events remained limited and non-systemic in DG AGRI and therefore they have no impact on the assurance given by the Authorising Officer.

ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

1) Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X: Estimated risk at payment and at closure

DG AGRI -1	Payments made (2022;MEUR) -2	minus new prefinancing [plus retentions made] (in 2022;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2022;MEUR) -4	Relevant expenditure (for 2022;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2022;MEUR) -7	Adjusted Average Recoveries and Corrections (adjusted ARC, %) -8	Estimated future corrections [and deductions] (for 2022;MEUR) -9	Estimated risk at Closure (2022;MEUR) -10
Direct management	219.01	- 6.78	6.70	218.93	1.00% - 1.00%	2.19 - 2.19	0.00% - 0.00%	0.00 - 0.00	2.19 - 2.19
Market measures ABB02	2 879.99	0.00	0.00	2 879.99	2.90% - 2.90%	83.64 - 83.64	2.85% - 2.85%	81.98 - 81.98	1.66 - 1.66
Direct payments ABB03	37 963.71	0.00	0.00	37 963.71	1.31% - 1.31%	498.08 - 498.08	1.25% - 1.25%	476.20 - 476.20	21.88 - 21.88
Rural Development ABB04	15 220.09	0.00	120.83	15 340.92	2.68% - 2.68%	410.87 - 410.87	1.57% - 1.57%	240.28 - 240.28	170.59 - 170.59
Indirect management	193.55	0.00	0.00	193.55	0.41% - 0.41%	0.79 - 0.79	0.00% - 0.00%	0.00 - 0.00	0.79 - 0.79
DG total	56 476.35	- 6.78	127.52	56 597.09		995.57 - 995.57	1.41% - 1.41%	798.46 - 798.46	197.11 - 197.11
					Overall risk at payment in %	1.76% - 1.76% (7) / (5)		Overall risk at closure in %	0.35% - 0.35% (10) / (5)

The calculation of the corrective capacity for CAP is detailed in section 2.1 of the Report and in Annex 7, part 3.

When analysing the correlation trend between estimated future corrections and implemented corrections for the period 2020-2022, the average of the annual differences between the average of implemented corrections and the estimated future corrections corresponds to an overestimation of 6.29% of the estimated future corrections over implemented ones.

2) Reservations

A. Reservation fiche 1 ABB02 - Expenditure on Market Measures: Reservations for 3 Member States: Czech Republic and Italy (2 aid schemes) and 1 horizontal for France (3 aid schemes). 4 reservations in total for 3 Member States

DG	Agriculture and Rural Development
Title of the reservation, including its scope	Expenditure on Market Measures comprising 4 reservations for 3 Member States: Czech Republic and Italy (2 aid schemes) and 1 horizontal reservation for France Agrimer (3 aid schemes).
Domain	Shared Management – European Agricultural Guarantee Fund
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	ABB02: Market Measures Payments made for this ABB in 2022 amount to EUR 2 879.99 million. Reservations have been made concerning 3 Member States and the respective error rates can be seen in the tables in Annex 7 – Part 3.1.
Reason for the reservation	The reservation is made due to the significant occurrence of weaknesses in the underlying transactions (legality and regularity). As regards 4 reservations (6 elements of reservation for 3 Member States): for <u>fruit and vegetables operational programmes for producer organisations</u> , the Member States concerned (Czech Republic, France) reported an error rate above materiality. Furthermore, deficiencies have been identified by the DG AGRI audit services in the checks on the eligibility of the operational programmes carried out by the Czech Republic . The Certification Body has also identified deficiencies in France . In the <u>wine sector</u> , DG AGRI audits found deficiencies (France, Italy) and the Certification Body also identified deficiencies (France). Under the <u>EU school scheme</u> , deficiencies have been identified by the DG AGRI audit services in the checks to establish the eligibility of the aid and the performance of on-the-spot checks of sufficient quality for one of the Members States concerned (Italy). For the other Member State concerned (France), the Member State reported an error rate above materiality and the Certification Body identified deficiencies.
Materiality criterion/criteria	DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases. In 17 cases where the error rate is above (or equal to) 5%, 5 were all automatically subject to reservation while 12 (out of 17) where the amount at risk was below DG AGRI's <i>de minimis</i> threshold of EUR 1 million (established in its materiality criteria) were not. In all cases, the high adjusted error rate was determined further to assessment and adjustment of the error rate by DG AGRI based on Certification Body and DG AGRI audits. In 1 case where the adjusted error rate was between 2% and 5%, it was considered necessary to make a reservation where the amount at risk was above the <i>de minimis</i> threshold (Italy- Wine sector). In 7 cases (Germany, Spain and Italy- Fruit and vegetables operational programmes for producer organisations, Spain, Hungary and Romania- Wine sector, Spain-POSEI), it was considered that it was not necessary to carry over reservations from the 2021 AAR with regard to 2022 expenditure. The reasons for each decision are detailed in Annex 7 – Part 3.1.

	<p>The overall outcome of this exercise is that reservations for 3 aid schemes (4 elements of reservation) are necessary.</p> <p>Further details may be found at Annex 7 – Part 3.1 (ABB02).</p>
<p>Quantification of the financial impact (amount at risk)</p>	<p>The amount at risk for the expenditure under reservation is EUR 47.27 million.</p>
<p>Impact on the assurance</p>	<p>The estimated level of error affects the assurance regarding the legality and regularity of the underlying transactions financed by the EAGF for Market Measures. However, the average annual amount of net corrections executed over the past three years for Market Measures and considered for the corrective capacity is EUR 38.69 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2022, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of the Commission's net financial corrections.</p>
<p>Responsibility for the weakness</p>	<p>The concerned Member States are responsible for the proper implementation of the Market Measures concerned in their territory. The Commission supervises them in this respect, notably through audits carried out on-the-spot and, through strict monitoring, a follow-up of the implementation of milestones where action plans are required.</p>
<p>Responsibility for the corrective action</p>	<p><u>At Commission level</u></p> <ul style="list-style-type: none"> • For all reservations, high error rates resulting in reservations derive from deficiencies which have been identified by the DG AGRI audit services during their audits and/or by the Certification Bodies' findings, the latter is followed up in the conformity clearance exercise for 2022. Therefore, the corrective actions will be identified and notified to the Member States concerned. • DG AGRI monitors action plans implementation closely and follows them up with the Member States concerned, including on-the-spot where necessary. • DG AGRI provides further guidance and support to the Member State authorities where necessary. • DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented. • Failure by the Member State to implement an action plan will be addressed where appropriate by DG AGRI via suspension/reduction of payments in line with Article 41(2) of Regulation (EU) No 1306/2013. <p><u>At Member State level</u></p> <ul style="list-style-type: none"> • The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule, including addressing the findings from the Certification Body. • The Member State is required to report regularly on progress milestones in line with the agreed schedule

Reservation fiche 2 ABB03 – Direct Payments:

14 Paying Agencies, comprising 11 Member States: Germany (1 Paying Agency), Croatia, Estonia, France (2 Paying Agencies), Greece, Hungary, Italy (2 Paying Agencies), the Netherlands, Portugal, Slovakia and Spain (2 Paying Agencies).

DG	Agriculture and Rural Development
Title of the reservation, including its scope	Expenditure on Direct Payments for 14 Paying Agencies, comprising 11 Member States: Germany (1 Paying Agency), Croatia, Estonia, France (2 Paying Agencies), Greece, Hungary, Italy (2 Paying Agencies), the Netherlands, Portugal, Slovakia and Spain (2 Paying Agencies)
Domain	Shared Management – European Agricultural Guarantee Fund
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	<p>ABB03: Direct Payments</p> <p>Payments made for this ABB in 2022 amount to EUR 37 963.71 million.</p> <p>Reservations have been made for 14 Paying Agencies with material error rates which can be seen in the tables in Annex 7 – Part 3.2.</p>
Reason for the reservation	<p>The reservation is made due to the significant occurrence of weaknesses in the underlying transactions (legality and regularity).</p> <p>For Germany (Helaba), based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For Croatia, the Member State reported high error rates above materiality for Greening, the Small farmers scheme, Voluntary coupled support (area and animal based) and the Young farmers scheme. DG AGRI identified deficiencies in several measures. The adjustment made to the error rate is supported by the findings by the Certification Body.</p> <p>For Estonia, the Member State reported high error rates above materiality for Greening, the Small farmers' scheme and Young farmers' scheme.</p> <p>For Greece, the Member State reported high error rates above materiality for Cotton and Voluntary Coupled Support (area and animal based). DG AGRI found deficiencies in several measures. Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For Hungary, the Member State reported high error rates above materiality for Greening and the Small farmers' scheme.</p> <p>For France (POSEI) (2 reservations), the Member State reported a high error rate for the banana aid and the aid for the sugar cane production. DG AGRI identified deficiencies for POSEI animal premia measures and area aid in Mayotte. The adjustment made to the error rate is supported by the findings by the Certification Body.</p> <p>For Italy (Calabria), the Member State reported high error rate above materiality for the Basic Payment Scheme and Area based Voluntary coupled scheme. DG AGRI found deficiencies concerning the LPIS (correct recording of permanent grassland). Based on the Certification Body assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For Italy (Sardegna), the Member State reported high error rate above materiality for the Basic Payment Scheme. DG AGRI found deficiencies concerning the LPIS (correct recording of permanent grassland). Based on the Certification Body assessment, an</p>

