



Annual Activity Report 2024

Directorate-General
for Agriculture and Rural Development

Foreword



Dear Reader,

This Annual Activity Report 2024, the last one reporting on the priorities of the von der Leyen 1 Commission, illustrates how the Directorate-General for Agriculture and Rural Development (DG AGRI) delivered on its policy performance objectives by supporting the farmers and the Member States in the implementation of the CAP dealing effectively with unforeseen challenges including changing geo-political circumstances and widespread farmers protests. These results clearly illustrate that we listen to the concerns of our farmers, and at the same time contribute to food security, sustainability and prosperity globally.

The report gives a comprehensive overview of DG AGRI's activities and achievements in 2024, and I am confident that it will provide valuable information about the performance of the CAP and its practical and administrative functioning. In the chapter on key results, you will find an overview of the challenges faced and measures taken in that respect. By definition, it is impossible for a foreword to capture the full scope of our activities, so I refer here to a selected number of tasks and achievements.

We worked on many important and sensitive files – the simplification of the CAP legislative framework, accompanying the activities of the Strategic Dialogue, and, later in the year, addressing the functioning of the food supply chain and the new proposal for an Unfair Trading Practices (UTP) regulation. In addition, we concluded the revision of the GI system for wine, spirit drinks and agricultural products. We have also started reflections on the future CAP, alongside the preparatory work for the Vision for agriculture and food. In addition, we kicked off the preparations for setting up the European Board on Agriculture and Food. And we continued working hard on the implementation of CAP Strategic Plans and Rural development programs. The first full reporting on the CAP Strategic Plans shows that most parts of the CAP Plans are implemented according to plan. In some cases, results show that the Plans perform even better than expected like for actions to protect and improve soils.

Efforts in communicating what we do and engagement with stakeholders continued, including with the organisation of the Agri-food days and an active economic diplomacy agenda.

On the legislative side, we worked on FSDN secondary legislation and a number of proposals for a revision of EU marketing standards for agricultural products.

The EU agri-food trade balance saw another successful year, with the EU trade surplus reaching 64 billion EUR. Several Free Trade Agreements (FTA) were finalised or implemented in 2024, and our policy cooperation with developing countries was further enhanced. We also continued our active engagement in key international fora, pursued the protection of Europe's food heritage and promoted our high-quality agri-food products and standards. The implementation of the long-term vision for the EU's rural areas and its action plan were also part of our activities.

That said, 2024 continued to be overshadowed by geopolitical tensions (Russian invasion of Ukraine; middle East; transport disruptions in the Red Sea). Natural disasters were another cause strongly impacting on the EU decision-taking. Exceptional market measures and derogations were adopted with a view to address the consequences of those factors on the farmers in the short term and to build a resilient agricultural sector in the longer term.

DG AGRI accomplished the above outputs with another year of applying a robust assurance framework, which has successfully ensured the protection of the EU's financial interests.

As I will be saying "au revoir" to DG AGRI soon, let me close by expressing my respect and gratitude to all DG AGRI staff for their excellent work and unwavering commitment during the past years, in particular in very challenging times. I am honoured to have worked with such a dedicated and competent team!

Wolfgang Burtscher
Director-General

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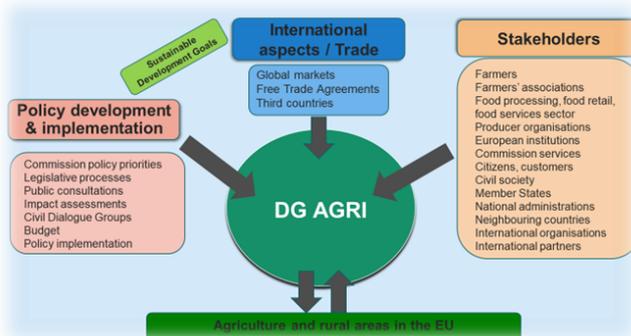
DG AGRI IN BRIEF

The **mission** of the Directorate-General for Agriculture and Rural Development (DG AGRI) is to support and promote a knowledge and evidence-based green and digital transition towards a sustainable, competitive, and resilient EU agriculture, rural areas and food systems. To achieve this, it develops, implements, monitors, and evaluates the Common Agricultural Policy (CAP) so that its specific economic, environmental, and social objectives, building on the Treaty objectives, notably to ensure food security at all times, are jointly met. The two pillars of the CAP complement each other in delivering on these objectives.