	<p>adjustment was made to the error rate reported by the Member State.</p> <p>For the Netherlands, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.</p> <p>For Portugal, DG AGRI identified deficiencies concerning the quality of administrative and on-the-spot checks which were supported by findings of the Certification Body. Also, the Member State reported high error rates above materiality for Greening, Animal based Voluntary coupled support and the Small farmers scheme.</p> <p>For Slovakia, DG AGRI identified deficiencies in controls of several measures.. The Member State reported high error rates above materiality for the Basic payment scheme and the Young farmers scheme.</p> <p>For Spain (Madrid), DG AGRI found weaknesses in the establishment and management of the national reserve for payment entitlements. The Member State reported a high error rate above materiality for the Basic Payment Scheme (BPS).</p> <p>For Spain (Navarra), DG AGRI found weaknesses in the establishment and management of the national reserve for payment entitlements. The Member State reported high error rates above materiality for the Basic Payment Scheme (BPS) and Greening.</p>
<p>Materiality criterion/criteria</p>	<p>DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases.</p> <p>4 Paying Agencies with an error rate above 5% and the amount at risk above DG AGRI <i>de minimis</i> threshold of EUR 1 million, as established in Annex 5 (materiality criteria), were automatically subject to a reservation.</p> <p>For the 13 Paying Agencies with an error rate between 2% and 5%, an examination was carried out of any risk mitigating factors. In 3 cases (Greece-POSEI, Italy-2 Paying Agencies), as the amount at risk is below DG AGRI <i>de minimis</i> threshold of EUR 1 million, no reservation is required</p> <p>In 7 cases (Cyprus and 6 Italian Paying Agencies), it was considered that it was not necessary to carry over reservations from the 2021 AAR with regard to 2022 expenditure.</p> <p>The reasons for each decision are detailed in Annex 7 – Part 3.2.</p> <p>In total, 6 reservations from 2021 are repeated in 2022 as deficiencies persist (Croatia, France (POSEI), Italy (1 Paying Agency), Hungary, Portugal and Slovakia), while 8 new reservations are introduced (Estonia, Germany (1 Paying Agency), France, Greece, Italy (1 Paying Agency), the Netherlands and Spain (2 Paying Agencies). .</p> <p>The overall outcome of this exercise is that 14 reservations are necessary at Paying Agency level.</p> <p>Further details may be found at Annex 7 – Part 3.2 (ABB03).</p>
<p>Quantification of the financial impact (amount at risk)</p>	<p>The amount at risk for the expenditure under reservation is EUR 179.18 million.</p>
<p>Impact on the assurance</p>	<p>Whereas the estimated level of error for ABB03 Direct Payments is below materiality level for some Paying Agencies, the estimated level of error impacts on the assurance regarding the legality and regularity of the underlying transactions financed by the EAGF for Direct Payments.</p> <p>In addition, the average annual amount of net corrections executed over the past three years for direct aid was EUR 425.99 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2022, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director-General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of</p>

	Commission's net financial corrections.
Responsibility for the weakness	The concerned Member States and Paying Agencies are responsible for the proper implementation of the Direct Payments schemes concerned in their territory. The Commission supervises them in this respect, notably through audits carried out on-the-spot and through strict monitoring a follow-up of the implementation of milestones where action plans are required.
Responsibility for the corrective action	<p><u>At Commission level</u></p> <ul style="list-style-type: none"> • For all reservations, high error rates resulting in reservations derive from deficiencies which have been identified by the DG AGRI audit services during their audits and/or by the Certification Bodies' findings, the latter is followed up in the conformity clearance exercise for 2022. Therefore, the corrective actions will be identified and notified to the Member States concerned. • DG AGRI provides further guidance and support to the national authorities where necessary. • DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented. <p><u>At Member State level</u></p> <ul style="list-style-type: none"> • The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule and where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027, including addressing the findings from the Certification Body.

Reservation fiche 3 ABB04 – Rural Development: 29 Paying Agencies comprising 16 Member States: Austria, Belgium (1 Paying Agency), Bulgaria, Croatia, Denmark, Germany (7 Paying Agencies), Estonia, France (2 Paying Agencies), Hungary, Italy (2 Paying Agencies), Portugal, Romania, Sweden, Slovakia, Spain (5 Paying Agencies) and the United Kingdom (2 Paying Agencies).

DG	Agriculture and Rural Development
Title of the reservation, including its scope	Expenditure on Rural Development for 29 Paying Agencies comprising 16 Member States: Austria, Belgium (1 Paying Agency), Bulgaria, Croatia, Denmark, Germany (7 Paying Agencies), Estonia, France (2 Paying Agencies), Hungary, Italy (2 Paying Agencies), Portugal, Romania, Sweden, Slovakia, Spain (5 Paying Agencies) and the United Kingdom (2 Paying Agencies).
Domain	Shared Management – European Agricultural Fund for Rural Development
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	ABB04: Rural Development Payments made for this ABB in 2022 amount to EUR 15 233.83 million. Reservations have been made concerning 29 Paying Agencies and their respective error rates can be seen in the tables in Annex 7 – Part 3.3.
Reason for the reservation	The reservation is made due to the significant occurrence of weaknesses in the underlying transactions (legality and regularity). For Austria , the Certification Body identified deficiencies for both the IACS and Non-IACS measures. The Member State reported high error rate for IACS measures. In Belgium (Wallonia) , the Certification Body identified deficiencies in several Non-IACS measures, and the Member State reported a high error rate for IACS measures. For Bulgaria , the Certification Body identified deficiencies both for the IACS and Non-IACS measures. The Member State reported a high error rate for IACS and Non-IACS measures. For Croatia , deficiencies were found in the IACS and Non-IACS measures by the Certification Body. DG AGRI identified deficiencies in the IACS measures. The Member State has reported a high error rate for IACS measures. For Denmark , both the Certification Body and DG AGRI detected deficiencies in the IACS and Non-IACS measures and the Member State has reported a high error rate for IACS and very high for Non-IACS measures. For Estonia , the Certification Body identified deficiencies in the Non-IACS measures. The Member State reported a high error rate in IACS measures. For Germany (Baden-Wuerttemberg) , the Certification Body identified deficiencies in the IACS measures. DG AGRI identified deficiencies in the Non-IACS measures. For Germany (Mecklenburg-Vorpommern) , both the Certification Body and DG AGRI identified deficiencies in the Non-IACS measures. The Member State reported a high error rate in IACS measures. For Germany (Nordhein-Westfalen) , the Certification Body identified deficiencies in IACS and Non-IACS measures. The Member State reported a high error rate in IACS measures. For Germany (Rheinland-Pfalz) , the Certification Body identified deficiencies in the IACS and Non-IACS measures. The Member State reported a high error rate in IACS measures.

	<p>For Germany (Sachsen-Anhalt), the Certification Body identified deficiencies in the Non-IACS measures. The Member State reported a high error rate in IACS and Non-IACS measures.</p> <p>For Germany (Schleswig-Holstein), the Certification Body identified deficiencies in the Non-IACS measures. The Member State reported a high error rate in IACS measures.</p> <p>For Germany (Thüringen), the Certification Body identified deficiencies in the IACS and Non-IACS measures. The Member State reported a high error rate in IACS measures.</p> <p>For France (ODARC), deficiencies were found in the IACS measures by DG AGRI. The Member State has reported a high error rate for IACS measures. The Certification Body detected deficiencies in the Non-IACS measures.</p> <p>For France (ASP), the Certification Body found deficiencies in the IACS and Non-IACS measures. DG AGRI identified deficiencies in IACS and Non-IACS measures. The Member State has reported a high error rate for Non-IACS measures.</p> <p>For Hungary, the Member State has reported a high error rate for the IACS measures. Both the Certification Body and DG AGRI identified deficiencies in the IACS and Non-IACS measures.</p> <p>For Italy (Calabria), DG AGRI identified deficiencies in IACS measures. The Certification Body identified deficiencies in the Non-IACS measures.</p> <p>For Italy (Sardegna), DG AGRI identified deficiencies in IACS measures.</p> <p>For Portugal, deficiencies were found by DG AGRI and the Certification Body in the IACS and Non-IACS measures. The Member State has reported high error rates for the IACS and Non-IACS measures.</p> <p>For Romania, deficiencies in the IACS measures were identified by DG AGRI. The Certification Body identified deficiencies for the IACS and Non-IACS measures.</p> <p>For Spain (Andalucia), the Member State reported high error rate for the IACS and Non-IACS measures. The Certification Body identified deficiencies for the IACS measures.</p> <p>For Spain (Asturias), the Member State reported high error rate for the IACS and Non-IACS measures. The Certification Body and DG AGRI identified deficiencies for the IACS measures.</p> <p>For Spain (Islas Canarias), the Certification Body identified deficiencies for the Non-IACS measures.</p> <p>For Spain (Castilla y Leon), DG AGRI found deficiencies in IACS and Non-IACS measures. The Certification Body identified deficiencies for the Non-IACS measures. The Member State reported high error rate for IACS measures.</p> <p>For Spain (Pais Vasco), The Member State reported high error rate for IACS measures.</p> <p>For Slovakia, the Certification Body identified deficiencies for the Non-IACS measures. The Member State reported a high error rate for the IACS measures.</p> <p>For Sweden, deficiencies for the Non-IACS measures were identified by DG AGRI. The Member State reported a high error rate in IACS measures. The Certification Body identified deficiencies for the IACS and Non-IACS measures.</p> <p>For the United Kingdom (Wales), the Certification Body identified deficiencies in the IACS and Non-IACS measures, also supported by DG AGRI findings for the Non-IACS measures.</p> <p>For the United Kingdom (England), deficiencies were detected by the Certification Body and DG AGRI in the IACS and Non-IACS measures.</p>
Materiality criterion/criteria	<p>DG AGRI's materiality criteria related to the legality and regularity of the transactions was breached in the above cases.</p> <p>38 out of 72 Paying Agencies have an adjusted error rate above 2% (of which 10 were above 5%: Bulgaria, Denmark, France (1 Paying Agency), Italy (2 Paying Agencies), Portugal, Slovakia, Spain (1 Paying Agency) and the United Kingdom (2 Paying</p>