The importance of agriculture for society extends beyond its role as a source of sufficient supply of safe, healthy and affordable food and the promotion of jobs in farming, agri-food industries and associated sectors. Agriculture has a direct impact on retaining population in rural areas, especially remote regions, the viability of these areas, the scenic value of landscapes, climate change, water quality, eco-system services as well as Europe's heritage. Therefore, the CAP offers various complementary tools and instruments ensuring that agriculture best meets European citizen's demands.

The CAP is a genuinely European policy as Member States pool resources to operate a single common policy with a single European budget. Article 39 of the **Treaty on the Functioning of the European Union** (TFEU) sets out the CAP objectives: to increase agricultural productivity; to ensure a fair standard of living for the agricultural community; to stabilise markets; to assure the availability of supplies; to ensure that supplies reach consumers at reasonable prices. In 2023, most of the support provided under the CAP moved from a compliance-based policy to a performance driven one that grants more flexibilities to Member States in tailoring CAP interventions to their specific needs.

Fulfilling the Treaty objectives in the light of changing internal and external challenges requires formulating **political priorities**, which reflect the specific needs at a given point in time. In order to adapt the CAP to new emerging challenges, the European Commission plays a leading role as policy initiator, supervisor of the policy and manager of the EU budget. In order to deliver on its mission, DG AGRI interacts in an open and transparent way with a large set of **stakeholders** (see graph) who play an important role in DG AGRI's capacity to promote the sustainable development of Europe's agriculture and to ensure the well-being of its rural areas.



The competences in the field of agriculture are **shared between the Union and the Member States**. In that context, DG AGRI has a large scope of activities:

- Management of the **European Agricultural Guarantee Fund** (EAGF) and the **European Agricultural Fund for Rural Development** (EAFRD).

- DG AGRI manages the **Instrument for Pre-accession Assistance** in Rural Development.
- DG AGRI programmes and monitors agricultural research; participates in the implementation of the Horizon 2020/Horizon Europe (HE) Framework Programmes for Research and Innovation; implements the HE Mission 'A soil deal for Europe' and three other R&I partnerships on agroecology, animal health and agricultural data; contributes to the successful implementation of the Circular Bio-based Europe Joint Undertaking.
- The overall policy conception and formulation of the CAP is based on **policy and economic analysis**, evaluation and impact assessments.
- DG AGRI prepares **legislative proposals** and, once adopted, **monitors their implementation** to ensure a harmonised application. The DG is also responsible for various Commission delegated and implementing acts laying down detailed rules, as well as their adaptation over time. DG AGRI deals with infringements, control of implementation of the acquis, complaints and European Ombudsman inquiries.
- Through its **audit** activities, DG AGRI provides **assurance** that expenditure financed by the EU in the area of agriculture and rural development has been effected in conformity with EU rules.
- DG AGRI contributes to the negotiation and implementation of **international trade agreements**, and manages relations with third countries in the area of agriculture in order to expand our two-way trade for the benefit of our farmers and food producers.

DG AGRI operates in three different **management modes**: shared management (interventions in agricultural markets, direct support, rural development), indirect management (pre-accession measures) as well as direct management (other activities such as studies, promotion, information and communication).

In 2024, the DG AGRI related **budget** was around EUR 52.6 billion in voted payment appropriations ⁽¹⁾, which accounts for around 36% of the overall EU budget, out of which MFF subheadings 3.1.11 (EAGF) and 3.2.12 (EAFRD), both implemented almost entirely under shared management, accounted for 99.8%. More details can be found in section 2.1.

⁽¹⁾ Funded under policy area 01 (Research and Innovation), policy area 08 (Agriculture and Maritime Policy), policy area 14 (External Action) and policy area 15 (Pre-accession Assistance).

EXECUTIVE SUMMARY

This annual activity report is a management report of the Director-General of the Directorate-General for Agriculture and Rural Development (DG AGRI) to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties ⁽²⁾.

A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

The activities of DG AGRI in 2024 focus on the contribution of the Common Agricultural Policy (CAP) to three political priorities of the von der Leyen Commission 2019-2024 in particular.

- **The European Green Deal**

2024 was once more overshadowed by the repercussions of the Russian invasion of Ukraine. Farmers protests and natural disasters were two additional important factors that required a coordinated response. The Commission took necessary measures to mitigate the impact of these crises on the EU agri-food and agricultural sectors, to counter market imbalances, to support the liquidity of farmers or to ease their administrative burden, such as the revision of some requirements stemming from the legislation that were considered as burdensome.