	<p>Agencies).</p> <p>9 out of 10 cases where the error rate is above 5% and the amount at risk is above DG AGRI <i>de minimis</i> threshold of EUR 1 million, as established in Annex 5 (materiality criteria), were automatically subject to a reservation. One Paying Agency (the United Kingdom) is under <i>de minimis</i> threshold. For the 28 Paying Agencies with an error rate between 2% and 5%, DG AGRI examined the situation for each Paying Agency concerned to determine if risk mitigation conditions existed rendering it unnecessary to make a reservation. For 8 Paying Agencies (Germany (1 Paying Agency), Italy (1 Paying Agency), Luxembourg, Malta and Spain (4 Paying Agencies)), the amount at risk is below DG AGRI's <i>de minimis</i> threshold of EUR 1 million, therefore no reservation was necessary.</p> <p>For the remaining 20 Paying Agencies, a reservation was deemed necessary.</p> <p>In 8 cases (Belgium (1 Paying Agency), Czech Republic, Germany (1 Paying Agency), Finland, the Netherlands, Poland, Spain (1 Paying Agency) and the United Kingdom (1 Paying Agency), it was not considered necessary to carry over reservations from the 2021 AAR with regard to 2022 expenditure.</p> <p>The reasons for each decision are detailed in Annex 7 – Part 3.3.</p> <p>In total, 16 reservations from 2021 are repeated as deficiencies persist while 13 new reservations are introduced (Austria, Belgium (1 Paying Agency), Germany (5 Paying Agencies), Estonia, Romania and Spain (4 Paying Agencies).</p> <p>The overall outcome of this exercise is that 29 reservations are necessary at Paying Agency level.</p> <p>Further details may be found in Annex 7 – Part 3.3 ABB04.</p>
<p>Quantification of the financial impact (amount at risk)</p>	<p>The amount at risk for the expenditure under reservation is EUR 329.04 million.</p>
<p>Impact on the assurance</p>	<p>The estimated level of error affects the assurance regarding the legality and regularity of the underlying transactions financed by the EAFRD.</p> <p>However, DG AGRI considers that consideration shall also be given to the corrective capacity of the net financial corrections applied to claw back undue expenditure to the EU budget. The average annual amount of net corrections executed over the past five years for Rural Development is around EUR 138.75 million.</p> <p>While these amounts refer to expenditure incurred in years prior to 2022, there are conformity procedures underway in respect of the deficient management and control systems which are subject to reservation. Thus, the Director-General can be confident that the EU budget is ultimately sufficiently protected by the corrective capacity of Commission's net financial corrections.</p>
<p>Responsibility for the weakness</p>	<p>The concerned Paying Agencies are responsible for the proper implementation of the rural development programmes in their territory. The Commission supervises them in this respect, notably through audits carried out on the spot and through strict monitoring a follow-up of the implementation of milestones where action plans are required.</p>
<p>Responsibility for the corrective action</p>	<p><u>At Commission level</u></p> <ul style="list-style-type: none"> • For all of the Paying Agencies concerned by the reservations, the deficiencies had already been identified by the DG AGRI audit services during their audits on the spot. The Certification Bodies findings are also followed up in the conformity clearance exercise for 2022. Therefore, the corrective actions necessary have been identified and notified or will be notified to the Member States concerned. • DG AGRI monitors action plan implementation closely and follows them up with the Member State, including on the spot where necessary.

- DG AGRI provides further guidance and support to the national authorities where necessary.
- DG AGRI will impose net financial corrections to recover to the EU budget the ineligible expenditure until remedial actions have been implemented.
- Where necessary DG AGRI will interrupt payments as provided by Article 36(7) of Regulation (EU) No 1306/2013.
- Failure by the Member State to implement an action plan will be addressed where appropriate by DG AGRI via suspension/reduction of payments in line with Article 41(2) of Regulation (EU) No 1306/2013.

At Member State level

- The Member State is responsible for implementing the necessary corrective actions within an appropriate time schedule, including addressing the findings from the Certification Body.
- The Member State is required to report regularly on progress milestones in line with the agreed schedule.

B. Operational Programmes / Paying Agencies under reservation and targeted actions

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
AT - 1 Reservation (1 financial) - Quantification = EUR 15.35 million								
1	AT	ABBO4- Rural Development	N/A	Financial	The Member State reported high error rate for the IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	EUR 15.35 million	N	The Member State should take remedial actions addressing the underlying causes of the high error rates for IACS measures and the deficiencies identified by the Certification Body in IACS and Non-IACS measures.
BE - 1 Reservation (1 financial) - Quantification = EUR 1.43 million								
1	BE	ABBO4- Rural Development	BE03 Wallonia	Financial	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate.	EUR 1.43 million	N	The Member State should take remedial actions to address the high error rate in IACS measures and the findings of the Certification Body for IACS and Non-IACS measures.
BG - 1 Reservation (1 financial) - Quantification = EUR 16.22 million								
1	BG	ABBO4- Rural Development	N/A	Financial	The Member State reported high error rate for IACS and Non-IACS measures. Based on the Certification Body assessment, an adjustment was made to the IACS and Non-IACS error rates.	EUR 16.22 million	N	The Member State should continue and reinforce the Action Plan to address the underlying causes for the high error rates in IACS and Non-IACS measures and the findings of the Certification Body for the IACS and Non-IACS measures. The ongoing conformity

²²² For ABBO2, the starting point of the adjusted error rate that will eventually trigger a reservation/action plan is the control statistics per Member State and not per Paying Agency. Therefore, in line with the methodology used, the reservation is at Member State level.

²²³ See amounts at risk and adjusted error rates in Annex 7 – Part 3.

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
CZ - 1 Reservation (1 financial) - Quantification = EUR 1.43 million								
1	CZ	ABBO2- Operational Programmes for Producer Organisations	N/A	Financial	A DG AGRI audit in 2022 identified deficiencies in the administrative checks to establish eligibility of support. In addition, the Member State reported an error rate above materiality.	EUR 1.43 million	N	The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
DE - 8 Reservations (8 financial) - Quantification = EUR 30.94 million								
1	DE	ABBO3- Direct Payments	DE26 Helaba	Financial	The Member State reported high error rates above materiality for Greening and the Small farmers scheme. Based on the Certification Body assessment, an adjustment was made to the error rate reported by the Member State.	EUR 6.28 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.
2	DE	ABBO4- Rural Development	DE03 Baden-Württemberg	Financial	A DG AGRI audit in 2021 found deficiencies in Non-IACS measures. Based on the Certification Body's assessment, an adjustment was made to the IACS error rate reported by the Member State.	EUR 3.56 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for Non-IACS measures, and by the Certification Body for IACS and Non-IACS measures.
3	DE	ABBO4- Rural Development	DE11 Mecklenburg-Vorpommern	Financial	The Member State reported high error rate for IACS measures. DG AGRI audit in 2021 revealed deficiencies in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State.	EUR 5.49 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for Non-IACS measures, and by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								for the high error rates in IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
4	DE	ABBO4- Rural Development	DE15 Nordhein-Westfalen	Financial	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 3.98 million	N	The Member State should implement an action plan to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
5	DE	ABBO4- Rural Development	DE17 Rheinland-Pfalz	Financial	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 1.20 million	N	The Member State should take remedial actions to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
6	DE	ABBO4- Rural Development	DE20 Sachsen-Anhalt	Financial	The Member State reported high error rate for IACS and Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 5.10 million	N	The Member State should implement an action plan to address the identified by the Certification Body for Non-IACS measures, as well as the underlying causes for the high error rates in IACS and Non-IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								budget is covered.
7	DE	ABBO4- Rural Development	DE21 Schleswig-Holstein	Financial	The Member State reported high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	EUR 3.01 million	N	The Member State should implement an action plan to address the deficiencies identified by DG AGRI and the Certification Body for Non-IACS measures and the underlying causes of the high error rate in IACS measures.
8	DE	ABBO4- Rural Development	DE27 Thüringen	Financial	The Member State reported a high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 2.32 million	N	The Member State should take remedial actions to address the deficiencies identified by the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
DK - 1 Reservation (1 financial) - Quantification = EUR 5.88 million								
1	DK	ABBO4- Rural Development	N/A	Financial	The Member State reported high error rates for IACS measures and very high error rate for Non-IACS measures. DG AGRI audit in 2021 found deficiencies in several IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 5.88 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS and Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
EE – 2 Reservations (2 financial) – Quantification = EUR 8.11 million								
1	EE	ABB03- Direct Payments	N/A	Financial	The Member State reported high error rates above materiality for Greening, the Small farmers scheme and the Young farmers scheme.	EUR 4.23 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.
2	EE	ABB04- Rural Development	N/A	Financial	The Member State reported a high error rate for IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.	EUR 3.88 million	N	The Member State should take remedial actions to address the deficiencies identified by Certification Body for Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.
ES – 7 Reservations (7 financial) – Quantification = EUR 36.16 million								
1	ES	ABB03- Direct Payments	ES12 Madrid	Financial	The Member State reported a high error rate above materiality for the Basic Payment Scheme (BPS). In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	EUR 3.40 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.
2	ES	ABB03- Direct Payments	ES14 Navarra	Financial	The Member State reported high error rates above materiality for the Basic Payment Scheme (BPS) and Greening. In addition, a DG AGRI audit in 2021 found weaknesses in the establishment and management of the national reserve for payment entitlements.	EUR 8.42 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
3	ES	ABBO4- Rural Development	ES01 Andaluca	Financial	The Member State reported high error rates for IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS error rate reported by the Member State.	EUR 15.18 million	N	The Member State should take remedial actions to address the high error rates for IACS and Non-IACS and the deficiencies identified from the Certification Body on IACS measures.
4	ES	ABBO4- Rural Development	ES03 Asturias	Financial	The Member State reported high error rate for IACS measures. DG AGRI audit in 2022 identified weaknesses in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.	EUR 1.99 million	N	The member State should implement an action plan to address the deficiencies identified by DG AGRI on Non-IACS, as well as from the Certification Body on IACS and Non-IACS measures, and the underlying causes of high error rate for IACS. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
5	ES	ABBO4- Rural Development	ES05 Islas Canarias	Financial	The Certification Body assessment revealed a deficiency for Non-IACS measures.	EUR 1.03 million	N	The Member State should take remedial actions to address the deficiency for Non-IACS measures. The conformity clearance procedure will ensure that the risk for the EU budget is covered.
6	ES	ABBO4- Rural Development	ES08 Castilla y Leon	Financial	The Member State reported high error rate for IACS measures. A DG AGRI audit in 2021 identified deficiencies in IACS and Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the Non-IACS error	EUR 4.93 million	N	The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI and from the Certification Body on IACS and Non-IACS measures, as well as the