As far as the agricultural policy of the EU is concerned, DG AGRI actively supported Member States in the implementation of their national Strategic Plans and assessed a number of requests for amendments. The Strategic Dialogue on the Future of EU Agriculture concluded its work by submitting its final report.

On the legislative domain, the co-legislators adopted the GI system for wine, spirit drinks and agricultural products. Furthermore, the Commission adopted secondary legislation for FSDN as well as a number of proposals for a revision of EU marketing standards for agricultural products. The implementation of the Organic Action Plan was another of DG AGRI's key activities during 2024.

The Commission also supported Member States in the modernisation, digitalisation and uptake of technological developments in the agricultural sector and disseminated new information and data on the CAP Strategic Plans in the Agri-food data portal.

- **A Stronger Europe in the world**

International trade is a key component of the CAP. Accordingly, in 2024, DG AGRI pursued trade interests and international outreach with all key trading partners. Overall, agri-food trade rebounded in 2024, and the EU agri-food trade balance reached EUR 64 billion. A

⁽²⁾ Article 17(1) of the Treaty on European Union.

number of Free Trade Agreements (FTA) have been finalised or implemented in 2024. The Commission engaged actively with key international partners in discussing the implications of the aggression against Ukraine on food security and the joint cooperation in mitigating these challenges. At the same time, the EU further enhanced its policy cooperation with developing countries.

DG AGRI also continued its active involvement in key international fora bearing on agri-food policy. Furthermore, DG AGRI pursued its proactive engagement to protect Europe's food heritage and promote its high quality agri-food products and standards in non-EU countries.

- **A new push for European Democracy**

As follow-up to the Communication on the long-term vision for the EU's rural areas, DG AGRI continued to act as facilitator for the Rural Pact, as co-manager of the Rural Observatory or as co-responsible for the rural proofing process. Furthermore, DG AGRI led several flagships and actions in areas like research and innovation for rural communities, producer organisations, geographical indications, LEADER or Smart Villages.

The CAP aims to facilitate job creation and maintenance of jobs in rural areas. It continued to provide support to all entities operating in rural areas to foster sustainable and inclusive growth in the EU, and to address the rural/urban divide.

Performance of the CAP under the new delivery model

The first full reporting shows that the bulk of the CAP Strategic Plans are implemented according to plan. In some cases, the aggregated EU results show that the plans perform better than expected like for actions to protect and improve soils. However, there are also parts of the plans that perform less well, for instance interventions linked to risk management or interventions linked to the social sustainability. Most of this lack of results is linked to the early stage in the programme cycle.

B. Key performance indicators

The four key indicators which monitor the core aspects of the CAP are:

The CAP Key Performance Indicators	Baseline	Target	Impact/Result
1. Agricultural factor income (see Specific Objective 2)	114.96 (Avg 2017-2019) Index (2015=100)	To increase	137.19 (estimate) (2024)
2. EU commodity prices compared to world prices (see Specific Objective 3)	1.13 (2017)	To bring EU prices closer to the world prices	1.17 ⁽³⁾ (2024)
3. Minimum share of land with specific environmental practices/commitments	75%	To maintain	79.3% ⁽⁴⁾

⁽³⁾ In 2024, the EU prices were on average 17% above world prices, due to market shocks related to weather, trade environment and evolution of input costs

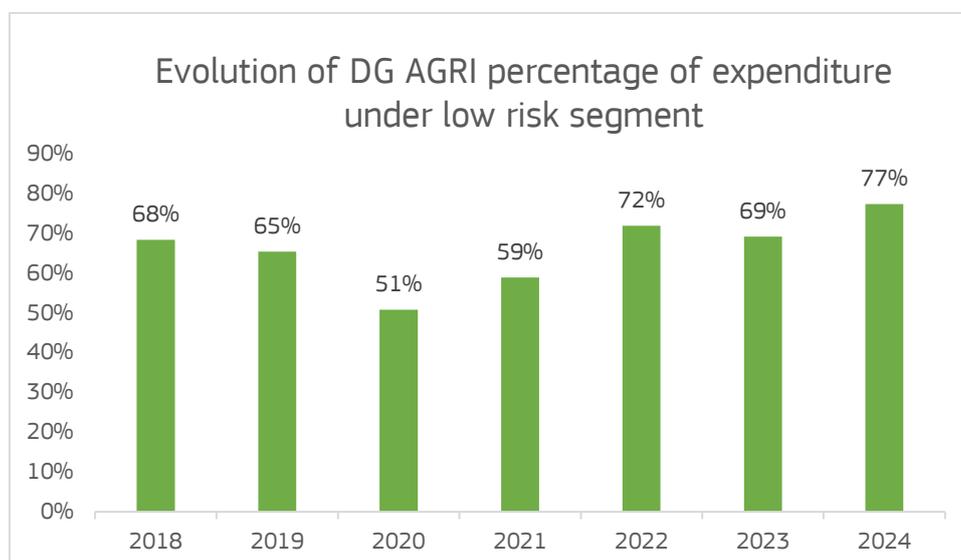
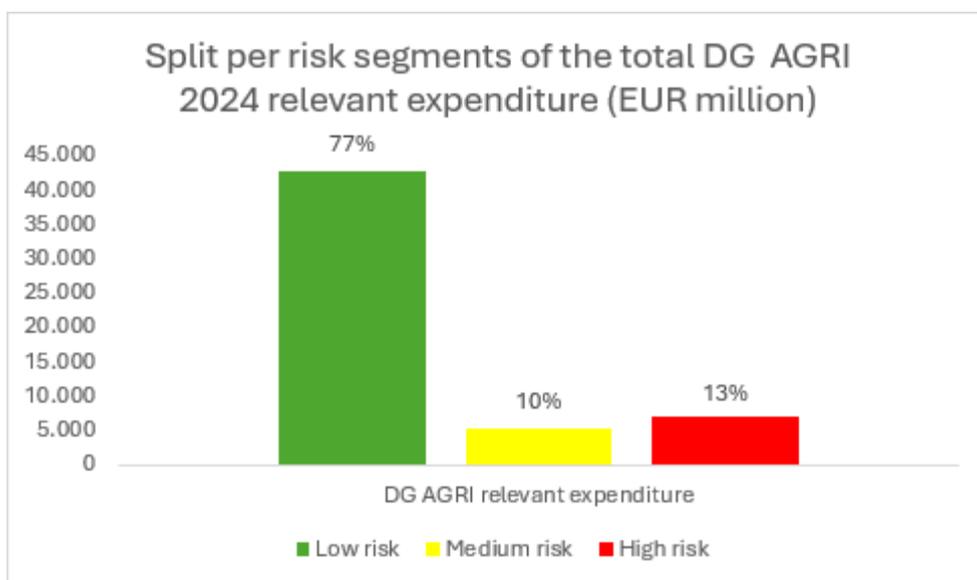
⁽⁴⁾ This indicator is discontinued as of 2023 with the implementation of the CAP Strategic Plans.

The CAP Key Performance Indicators	Baseline	Target	Impact/Result
- Share of agricultural area under greening practices (see Specific Objective 6)	(2015)		(calendar year 2022)
4. Number of young farmers setting up a farm (see Specific Objective 12)	102 150 (2018)	To increase	170 902 (2023)

The key indicator linked to the achievement of the internal control objectives is:

5. Split per risk segments of the total DG AGRI relevant expenditure and evolution of the expenditure estimated under the low-risk segment

In 2024, DG AGRI risk at closure is no longer representative of the overall assurance of the expenditure, as it refers only to expenditure outside the CAP Strategic Plans (23% of DG AGRI expenditure in 2024). The estimated amount of expenditure incurred under the different risk segments together with the evolution of DG AGRI percentage of expenditure under the low-risk segment is the best indicator of the assurance of the whole DG, including all relevant control systems.



C. Key conclusions on internal control and financial management

DG AGRI has systematically examined the available control results and indicators, including those from supervised entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance, albeit qualified by the following reservations:

- **IACS population under CAP Strategic Plans** - 10 reservations for 9 Member States: Czechia (1 intervention), Finland (1 intervention), Germany (1 intervention in 1 Paying Agency), Greece (13 interventions), Hungary (4 interventions), Luxembourg (2 interventions), Poland (1 intervention), Portugal (3 interventions) and Spain (2 interventions in 2 Paying Agencies).
- **Non-IACS population under CAP Strategic Plans** - 6 reservations for 5 Member States: Finland (1 intervention), France (3 interventions in 2 Paying Agencies), Greece (2 interventions), Italy (2 interventions) and Romania (1 intervention).
- **ABB 02 Market Measures** - 6 reservations for 4 Member States: Germany, Greece (two measures), Portugal and Romania (two measures)
- **ABB 03 Direct Payments** - POSEI: 1 reservation for 1 Member State (France)
- **ABB 04 Rural Development** - 12 reservations for 10 Member States: Germany, Denmark, Spain (3 Paying Agencies), France, Greece, Croatia, Hungary, the Netherlands, Portugal, Romania