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
					rate reported by the Member State.			underlying causes of high error rate for IACS measures.
7	ES	ABBO4- Rural Development	ES15 Pais Vasco	Financial	The Member State reported high error rate for IACS measures.	EUR 1.21 million	N	The Member State should take remedial actions to address the underlying causes of the high error rates in IACS measures.
FR - 5 Reservations (4 financial and 1 financial horizontal) - Quantification = EUR 140.06 million								
1	FR	ABBO2- Operational Programmes for Producer Organisations, Wine Sector, the EU School scheme	FR20 AGRIMER	Financial (horizontal)	The Certification Body has identified significant errors with regard to 2022 expenditure for market measures including known errors for late payments. In addition, based on the Certification Body's assessment, adjustments were made to the error rate reported by the Member State and for measures for which there are no control statistics, the amount at risk has been estimated.	EUR 36.86 million	N	The Member State should implement an action plan addressing the deficiencies identified by Certification Body as well as the deficiencies which have been identified by DG AGRI in wine sector.
2	FR	ABBO3- POSEI	FR05 ODEADOM	Financial	The Member State reported a high error rate above materiality for the banana aid and the aid for the sugar cane production.	EUR 7.39 million		The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned.
3	FR	ABBO3-POSEI	FR19 ASP	Financial	A DG AGRI audit in 2022 identified deficiencies in the checks for POSEI animal premia measures and area aid in Mayotte. DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls. The adjustment made to the error rate is supported by the findings by the Certification Body.	EUR 1.22 million	N	The Member State should identify and address the underlying causes of the high error rates for the POSEI measures concerned. The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
4	FR	ABBO4- Rural Development	FR18 ODARC	Financial	The Member State reported high error rate for IACS measures. Financial clearance audit in 2022 found deficiencies	EUR 2.04 million	N	The MS should continue and reinforce the ongoing Action Plan addressing the deficiencies identified by DG AGRI in IACS

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
					in IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate.			measures and by the Certification Body for Non-IACS, as well as the causes underlying the high error rate for the IACS measures.
5	FR	ABB04- Rural Development	FR19 ASP	Financial	The Member State reported high error rate for Non-IACS measures. DG AGRI audit in 2020 found deficiencies in IACS measures. DG AGRI audit in 2019 and 2021 found deficiencies in Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 93.09 million	N	The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI for IACS and Non-IACS measures and of the Certification Body for IACS and Non-IACS measures, as well as the high error rates in Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
GB - 2 Reservations (2 financial) - Quantification = EUR 14.69 million								
1	GB	ABB04- Rural Development	GB07 Wales	Financial	DG AGRI audits in 2021 and 2022 revealed weaknesses in Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 2.69 million	N	The National Authority should continue and reinforce the action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures.
2	GB	ABB04- Rural Development	GB09 England	Financial	DG AGRI audits in 2020 and 2022 identified deficiencies in IACS measures. A DG AGRI audit in 2021 identified deficiencies in several Non-IACS measures. Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS	EUR 12.00 million	N	The National Authority should implement an action plan to address the deficiencies identified by DG AGRI for Non-IACS measures and by the Certification Body on IACS and

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
					error rates.			Non-IACS measures. The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.
GR - 1 Reservation (1 financial) - Quantification = EUR 42.14 million								
1	GR	ABB03- Direct Payments	N/A	Financial	The Member State reported high error rates above materiality for Cotton and Voluntary Coupled Support (area and animal based). DG AGRI audit in 2022 found deficiencies administrative and on-the-spot controls in relation to area-based measures and Voluntary Coupled Support animals measures. Based on the Certification Body assessment, a further adjustment was made to the error rate reported by the Member State.	EUR 42.14 million	N	The Member State should continue to implement the actions under the 2017 Action Plan and adhere to the previously agreed timeline. The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered
HR - 2 Reservations (2 financial) - Quantification = EUR 21.88 million								
1	HR	ABB03- Direct Payments	N/A	Financial	The Member State reported high error rates above materiality for Greening, the Small farmers scheme, Voluntary coupled support (area and animal based) and the Young farmers scheme. DG AGRI audits in 2020 and 2021 identified weaknesses in administrative and on-the-spot controls in respect of aid claimed, active farmer condition and VCS measures. The adjustment made to the error rate is supported by the findings by the Certification Body.	EUR 9.11 million	N	The Member State is requested to ensure implementation of actions undertaken last year for the VCS animal measures to the extent relevant for the CAP 2023-2027.
2	HR	ABB04- Rural Development	N/A	Financial	The Member State reported high error rates for IACS measures. DG AGRI audits in 2020 and 2021 revealed deficiencies in IACS measures.	EUR 12.77 million	N	The Member State should continue and reinforce the ongoing action plan to address the deficiencies identified by DG AGRI for IACS measures, and by

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
					Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates.			the Certification Body for IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.
HU - 2 Reservations (2 financial) - Quantification = EUR 53.22 million								
1	HU	ABB03- Direct Payments	N/A	Financial	The Member State reported high error rates above materiality for Greening and the Small farmers scheme.	EUR 32.58 million	N	The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.
2	HU	ABB04- Rural Development	N/A	Financial	The Member State reported high error rate IACS measures. DG AGRI audits in 2017 and 2022 identified deficiencies in one IACS measure. DG AGRI audits in 2020, 2021 and 2022 identified deficiencies in Non-IACS measures. Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.	EUR 20.64 million	N	The Member State should continue and reinforce the ongoing Action Plan to address the deficiencies identified by DG AGRI and of the Certification Body for the IACS and Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures. The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.
IT - 6 Reservations (6 financial) - Quantification = EUR 38.77 million								
1	IT	ABB02- Wine sector	N/A	Financial	A DG AGRI audit in 2021 identified deficiencies in the administrative checks concerning wine restructuring and conversion of vineyard. In addition, a DG AGRI audit in 2022 identified deficiencies in wine promotion to third countries concerning the administrative checks.	EUR 9.25 million	N	The Member State should implement an action plan addressing the deficiencies identified by DG AGRI for the measures. The ongoing conformity

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								clearance procedures will ensure that the financial risk to the EU budget is covered.
2	IT	ABB02- The EU school scheme	N/A	Financial	A DG AGRI audit in 2022 identified deficiencies as regards the checks to establish the eligibility of the aid of sufficient quality.	EUR 1.39 million	N	The ongoing conformity clearance procedures will ensure that the financial risk to the EU budget is covered.
3	IT	ABB03- Direct Payments	IT26 Calabria	Financial	<p>The Member State reported high error rates above materiality for BPS and Area based Voluntary coupled support.</p> <p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	EUR 5.41 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
4	IT	ABB03- Direct Payments	IT27 Sardegna	Financial	<p>The Member State reported a high error rate for Basic payment scheme (BPS).</p> <p>DG AGRI audits in 2018 and 2022 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland).</p> <p>Based on the Certification Body's assessment of the Young farmer scheme, an adjustment was made to the error rate reported by the Member State.</p>	EUR 9.67 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
5	IT	ABB04- Rural Development	IT26 Calabria	Financial	<p>DG AGRI audits in 2017 and 2022 identified deficiencies in IACS measures.</p> <p>Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State.</p>	EUR 5.81 million	N	The action plan should be continued and reinforced, to address the deficiencies identified by DG AGRI for IACS measures.

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								The ongoing conformity clearance procedures for IACS measures will ensure that the financial risk to the EU budget is covered.
6	IT	ABB04- Rural Development	IT27 Sardegna	Financial	DG AGRI audit in 2022 identified deficiencies in IACS measures.	EUR 7.24 million	N	<p>The Member State should implement an action plan, to address the deficiencies identified by DG AGRI for IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS measures will ensure that the financial risk to the EU budget is covered.</p>
NL - 1 Reservation (1 financial) - Quantification = EUR 16.82 million								
1	NL	ABB03- Direct Payments	N/A	Financial	Based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State.	EUR 16.82 million	N	<p>The Member State should take remedial actions addressing the findings of the Certification Body.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
PT - 2 Reservations (2 financial) - Quantification = EUR 60.10 million								
1	PT	ABB03- Direct Payments	N/A	Financial	<p>The Member reported high error rates above materiality for Greening, Animal based Voluntary coupled support and the Small farmers scheme.</p> <p>DG AGRI audits in 2021 and 2022 identified weaknesses in administrative and on-the-spot controls.</p> <p>The adjustment made to the error rate is supported by the findings by the Certification Body.</p>	EUR 24.55 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure</p>

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
								that the financial risk to the EU budget is covered.
2	PT	ABBO4- Rural Development	N/A	Financial	<p>The Member State reported high error rates for IACS and Non-IACS measures.</p> <p>DG AGRI audit in 2022 identified deficiencies in IACS measures.</p> <p>DG AGRI audit in 2018 identified deficiencies related to LPIS maximum eligible area, impacting also the IACS measures.</p> <p>Based on the Certification Body assessment, further adjustments were made to the IACS and Non-IACS error rates reported by the Member State.</p>	EUR 35.55 million	N	<p>The Member State should continue and reinforce the action plan to address the deficiencies identified by DG AGRI in IACS measures, as well as from the Certification Body on IACS and Non-IACS measures and the underlying causes of the high error rates for IACS and Non-IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
RO - 1 Reservation (1 financial) - Quantification = EUR 23.31 million								
1	RO	ABBO4- Rural Development	N/A	Financial	<p>DG AGRI audit in 2022 identified deficiencies in IACS measures.</p> <p>Based on the Certification Body assessment, a further adjustment was made to the IACS and Non-IACS error rates.</p>	EUR 23.31 million	N	<p>The Member State should implement an action plan to address the deficiencies identified by DG AGRI for IACS measures and by the Certification Body for the IACS and Non-IACS measures.</p> <p>The ongoing conformity clearance procedures for IACS and Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
SE - 1 Reservation (1 financial) - Quantification = EUR 8.79 million								
1	SE	ABBO4- Rural Development	N/A	Financial	The Member State reported high error rate for IACS measures.	EUR 8.79 million	N	The Member State should continue and reinforce the

N°	Country code	Ref ²²²	Title	Type of Reservation	Reasons for Reservation	Financial impact (MEUR) in 2022 ²²³	Structural weakness (Y/N)	Actions to be taken
					<p>DG AGRI audits in 2020 and 2021 revealed deficiencies for Non-IACS measures.</p> <p>Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate.</p>			<p>ongoing action plan to address the deficiencies identified by DG AGRI and by the Certification Body for IACS and Non-IACS measures, as well as the causes underlying the high error rates for IACS measures.</p> <p>The ongoing conformity clearance procedures for Non-IACS measures will ensure that the financial risk to the EU budget is covered.</p>
SK - 2 Reservations (2 financial) - Quantification = EUR 22.55 million								
1	SK	ABBO3- Direct Payments	N/A	Financial	<p>The Member State reported high error rates above materiality for Basic payment scheme and the Young farmers scheme.</p> <p>DG AGRI audits in 2020 and 2021 identified weaknesses in administrative and on-the-spot controls.</p>	EUR 9.17 million	N	<p>The Member State should ensure a follow-up of the causes of the errors found, where relevant, in the first year of implementation of the CAP Strategic Plan for the CAP 2023-2027.</p> <p>The ongoing conformity clearance procedure will ensure that the financial risk to the EU budget is covered.</p>
2	SK	ABBO4- Rural Development	N/A	Financial	<p>The Member State reported very high error rate for IACS measures.</p> <p>Based on the Certification Body assessment, an adjustment was made to the Non-IACS error rates.</p>	EUR 13.38 million	N	<p>The Member State should continue and reinforce the ongoing action plan to address the findings of the Certification Body for the Non-IACS measures, as well as the underlying causes for the high error rates in IACS measures.</p>

C. Reservations issued for Operational Programme or Paying Agency in last year's annual activity report and lifted in 2022

N°	Country code	Ref ²²⁴	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 ²²⁵	Reason for lifting the reservation
1	DE	ABBO2- DE for Operational Programmes for Producer Organisations	N/A	financial	A DG AGRI audit in 2021 identified deficiencies in the administrative checks to establish the eligibility of operational programmes. In addition, the Member State reported an error rate above materiality. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State. <i>Adjusted error rate: 3.06%</i>	EUR 1.77 million	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
2	ES	ABBO2- ES for Operational Programmes for Producer Organisations	N/A	financial	A DG AGRI audit in 2020 identified weaknesses in the administrative checks verifying the soundness of the estimates. In addition, based on the Certification Bodies' assessment, an adjustment was made to the error rate reported by the Member State. <i>Adjusted error rate: 3.65%</i>	EUR 10.30 million	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
3	ES	ABBO2- ES for Wine sector	N/A	financial	A DG AGRI audit identified late payments affecting wine restructuring and conversion of vineyards, as well as weaknesses in the administrative checks concerning wine promotion to third countries. In addition, based on the Certification Body's assessment, an adjustment was made to the error rate reported by the Member State for the measures. <i>Adjusted error rate: 2.04%</i>	EUR 4.12 million	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
4	ES	ABBO2- ES for POSEI	N/A	financial	A DG AGRI audit in 2020 identified deficiencies in the performance of on-the-spot controls of sufficient quality. <i>Adjusted error rate: 4.39%</i>	EUR 2.90 million	The Member State has taken the necessary remedial action with regard to deficiencies identified in the past.

²²⁴ For ABB02, the starting point of the adjusted error rate that will eventually trigger a reservation/action plan is the control statistics per Member State and not per Paying Agency. Therefore, in line with the methodology used, the reservation is at Member State level.

²²⁵ See amounts at risk and adjusted error rates in Annex 7 – Part 3.

N°	Country code	Ref ²²⁴	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 ²²⁵	Reason for lifting the reservation
5	HU	ABBO2- HU for Wine sector	N/A	financial	A DG AGRI audit in 2021 identified deficiencies in wine restructuring and wine green harvesting concerning the administrative checks defining the standard scales of unit costs and deficiencies on the implementation of the actions. In addition, the Member State reported an error rate above materiality. <i>Adjusted error rate: 6.53%</i>	EUR 1.1 million	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
6	IT	ABBO2- IT for Operational Programmes for Producer Organisations	N/A	financial	A DG AGRI audit in 2020 identified deficiencies in the administrative checks to establish the eligibility of operational programmes, and in the technical quality and consistency of estimates in AGEA (IT01). In addition, deficiencies in the administrative checks to establish the eligibility of operational programmes for the whole Italy. <i>Adjusted error rate: 2.44%</i>	EUR 6.43 million	As the amount at risk is below the <i>de minimis</i> threshold established in DG AGRI's materiality threshold (see Annex 5), no reservation is required.
7	RO	ABBO2- RO for Wine crisis distillation	N/A	financial	A DG AGRI audit in 2021 identified deficiencies in wine distillation concerning the administrative checks setting up of price for wine distillation, possible creation of artificial conditions to receive the aid, and the price paid to distillers. <i>Adjusted error rate: 10.00%</i>	EUR 2.31 million	The measure is discontinued for financial year 2022.
8	CY	ABBO3-Direct Payments	CY01	financial	Based on the Certification Body assessment, an adjustment was made to the error rate reported by the Member State. <i>Adjusted error rate: 3.45%</i>	EUR 1.63 million	The adjusted error rate for FY2022 is below 2 %.
9	IT	ABBO3-Direct Payments	IT01 AGEA	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.51%</i>	EUR 44.93 million	The adjusted error rate for FY2022 is below 2 %.
10	IT	ABBO3-Direct Payments	IT05 Veneto	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.75%</i>	EUR 8.64 million	The adjusted error rate for FY2022 is below 2 %.

N°	Country code	Ref ²²⁴	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 ²²⁵	Reason for lifting the reservation
11	IT	ABBO3-Direct Payments	IT07 Toscana	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.14%</i>	EUR 3.41 million	The adjusted error rate for FY2022 is below 2 %.
12	IT	ABBO3-Direct Payments	IT08 Emilia Romagna	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.17%</i>	EUR 7.08 million	The adjusted error rate for FY2022 is below 2 %.
13	IT	ABBO3-Direct Payments	IT10 Piemonte	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.75%</i>	EUR 8.86 million	The adjusted error rate for FY2022 is below 2 %.
14	IT	ABBO3-Direct Payments	IT23 Lombardia	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure.	EUR 9.32 million	The adjusted error rate for FY2022 is below 2 %.
15	IT	ABBO3-Direct Payments	IT24 Bolzano	financial	DG AGRI audits in 2018 identified deficiencies affecting all Paying Agencies and mainly concerning the LPIS (correct recording of permanent grassland) and the fixing of payment entitlements. Pending the verification of the action plan implementation due to the COVID-19 pandemic, it is considered that a top-up is needed also for the 2021 expenditure. <i>Adjusted error rate: 2.78%</i>	EUR 1.14 million	The adjusted error rate for FY2022 is below 2 %.

N°	Country code	Ref ²²⁴	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 ²²⁵	Reason for lifting the reservation
16	BE	ABBO4-Rural Development	BE02 Flanders	Financial	The Member State has reported high error rates for the IACS measures. A DG AGRI audit in 2020 identified deficiencies in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS error rate reported by the Member State. <i>Adjusted error rate: 4.15%</i>	EUR 1.91 million	The Member State implemented an action plan addressing the deficiencies found.
17	CZ	ABBO4-Rural Development	CZ01	financial	The Member State has reported a high error rate for IACS measures. Furthermore, the minimum control rates were not achieved. A DG AGRI audit in 2019 identified deficiencies in several Non-IACS measures. <i>Adjusted error rate: 2.23%</i>	EUR 7.98 million	The Member State implemented an action plan addressing the deficiencies found.
18	DE	ABBO4-Rural Development	DE04 Bayern	financial	A DG AGRI audit in 2020 identified deficiencies in several Non-IACS measures. Based on the Certification Body's assessment, a further adjustment was made to the IACS error rate reported by the Member State. <i>Adjusted error rate: 2.61%</i>	EUR 3.82 million	The Member State implemented an action plan addressing the deficiencies found.
19	ES	ABBO4-Rural Development	ES02 Aragon	financial	The Member State reported a high error rate for IACS measures. Based on the Certification Body's assessment, an adjustment was made to the Non-IACS error rate reported by the Member State. <i>Adjusted error rate: 4.12%</i>	EUR 2.79 million	The Member State implemented an action plan addressing the deficiencies found.
20	FI	ABBO4-Rural Development	FI01	financial	The Member State reported a high total error rate for several IACS measures. A DG AGRI audit in 2021 identified deficiencies in in the Non-IACS measures. Based on the Certification Body's assessment, an adjustment was made to the IACS and Non-IACS error rate reported by the Member State. <i>Adjusted error rate: 2.96%</i>	EUR 12.68 million	The Member State implemented an action plan addressing the deficiencies found.
21	GB	ABBO4-Rural Development	GB05 Northern Ireland	financial	The National Authority reported high total error rate and high random error rate for IACS. A DG AGRI audit in 2020 identified deficiencies in one IACS measure. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rates reported. <i>Adjusted error rate: 4.05%</i>	EUR 1.29 million	The Member State implemented an action plan addressing the deficiencies found.