D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the DG AGRI and the responsible Commissioners on management matters, the main elements of this report and assurance declaration, including the reservations envisaged, have been brought to the attention of Commissioner Wojciechowski, responsible for Agriculture until end of November 2024, as well as Commissioner Hansen, responsible for Agriculture and Food since December 2024.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DEPARTMENT ⁽⁵⁾

General objective "A European Green Deal"

Specific objective 1: Modernised and simplified Common Agricultural Policy framework is put in place and implemented

The Common Agricultural Policy (CAP) 2023-2027 is fully applied as of 1 January 2023. The Commission continued to closely work with Member States to guarantee a smooth implementation of their **CAP Strategic Plans** in 2024, maintain the overall ambition of the Plans and find appropriate solutions to allow progress towards the objectives of the CAP, including when reviewing amendments to the plans proposed by Member States. The first year of the CAP Strategic Plans implementation made it clear that adjustments were necessary to ensure that they bring the expected effects, cut red tape and take better account of external events impacting farmers. In 2024, the Commission launched a study on CAP governance and the New Delivery Model (NDM), with the aim to assess this NDM through three key themes: governance system, results (including improved relevance and coherence of CAP strategic plans), efficiency and simplification.

The exercise to rationalise reporting obligations is a political priority of the Commission. In her 2023 State of the Union address, President von der Leyen set out the importance reducing those requirements by 25%, without undermining the related policy objectives. DG AGRI prepared and started implementing actions to simplify and rationalise legal reporting requirements to reduce related burden on businesses and/or national administrations.

Delivering on its commitment to ease the administrative burden on EU farmers and the call from the European Council to act, the Commission put forward in spring 2024 a **simplification package** of measures to ease the burden on farmers and help them tackle the challenges that had arisen since the reform of the CAP for 2023-2027. The Commission proposed targeted changes to the CAP basic legislation ⁽⁶⁾ to deliver simplification while maintaining the overall orientation of the CAP and its role in supporting the transition of European agriculture to sustainable farming ⁽⁷⁾. Without changes in substance, the proposal was adopted by the co-legislators in May 2024 ⁽⁸⁾. These measures are accompanied by changes to some of the detailed rules of the CAP set in the secondary legislation, and by other measures to reduce the administrative burden on farmers. In December 2024, the Commission published a [staff working document](#) accompanying **the simplification**

⁽⁵⁾ Annex 2 provides more details about 2024 achievements under the three specific objectives.

⁽⁶⁾ [Regulation \(EU\) 2021/2115](#); [Regulation \(EU\) 2021/2116](#)

⁽⁷⁾ Simplification measures are relevant for the other specific objectives as well.

⁽⁸⁾ [Regulation \(EU\) 2024/1468](#)

package. It outlines the key challenges, the process, the results of the consultations that fed into the package, the different options considered and provides a qualitative and, where feasible, quantitative **assessment of their costs and benefits** from administrative, economic, environmental, social and governance perspectives. Looking further ahead, simplification will also be a key element in the legislative proposals for the CAP post 2027 for which DG AGRI already stepped up preparations in 2024.

On 4 September 2024, President von der Leyen received the [final report](#) of the Strategic Dialogue on the Future of EU Agriculture, launched in January 2024, bringing together key stakeholders from across the whole agri-food chain, including farmers, co-operatives, agri-food businesses, and rural communities; as well as non-governmental organisations and civil society representatives, financial institutions and academia. DG AGRI played an active role in supporting the day-to-day functioning of the Strategic Dialogue. The report served as an important element for the elaboration of the [Vision](#) for a competitive, resilient, and sustainable agricultural sector.

The Commission continued to disseminate new information and data on the CAP Strategic Plans in the [Agri-food data portal](#). The [Catalogue of CAP interventions](#) was further developed with information on the farming practices that the CAP strategic plans and related interventions can support, and with more market data notably concerning some sector-specific information, i.e. sugar use and stocks, protein crops prices, and new data on agricultural inputs including fertilisers. The new feature provides a better picture of the CAP's potential to support sustainable practices on the ground. In addition, the Commission has published a new [dashboard of output indicators](#) that Member States have included in their CAP strategic plans. Furthermore, the Commission provided assistance to Member States on the Performance Monitoring and Evaluation Framework (PMEF). The **European Evaluation Helpdesk** continued to support Member States' evaluation activities through capacity building, an evaluation platform, guidance, methodological support and dissemination of evaluation-related information and Member States' good practices. The Helpdesk also published a [reflection paper on the evaluation of results-based measures](#) to promote a more result-oriented CAP and published the [synthesis of the evaluation plans for the CAP post 2020](#). The **EU CAP Network** continued to be a key platform for involving a broad range of stakeholders and sharing information on implementation of the CAP, promoting innovation and knowledge exchange by facilitating exchanges between stakeholders across borders and regions and throughout the EU, covering all aspects of the CAP strategic plans.

**EU added value:
EU CAP Network**

The Integrated Administration and Control System (IACS) reflects the focus on performance. While IACS is the main tool to administer CAP support to farmers on Member State level, it delivers for the Commission on the area-related interventions the information needed to assess if Member States' performance is as stipulated in the approved Strategic Plans. In 2024, the Commission simplified the Union-Level methodology (ULM) that Member States have to follow for the fulfilment of the IACS quality assessments, with the aim to reduce field visits, and continued to provide guidance to Member States in this area.

Modernisation and uptake of technological developments not only contribute greatly to reducing costs in policy implementation and facilitating farm management, but also to increasing the sector's competitiveness. DG AGRI continued to actively support Member States in their transition to digital-based governance systems, using automation and AI solutions. Notably, the IACS secondary legislation foresees the mandatory use of new technological tools based on earth-observation (e.g. Copernicus satellite imagery) and geotagged photos. In 2024, the Commission gave more flexibility to Member States for the use of geotagged photos, under the Area Monitoring System. Furthermore, in light of the Member States obligation to perform the IACS related Quality Assessments, the Commission arranged for a centralised acquisition of very high resolution satellite data that was distributed in 2024.



DG AGRI has implemented a robust system to ensure the reliability of performance information on CAP financing. Most of CAP expenditure benefits from the quality and control systems implemented by Member States ⁽⁹⁾, the use of sentinel satellite imagery and geotagged photos as well from a solid reporting system. In addition, DG AGRI relies heavily on public data from ESTAT and EEA notably ⁽¹⁰⁾. Last but not least, DG AGRI is processing some data to add value ⁽¹¹⁾. There are clear indicator fiches for the performance data, which together with the related guidance were regularly updated to address Member States questions. In addition, DG AGRI has invested in automated data processes for a more efficient, timely and reliable data management.

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

Like in previous years, markets continued to be volatile in 2024. In certain sectors, the effects of the war in Ukraine continued to influence prices and thus farm income. While prices and farm income remain largely driven by market forces, the CAP contributed to the resilience of farms by providing targeted and strategic support. In this context, DG AGRI ensured and facilitated the consistent adaptation and subsequent implementation of interventions set in the CAP Strategic Plans. DG AGRI also supported Member States in the process of developing coherent strategies with the aim that interventions ⁽¹²⁾ work effectively for farmers across the Union, and it also ensured that rules are well understood by Member States. In 2024, a [temporary specific measure](#) was introduced in Rural Development to help farmers cope with dramatic losses in production and production potential as a result of natural disasters such as floods in the autumn in Central Europe. Furthermore, to support farmers affected by adverse weather events in several Member States ⁽¹³⁾, the Commission adopted two emergency support packages for an overall amount of EUR 182 million in July and October

⁽⁹⁾ Criterion B.2 of Criteria for reliability of EU budget performance information

⁽¹⁰⁾ Criterion E of Criteria for reliability of EU budget performance information

⁽¹¹⁾ Criterion A of Criteria for reliability of EU budget performance information

⁽¹²⁾ I.e. direct payments, payments in areas with natural constraints, risk management.

⁽¹³⁾ AT, CZ, PL, BG, DE, EE, IT, RO. Commission Implementing Regulation (EU) 2024/2030 of 23 July 2024 providing for emergency financial support for the fruit and vegetables sector and the wine sector affected by adverse climatic events in Austria, Czechia and Poland; Commission Implementing Regulation (EU) 2024/2675 of 10 October 2024 providing for emergency financial support for the agricultural sectors affected by adverse climatic events in Bulgaria, Germany, Estonia, Italy and Romania.

2024. DG AGRI also launched two studies on insurance and risk management tools for agriculture, one together with EIB fi-compass and one with the World Bank. The studies are complementary and will look into climate risks, the present insurance and risk management situation and will propose options for future actions linked to de-risking the sector and creation of appropriate tools and financial mechanisms to address increasing risks.