N°	Country code	Ref ²²⁴	Title	Type of Reservation	Reasons for Reservation	Financial impact (M€) in 2021 ²²⁵	Reason for lifting the reservation
22	NL	ABBO4-Rural Development	NL04	financial	A DG AGRI audit in 2021 identified deficiencies in one Non-IACS measure. Based on the Certification Body's assessment, a further adjustment was made to the IACS and Non-IACS error rate reported by the Member State. <i>Adjusted error rate: 3.34%</i>	EUR 5.44 million	The Member State implemented an action plan addressing the deficiencies found.
23	PL	ABBO4-Rural Development	PL01	financial	The Member State reported a high error rate in IACS measures. DG AGRI audit in 2019 identified deficiencies in a Non-IACS measure. Based on the Certification Body's assessment, a further adjustment was made to the Non-IACS error rate reported by the Member State. <i>Adjusted error rate: 2.04%</i>	EUR 28.96 million	The Member State implemented an action plan addressing the deficiencies found.

ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

A. Human resource management

Objective: DG AGRI employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business		
Indicator 1: Number and percentage of first female appointments to middle management positions		
Source of data: SEC(2020)146		
Baseline (female representation in management) (1 Dec 2019)	Target (2022) ²²⁶	Latest known results (31/12/2022)
18 female middle managers (40%)	6 first female appointments to middle management positions (target for the period of 2019-2022)	20 female managers (20/38 occupied management posts on 31/12/22 = 52.6%) 1 first female appointment done in 2022. 5 out of 6 first female appointments to middle management positions are accomplished.
Indicator 2: DG AGRI staff engagement index		
Source of data: Commission staff surveys 2018 and 2021 [data to be provided by DG HR]		
Baseline (2018)	Target (2022)	Latest known results (31/12/2022)
71% (Commission average: 69%)	≥ 71%	76% ²²⁷

²²⁶ The target will be revised and extended for the period 2023-2024 by January 2023.

²²⁷ 2021 staff survey

Main outputs in 2021			
Description	Indicator	Target	Latest known results (situation 31/12/22)
AGRI competition	Implementation of EPSO planning according to timetable	List of laureates to be published in May 2022	List was published on 12/07/22. DG AGRI has finalised 29 recruitments by end 2022.
Local HR strategy	HR Strategy reflects the needs identified through participatory process and adapted to latest developments.	Publication of the AGRI HR strategy in the first quarter of 2022.	Corporate HR strategy was published in April 2022. DG HR waived the requirement for local strategies. Draft action plan to be finalized in 2023.
Reorganisation	Implementation of the reorganisation	New organisation chart to come into effect in the 1 st quarter of 2022	New organisation chart came into effect on 16/01/22
Women in management positions in close cooperation with DG HR	First female appointments at middle management level	2 first female appointments by end 2022	1 female appointment (6 first female appointments to middle management positions for the period of 2019-2022)
Staff engagement	Staff engagement index in Commission staff survey	= or > Commission average results in staff survey 2021	76% (Commission result: 72%)
Staff allocation according to interest and competences	Overall job satisfaction	= or > Commission average results in staff survey 2021	84% (Commission result: 82%)
Staff well-being in cooperation with DG HR / Medical Service	Well-being indicator in Commission staff survey	= or > Commission average results in staff survey 2021	50% (Commission result: 51%)

Internal communication	Staff has appropriate and timely information to perform well at work	= or > Commission average results in staff survey 2021	70% (Commission result: 66%)
------------------------	--	--	------------------------------

B. Digital transformation and information management

Objective: DG AGRI is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions²²⁸

Source of data: DG AGRI, DG DIGIT

Information System	Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2022)
ISAMM	2020: 55%	2022: 60%	2024: 65%	63%
Compass Corporate	2020: 68%	2022: 86%	2024: 90%	91%
SFC2021	2018-2019: 1.9 ²²⁹	2020-2022: 1.9	2024: 2	1.9 ²³⁰

Indicator 2: Percentage of DG AGRI's key data assets for which corporate principles for data governance have been implemented

Source of data: DG AGRI

Baseline (2020)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2022)
0% ²³¹	40% ²³²	60% ²³³	40% ²³⁴

²²⁸ The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle – the progress achieved during the last year.

²²⁹ Average score on the implementation of the 11 core principles defined by the EC Digital Strategy.

²³⁰ Maximum value: 2

²³¹ Data assets have been defined end 2019.

²³² Milestone has been revised due to progress made under the new DG AGRI governance framework.

²³³ Target has been revised due to progress made under the new DG AGRI governance framework.

²³⁴ The indicator has been calculated according to the SG guidance "Document regarding the calculation of indicator 2 for Digital transformation and information management".

Main outputs in 2021			
Description	Indicator	Target	Latest known results (situation 31/12/22)
IT tools and services	Implementation of the relevant parts of the IT Master Plan, in cooperation with DG DIGIT and the other DGs where relevant (Common building blocks, support to ESIF policy, ...)	≥ 95%	98%
	Information Systems User Satisfaction (positive assessment)	≥ 80%	83%
	Number of security breaches (new indicator)	No major security breaches	No major security breaches
Information Management	Percentage of DG AGRI's key data assets for which corporate principles for data governance have been implemented	Interim milestone by 2022: 40%	December 2022: 40% done
	Percentage of implementation of DG AGRI Data Management WorkProgramme	100% by end of 2023	December 2022: 40%
	Share (%) of AGRI data assets made openly and transparently available	30%	December 2022: 30%
Document management	% of filing of documents (for the current year) in DG AGRI	100 % of documents ARES filed	98.34%
	Percentage of HAN ²³⁵ files, created in the current year, readable /	> 70 %	46.65%

²³⁵ Source: AGRI DMO statistics

	accessible by all units in the DG		
	Percentage of HAN ²³⁶ files, created in the current year, shared with other DGs	20%	40.77%
	Percentage of security markings applied on documents, created in the current year	10%	11.49%

Digital transformation automates business tasks and/or contributes to them with data intelligence. Data is now considered as a primary asset in DG AGRI, and one unit is specially dedicated to the data governance. But data needs to be accessed, processed, turned into intelligence and shared inside and outside by IT-systems. In this regard, coordinating data-related activities with IT-related activities goes hand in hand.

In 2022, DG AGRI made use of digital solutions for better policy-shaping, information management and administrative processes in line with the strategic objectives of the new European Commission digital strategy.

1. Digital culture

Early in 2022, DG AGRI put in place a M365 local champions network that promoted/advertised the potential of M365. This network is now complemented by the "Network of Informatics Correspondents" which met for the very first time in the autumn. The Network of Informatics Correspondents is a key instrument for spreading a digital culture by identifying digital needs, sharing information about digital tools and solutions as well as disseminating best practices.

DG AGRI has a Data Upskill Strategy. One of the actions to implement this strategy is for data analysts to learn data analysis tools like Qlik or Microsoft PowerBI to analyse agricultural data in their daily work.

During 2022, a major concern for DG AGRI was to make progress in assessing the 28 CAP Strategic Plans (fast enough to be approved by end 2022 and to start implementing the new CAP 2023-2027 on 1 January 2023). In that context, AGRI Wiki played a key role by helping desk officers to collaborate and geographical Units to share a consistent approach in the assessment.

²³⁶ Source: AGRI DMO statistics

2. Digital-ready EU policymaking

34 legal acts and preparatory documents prepared by DG AGRI in 2022 refer to "digital". In particular, the [proposal for a regulation on the revision of the EU GI system](#) mentions that the proposal provides full exploitation of digital tools, refers 17 times to "digital" and relies on a "digital system" for the submission of an application for registration.

DG AGRI also launched the external pilot project "IPM2-FSDN" whose one theme is *"to identify better, more efficient and effective ways to collect data and will provide an overview of a possible IT solution(s) for making use of existing data via linkages / connection / integration / interoperability between the different identified data sources and the FADN"*.

In 2022, DG AGRI adopted a Better Regulation Charter that establishes the coordination and management of better regulation activities in DG AGRI and set up a DG AGRI Better Regulation Network. DG AGRI also relaunched in 2022 the Working Group *"Digital Transformation in Agriculture, Agri-Food Sector and Rural Areas"* extending the scope to cover all digital- and data-relevant activities in agriculture, agri-food sector, and rural areas.

To promote the integration of the digital dimension in policy making, DG AGRI organized in December 2022 a lunchtime debate when they presented the data landscape on EU Agriculture.

DG AGRI submitted also in 2022 a proposal in relation with *"interoperability of data systems with spatial dimension in the field of agriculture"* for the Digital Europe Work Programme 2023-2024, specific objective 5 – Interoperability, in line with the Interoperable Europe Strategy for 2023-2024.

3. Business transformation

One way to undertake digital transformation is re-thinking and re-designing business processes using technology to streamline, optimise and automate processes. In this regard, the DG AGRI IT architecture is converging to the new CAP, is coming in support of it and is being adapted to it. Among other achievements in 2022, there are the following ones:

- Compass Corporate Flex. In 2022, DG AGRI presented its Compass Corporate Flex component to the *"DSMP²³⁷ – Process Automation and Paperless clusters"* community. Compass Corporate Flex is a low code/no code process automation tool inside Compass Corporate that allows to define a process dynamically and interactively through the user interface. It is now part of the reusable solutions and the corporate IT architecture of the European Commission. It was used to define the processes to approve the CAP Strategic Plans;

²³⁷ Digital Solution Modernisation Plan

- The Certification Body's reports that were received as PDF/Excel files in the past are now submitted in a structured way in SFC2021²³⁸;
- The EAGF monthly and quarterly declarations are received in SFC2021 and e-AGREX has been decommissioned;
- The Customized Microsoft SharePoint collaborative workspace "Meetings" offers an interactive calendar of Comitology and Expert groups meetings for managing those meetings, including SCIC interpretations. It replaces an Excel file on a shared drive and emails.

In line with the Dual Pillar approach which promotes reuse of existing solutions, the EAGF and EAFRD budget nomenclatures are now published in SFC2021 instead of CAP-ED²³⁹.