Against the backdrop of increasing uncertainties, the expert group on the **EFSCM** ⁽¹⁴⁾ has been continuously stepping up preparedness and resilience to crises in the EU. Besides addressing potential threats to food security linked to shipping disruptions in the Red Sea as well as potential risks of disruption to the feed supply chain, the Group focused its work on elaborating recommendations on ways to address or mitigate risks and vulnerabilities, including structural issues putting at risk food supply chains.

**EU added
value: EFSCM**

To address the adverse market situation of excessive wine stocks in certain EU producing regions, affecting in particular red wines, the Commission allowed Member States concerned to extend the validity period of vine planting authorisations to alleviate pressure on growers and decrease the area planted with vineyards ⁽¹⁵⁾. The Commission also provided exceptional support for crisis distillation of surplus in wine stocks to Portugal where high stock levels, aggravated by significant increase in wine production and drop in sales, put pressure on prices before the new harvest.

DG AGRI manages the specific schemes supporting agriculture in the outermost regions of the European Union (POSEI) and in the smaller Aegean islands (SAI), aimed in particular at their supply with sufficient food and feed commodities, the maintenance and development of the local agricultural activities as well as the promotion of a fair standard of living for their agricultural communities. In May 2024, the Commission published the [study contributing to the "Evaluation of EU support schemes for agriculture in the outermost regions and smaller Aegean islands"](#). The study highlights the crucial role of POSEI and SAI schemes in preserving traditional agricultural landscapes and fostering economic and environmental sustainability. Overall, the main measures of the schemes, i.e. specific supply arrangements (SSA) and support for local production (SLP), seem to be coherently implemented, to simultaneously sustain and facilitate the supply, without significantly hindering the local production. The study also indicated that both schemes have been overall efficient during the period 2014-2020, with the significant benefits exceeding administrative, adjustment and enforcement costs.

⁽¹⁴⁾ European Food Security Crisis preparedness and response Mechanism

⁽¹⁵⁾ [Delegated Regulation \(EU\) 2024/2159](#) of 12 August 2024 on temporary exceptional measures derogating from certain provisions of Regulation (EU) No 1308/2013 of the European Parliament and of the Council concerning the scheme of authorisations for vine plantings to address the market disturbance in the Union wine market

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

Research and innovation (R&I), digitalisation and technological tools are seen as major enablers to foster the transition to a greener and more competitive agriculture and to support the viability of rural areas. The Strategic Dialogue on the Future of Agriculture recognised the key role that R&I is playing in the on-going transitions of European farming. Member States have elaborated R&I solutions and digital strategies in their CAP Strategic Plans, integrating digital solutions across the different CAP-specific objectives in synergy with other EU programmes such as Horizon Europe (HE), Horizon 2020 and the Digital Europe Programme (DEP). In particular, DG AGRI has been co-chairing and coordinating the planning and programming of Horizon Europe Cluster 6 “Food, Bioeconomy, Natural Resources, Agriculture and Environment” research actions together with DG ENV and



or RTD, including the implementation of 339 ongoing R&I projects or the preparation of the HE Work Programme 2025 (containing 82 new R&I topics of which 28 AGRI-related topics (including the 3 partnerships)). DG AGRI also encouraged the uptake of new technologies and tools⁽¹⁶⁾ to modernise the policy implementation, bringing benefit to public administration and farmers.

A study on the state of play of digital adoption at EU level was launched in 2024. DG AGRI closely follows the various Commission legislative initiatives on data and digital, to assess their implications and opportunities for the agricultural and rural domain. Concrete initiatives on the ground include the roll-out of the Common European Agricultural Data Space, the Horizon Europe partnership Agriculture of Data, actions to improve data sharing and interoperability between main agricultural databases to support the 'Interoperable Europe Portal'.

In 2024, DG AGRI ensured the launching of two major R&I co-funded partnerships in the key policy areas of agroecology and animal health and welfare. They are leveraging several 100 million Euros of additional R&I funding from national sources. DG AGRI also participated in the successful implementation of the Circular Bio-based Europe Joint Undertaking in financial, programming and governing terms (CBE JU), contributed to the preparation of the CBE JU 2025 work programme and supported the preparation of the setting up of a CBE JU working group dedicated to primary producers. Furthermore, DG AGRI played a key role in the Bioeconomy Strategy update.