In 2022, the agricultural datasets and visualisations published in AGRIVIEW and on the Agri-food Data Portal continued to be extended. Prominent achievements include the dashboard on the impact of Russia's invasion of Ukraine on agricultural sectors⁽²⁴⁰⁾ and the one on food supply and security⁽²⁴¹⁾ but also the Short-term outlook⁽²⁴²⁾, the economic performance of cereal farms in the EU⁽²⁴³⁾. Those achievements show that DG AGRI is now definitively a data-powered Directorate-General that harvests knowledge and insights from data by accessing, activated and sharing data.

4. Seamless digital environment

In 2022, DG AGRI made further progress in putting in place a seamless digital environment, notably by:

- Applying the "*cloud-first approach with progressive uptake*" that is recommended by the EC IT Governance. Since the beginning, the Agri-food Data Portal is hosted on Microsoft Azure. In 2022, DG AGRI conducted a feasibility study to migrate AWAI²⁴⁴ to Amazon Web Services (AWS) and progressed with the deployment of the administration subsystem (AWAI2Admin) into that cloud. DG AGRI put also in place a very first development environment on AWS, which opens the possibility to replace the costly and time-consuming management of the developers' workstations in the future;
- DG AGRI worked on improving the mobile experience of the Agri-food Data Portal users and adapted the forms in eAmbrosia for mobile view;

²³⁸ SFC is the System for Fund Management in the European Union – the front-office allowing MS to exchange data with the Commission on Fund Management (CAP, Structural Funds, etc.)

²³⁹ CAP Electronic Dictionary

²⁴⁰ <https://agridata.ec.europa.eu/extensions/Ukraine/Ukraine.html>

²⁴¹ <https://agridata.ec.europa.eu/extensions/DataPortal/food-supply-security.html>

²⁴² <https://agridata.ec.europa.eu/extensions/DataPortal/short-term-outlook.html>

²⁴³ <https://agridata.ec.europa.eu/extensions/CerealReport/CerealReport.html>

²⁴⁴ Agriculture Web Applications Interface

- Exchange of data between SFC2014/SFC2021, AGREX and CATS/COMBO continued to be extended, with the exchange of the executed amounts of the financial decisions from AGREX to CATS/COMBO, IPARD data from SFC2021 to CATSCOMBO and then to AGREX, the EAGF monthly declarations from SFC2021 to CATS/COMBO.

5. Green, secure and resilient infrastructure

Since already a few years, all DG AGRI Information Systems have been moved to DG DIGIT Data Centre and the DG AGRI local computer room has been dismantled.

On a total of 12 DG AGRI operational Information Systems, 10 Information Systems have an up-to-date Security Plan and have reported on the Governance Risk and Compliance. All external Information Systems have also a multi-factor authentication (MFA) using EU Login⁽²⁴⁵⁾. 40% users in DG AGRI have upgraded to the Welcome domain.

For synergies in terms of IT services and expertise, 13 out of the 15 Information Systems that were relying on ColdFusion have been transformed using another technology, merged or stopped⁽²⁴⁶⁾.

Kiosk, the DG AGRI mobile application for BCP²⁴⁷ which is interfaced with NOAH, is among those Information Systems that have been transformed.

As far as **document management** is concerned, DG AGRI continued to apply the principles of the Commission's Digital Preservation Strategy and participated in a number of SG-lead projects aimed at implementing this Strategy in the Commission such as assessment of preservation needs of DG-owned information systems and assigning the applicable retention periods and the subsequent actions to be taken at the end of the systems' lifecycle. DG AGRI equally participated in SG's project of assessing the records, which were automatically registered by DG-owned applications integrated with HAN, to ensure that the "Sensitive Personal Data" flag was correctly applied in ARES.

In line with the principles of the Commission's Digital Preservation Strategy, DG AGRI has continued with archiving its records, following the applicable retention periods, with a view to eliminating the records or transferring them to the Historical Archives for long-term preservation. Document Management Officers (DMOs) have continued to raise awareness and to encourage services to review the visibility of their files to give read access as widely as possible and have promoted Commission-wide access for newly created files. Furthermore, DMOs have continued raising awareness on the need to protect sensitive information by using security markings and the "Sensitive Personal Data" flag, to reinforce restrictions on sensitive documents and improve the security.

²⁴⁵ [Note-SG-DIGIT-EU-Login-and-MFA.pdf \(europa.eu\)](#)

²⁴⁶ [Ares\(2021\)2208881](#)

²⁴⁷ Business Continuity Plan

In 2022, in the context of business continuity in records management, DMOs organised an inventory of DG AGRI's vital records, first inventory of this kind ever conducted in the DG. DMOs also prepared DG AGRI's Guide for records management during business disruption. Furthermore, DG AGRI contributed to the consultation on the third revision of the common Commission-level retention list for Commission's files and proposed several changes for the existing retention categories.

Indicator 3: Percentage of staff attending awareness raising activities on data protection compliance

Source of data: European Commission/DG AGRI - EU Learn registrations and training presence lists

Baseline (2018)	Interim milestone (2022)	Target (2024)	Latest known results (31/12/2022)
15%	100% management staff 50% non-management staff	100% non-management and management staff	<ul style="list-style-type: none"> • 100% of staff have access to updated information on My AGRInet • 100% of management trained by the end of the year • 60% of staff trained by the end of the year • 100% of newcomers receive basic introduction training to data protection • Up-to-date data protection page on My AGRInet

Main outputs in 2021			
Description	Indicator	Target	Latest known results (situation 31/12/22)
Personal data protection	Data protection inventory	Yearly update	The yearly update was conducted in June 2022.
	Training and awareness raising on data protection	100% of management trained 100% of staff aware of data protection rules through publication on MyAGRInet	<ul style="list-style-type: none"> • 60% of staff trained by the end of the year • 100% of newcomers receive basic introduction training to data protection • Up-to-date data protection page on My AGRInet

In relation to **data protection**, DG AGRI continued to implement the Commission's Data Protection Action Plan (C(2018) 7432 final) and the corporate guidelines.

In 2022, the Data Protection Coordinator (DPC) continued to cooperate closely with all units and to train managers and staff, in both general and targeted sessions. The Data Protection Coordinator also continued giving basic introductions to personal data protection in the bi-monthly welcome meetings for all AGRI newcomers. Throughout the year, the DPC also continued to advise DG AGRI in any matter concerning data protection to ensure the implementation of the Internal Data Protection Regulation (Regulation (EU) 2018/1725) in all activities of the DG.

In 2022, a new yearly data protection inventory was conducted. This inventory focused on compliance with obligations concerning record keeping, processors as well as joint-processing, processing in IT systems and upcoming proposals that would imply the processing of personal data.

C. Sound environmental management

Objective: DG AGRI takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main outputs in 2021			
Reducing CO2, equivalent CO2 and other atmospheric emissions			
Output	Indicator	Target	Latest known results (situation 31/12/22)
"Cycling buddy" initiative: Volunteers from DG AGRI accompany colleagues who do not feel at ease cycling to work	Number of colleagues accompanied	≥ 5 colleagues	Cycling buddy initiative launched in the context of Velo Mai 2022 – Kick-off event on 28/04/22 (only 1 colleague enrolled)
Promotion of VeloWalk 2022 and local event(s)	% of staff participating in VeloWalk	% increase of staff participating in VeloWalk	VeloWalk was split in separate competitions. The walking competition took place in September/October 2022, local campaign took place beforehand.

Workshop on zero waste	Number of events organised	At least 1	<ul style="list-style-type: none"> • 12/05/22 on Digital and e-waste • 24/11/22 on Green Life • 29/11/22 on Sustainable Fashion
Workshop on digital waste and e-waste	Number of events organised	At least 1	Participation in workshop on ICT assets + Digital mindfulness + e-waste organised by DG HR and DIGIT, 05/0522
Reducing and management of waste			
Output	Indicator	Target	Latest known results (situation 31/12/22)
Introduction of waste sorting stations in L130 in cooperation with OIB	Waste sorting stations in place by July 2022	Appropriate number of sorting stations installed after discussions with OIB	52 sorting stations were installed on 13/06/22.
Supporting biodiversity			
Output	Indicator	Target	Latest known results (situation 31/12/22)
Campaign and maintenance on AGRI potager	Number of staff involved	≥ 3 new staff to be involved	The members of the 'potager' are reviving the network; a meeting was held in September 2022.

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

(not applicable)

ANNEX 12: EAMR of the Union Delegations

(not applicable)

ANNEX 13: Decentralised agencies and/or EU Trust Funds

(not applicable)

ANNEX 14: Table of acronyms

Abbreviation	Full text
A	
AAC	Administrative Assistance and Cooperation
AAR	Annual Activity Report
ABB	Activity-Based Budgeting
ACP	African, Caribbean, and Pacific Group of States
DG AGRI	Directorate-General Agriculture and Rural Development
AEC	Agri-environment-climate
AECM	Agri-environment-climate measures
AI	Artificial Intelligence
AIR	Annual Implementation Report
AKIS	Agricultural Knowledge and Innovation Systems
AMIS	Agricultural Market Information System
AMS	Area Monitoring System
ANC	Areas facing natural and other specific constraints
APO	Associations of Producer Organisations
ARES	Advanced Records System
AT	Austria
AU	African Union
AUC	African Union Commission
AWBM	Activity Without Budgetary Measure
AWP	Annual Work Programme
AWU	Annual Work Unit
B	
BCO	Broadband Competence Offices
BE	Belgium
BG	Bulgaria
BiH	Bosnia-Herzegovina
BISS	Basic income support for sustainability
BTSF	Better Training for Safer Food
DG BUDG	DG Budget
C	
CAADP	Comprehensive Africa Agriculture Development Programme
CAFS	Commission Anti-Fraud Strategy
CAP	Common Agricultural Policy
CAS	Common Audit Service
CB	Certification Body
CBT	Computer-based testing
CEF	Connecting Europe Fund
CETA	EU-Canada Free Trade Agreement (Comprehensive Economic and Free Trade Agreement)
CHAFEA	Consumers, Health, Agriculture and Food Executive Agency
CISYF	Complementary income support for young farmers
CLAR	Client in Audit Research
DG CLIMA	Directorate-General Climate Action
CMO	Common Market Organisation

Abbreviation	Full text
COMAGRI	Committee on Agriculture and Rural Development in the European Parliament
DG CNECT	Directorate-General Communication Networks, Content and Technology
DG COMM	Directorate-General Communication
DG COMP	Directorate-General Competition
COP	Cereal, Oilseed and Protein crops
CoR	Committee of the Regions
CRISS	Complementary redistributive income support for sustainability
CSF	Common Strategic Framework
CWP	Commission Work Programme
CY	Claim Year
CY	Cyprus
CZ	Czech Republic

D

DAS	Statement of assurance (Déclaration d'assurance)
DCFTA	Deep and Comprehensive Free Trade Areas
DDA	Doha Development Agenda
DE	Germany
DEP	Digital Europe Programme
DESI	Digital Economy and Society Index
DG	Directorate-General
DG DEFIS	Directorate-General Defence Industry and Space
DG DEVCO	Directorate-General International Cooperation and Development
DG DIGIT	DG Informatics
DIH	Digital Innovation Hubs
DK	Denmark
DPC	Data Protection Coordinator
DPO	Data Protection Officer
DPMS	Data Protection Records Management System
DSM	Digital Single Market

E

DG EAC	Directorate-General Education and Culture
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guarantee and Guidance Fund
EBCC	European Bird Census Council
ECA	European Court of Auditors
DG ECFIN	Directorate-General Economic and Financial Affairs
EE	Estonia
EEA	European Environment Agency
EESC	European Economic and Social Committee
EFA	Environmental Focus Area
EFSCM	European Food Security Crisis preparedness and response Mechanism
EFSI	European Fund for Strategic Investments
EIB	European Investment Bank
EIF	European Investment Fund
EIP	European Innovation Partnership
EL (GR)	Greece

Abbreviation	Full text
DG EMPL	Directorate-General Employment, Social Affairs and Inclusion
DG ENER	Directorate-General Energy
ENPARD	European neighbourhood programme for agriculture and rural development
ENRD	European Network for Rural Development
DG ENV	Directorate-General Environment
EP	European Parliament
EPA	Economic Partnership Agreement
EPCA	Enhanced Partnership and Cooperation Agreement
ERR	Error rate
ES	Spain
ESIF	European Structural and Investment Funds
ESPG	Environmentally sensitive permanent grassland
DG ESTAT	Eurostat
ETC/ACC	European Topic Centre on Air and Climate Change
EU	European Union
EU-15 ²⁴⁸	AT, BE, DE, DK, EL, ES, FI, FR, IE, IT, LU, NL, PT, SE, UK
EU-27	All EU Member States
EU-N10	Members States that joined the EU in 2004: Czech Republic (CZ), Estonia (EE), Cyprus (CY), Latvia (LV), Lithuania (LT), Hungary (HU), Malta (MT), Poland (PL), Slovenia (SI) and Slovakia (SK)
EU-N13	EU-N10 plus Member States that joined the EU in 2007 (Bulgaria (BG), Romania (RO) and 2013 (Croatia (HR)) respectively
EUIPO	European Union Intellectual Property Office
EUR (€)	Euro
F	
F2F	Farm to Fork Strategy
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization of the United Nations
FAS	Farm Advisory System
FDI	Foreign Direct Investment
FEAD	Fund for European Aid to the Most Deprived
FFPA	Financial Framework Partnership Agreements
FI	Financial instruments
FI	Finland
FNVA	Farm net value added
FPA	Framework Partnership Agreement
FP7	7 th Framework Programme
FR	France
FTA	Free Trade Agreement
FVO	Food and Veterinary Office
FWG	Forecast working group
FY	Financial Year

²⁴⁸ Composition in 2004.

Abbreviation	Full text
G	
G7	Group of Seven (leading industrialised nations: Canada, France, Germany, Italy, Japan, UK, USA)
G20	Group of Twenty (governments and central bank governors from Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Republic of Korea, the Russian Federation, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the EU)
GAEC	Good Agricultural and Environmental Conditions
GCC	Gulf Cooperation Council
GFFA	Global Forum for Food and Agriculture
GHG	Greenhouse gases
GI	Geographical Indications
GR	Greece
DG GROW	Directorate-General Internal Market, Industry, Entrepreneurship and SMEs
GSAA	Geo-spatial aid application
GVA	Gross Value Added
H	
H2020 / HE	Horizon 2020 / Horizon Europe
HNV	High Nature Value
HR	Croatia
HR	Human Resources
HU	Hungary
I	
IA	Impact Assessment
IAC	Internal Audit Capability
IACS	Integrated Administration and Control System
IAS	Internal Audit Service
ICM	Internal Control Monitoring
ICT	Information and Communication Technology
IE	Ireland
IEPA	Interim Economic Partnership Agreement
IFAD	International Fund for Agricultural Development
IGC	International Grains Council
IOC	International Olive Council
IoF	Internet of Food and Farm
IoT	Internet of Things
IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-Accession Assistance Rural Development
IRR	Incompliance rate
ISAMM	Information System for Agricultural Market Management and Monitoring
ISO	International Sugar Organisation
IT	Information Technology
IT	Italy
ITSRM	IT Security Risk Management methodology

Abbreviation	Full text
J	
JRC	Joint Research Centre
DG JUST	Directorate-General Justice and Consumers
K	
KJWA	Koronivia Joint Work on Agriculture
KPI	Key Performance Indicator
L	
LAG	Local Action Group
LAU	Local Administrative Units
LDC	Least Developed Countries
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
LISO	Local Informatics Security Officer
LPIS	Land Parcel Identification System
LT	Lithuania
LU	Luxembourg
LV	Latvia
M	
MAFA	Multi Annual Financing Agreement (SAPARD)
DG MARE	Directorate-General Maritime Affairs and Fisheries
MEP	Member of the European Parliament
MFA	Multi Annual Financing Agreement (IPARD)
MFF	Multi-annual Financial Framework
MK	North Macedonia
MoU	Memorandum of Understanding
DG MOVE	Directorate-General Mobility and Transport
MS	Member State
MT	Malta
N	
NAO	National Authorizing Officer
NIPAC	National 'Instrument for Pre-accession Assistance' Coordinator
NL	Netherlands
NPI	Non-productive investment
NRN	National Rural Networks
O	
OECD	Organisation for Economic Co-operation and Development
OIB	Office for Infrastructures and Logistics in Brussels
OJ	Official Journal
OLAF	European Anti-Fraud Office
OTSC	On-the-spot checks
P	
PA	Paying Agency
PAF	Prioritised Action Framework for Natura 2000
PECBMS	Pan-European Common Bird Monitoring Scheme
PDO	Protected Designations of Origin
PGI	Protected Geographical Indications

Abbreviation	Full text
PL	Poland
PMEF	Performance and Monitoring Evaluation Framework
PMO	Office for Administration and Payment of Individual Entitlements
PO	Producer organisation
POSEI	Programme d'Options Spécifiques à l'Éloignement et l'Insularité (Programme of Options Specifically Relating to Remoteness and Insularity)
POSEICAN	Programme of options specific to the remote and insular nature of the Canary Islands
POSEIDOM	Programme of options specific to the remote and insular nature of the overseas departments
POSEIMA	Programme of options specific to the remote and insular nature of Madeira and the Azores
PPP	Plant protection products
PT	Portugal
R	
RAD	DG BUDG database ("Recommendations/Actions/Discharge")
RBN	Research Budget Network
RD	Rural Development
RDP	Rural Development Programme
REA	Research Executive Agency
REFIT	Regulatory Fitness and Performance Programme
DG REGIO	Directorate-General Regional and Urban Policy
RO	Romania
RoO	Rules of Origin
DG RTD	Directorate-General Research and Innovation
S	
SAI	Smaller Aegean islands
SAIO	Regulation on statistics on agricultural inputs and outputs
SAPARD	Special Accession Programme for Agriculture and Rural Development
DG SANTE	Directorate-General Health and Food Safety
SAPS	Single Area Payment Scheme
SBS	Structural Business Statistics
SC	Societal Challenge (Horizon 2020)
SCAR	Standing Committee for Agricultural Research
SCIC	Directorate-General for Interpretation
SDGs	Sustainable Development Goals
SE	Sweden
SF	Support Facility
SG	Secretariat-General of the European Commission
SI	Slovenia
SJ	Legal Service of the European Commission
SK	Slovakia
SMP	Skimmed milk powder
SPS	Single Payment Scheme
SPS	Sanitary and Phytosanitary
SR	Special Report
SRIA	Strategic Research and Innovation Agenda

Abbreviation	Full text
SWD	Staff Working Document
SWOT	Strengths, weaknesses, opportunities, threats
T	
TAIEX	Technical Assistance and Information Exchange instrument
DG TAXUD	Directorate-General Taxation and Customs Union
TCA	Trade and Cooperation Agreement
TEF	Testing and Experimentation Facilities
TFEU	Treaty on the Functioning of the European Union
TFP	Total Factor Productivity
TFRA	Task Force for Rural Africa
ToR	Terms of Reference
TR	Turkey
DG TRADE	Directorate-General for Trade
TRDI	Transitional Rural Development Instrument
TRIPs	Agreement on Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff-Rate Quota
TSG	Traditional Specialities Guaranteed
TTG	Time to grant
TTI	Time to inform
TTIP	Transatlantic Trade and Investment Partnership
TTP	Time to pay
U	
UAA	Utilised agricultural area
UK (GB)	United Kingdom
UN	United Nations
UNFCCC	UN Framework Convention on Climate Change
US	United States of America
USDA	US Department for Agriculture
UTP	Unfair Trading Practices
V	
VCS	Voluntary Coupled Support
W	
WIPO	World Intellectual Property Organisation
WMP	Whole milk powder
WTO	World Trade Organization