DG AGRI, as the Mission secretariat of Horizon Europe Mission ‘A Soil Deal for Europe’, ensured the successful implementation of the initiative with 50 ongoing projects. In 2024, the first 25 soil health living labs of the network of 100 labs to be established across Europe by 2030 started, involving farmers, other land managers and practitioners. DG AGRI successfully organised the second European Mission Soil Week with 250 participants on site and nearly 300 online. Through scientific advice and monitoring activities under the Mission, DG AGRI

⁽¹⁶⁾ Such as Area Monitoring System, Land Parcel Identification System and Geospatial Aid Application, EIP-AGRI or AKIS, COPERNICUS satellite data.

strongly supported the preparation of the Soil Monitoring and Resilience Directive proposal. In 2024, the [Mission Soil Manifesto](#) reached 3 390 signatories.

Finally, on the legislative side, DG AGRI carried out the [revision](#) ⁽¹⁷⁾ of [Delegated Regulation \(EU\) 2015/1829](#) on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries, introducing elements of clarification and simplification for the management of promotion programmes.

Different interventions under the CAP Strategic Plans contribute to increasing competitiveness of farmers by helping them to modernize. In 2024, DG AGRI supported Member States in planning and implementing effective interventions under the CAP Strategic Plans in synergy with other economic interventions. This also included the creation and launch of new financial instruments.

The EAFRD provided support to broadband infrastructure and various ICT ⁽¹⁸⁾ solutions in rural areas. This had positive effect on the quality of life of many EU citizens, i.e. people living in rural areas could benefit from improved access to ICT services and infrastructure. In 2024, DG AGRI further developed the network of Broadband Competence Offices (BCOs) in Member States and their regions (through intensive training activity, the Annual BCO meeting, the European Broadband Awards).

In order to find targeted policy responses to the current structural market difficulties in the wine sector, the High-Level Group on Wine Policy issued in 2024 a set of recommendations aimed at securing the competitiveness of the EU's wine sector. The Group's recommendations, endorsed by the 27 EU Member States and shared with representatives of key stakeholder organisations, consist of a series of targeted policy actions to address the challenges facing the wine sector.

In 2024, besides organising Market Observatories for a range of agricultural commodities and for fertilisers, the Commission set up a Market Observatory for olive oil and held its first meeting in November. The latter allowed for a fruitful exchange on particular challenges in the sector such as climate change and geopolitical tensions. Furthermore, rules on market transparency were simplified and improved. The agri-food data portal continued to be enriched with more market data notably concerning some sector-specific information, i.e. sugar use and stocks, protein crops prices, etc., and new data on agricultural inputs including fertilisers. A study and a [report](#) on the use of new information and communication technologies explore tools to ensure better market transparency, including in times of crisis.

⁽¹⁷⁾ Commission Delegated Regulation (EU) 2025/70 of 21 November 2024 amending Delegated Regulation (EU) 2015/1829 supplementing Regulation (EU) No 1144/2014 of the European Parliament and of the Council on information provision and promotion measures concerning agricultural products

⁽¹⁸⁾ Information and Communication Technologies

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

As part of a [reflection paper](#) following farmers' protests in February 2024, an EU agri-food chain observatory (AFCO) has been created. The Observatory ⁽¹⁹⁾ aims to exchange information as to better understand the functioning of the chain, improve transparency and ultimately build trust among all the actors involved. Moreover, the Commission proposed [options](#) for targeted improvements to the current legal framework set in the [Regulation establishing a common market organisation of agricultural products](#) (CMO). The aim is to help correct imbalances in the food supply chain while preserving the fundamental principle of market orientation. In the same vein, the Commission proposed the [possibility](#) of new rules on cross-border enforcement against unfair trading practices and published a [report on the implementation of the UTP Directive](#) in all Member States. The Commission also launched a study supporting the evaluation of the [Directive on Unfair Trading Practices](#). This evaluation will assess the degree to which the Directive has achieved its objectives since its entry into force.

**EU added value:
Observatories**

DG AGRI continued to undertake analytical and market-oriented work in relation to access to finance for EU farmers and the use of financial instruments under the CAP Strategic Plans. Done through EIB fi-compass, DG AGRI undertook actions including the launch of a study on supply chain finance as well as the launch of 3 specific sub-sectorial surveys analysing the needs for finance for sectors like cereals, oilseeds and protein crops, dairy and fruits and vegetables. DG AGRI also started the preparatory work on a fi-compass study on overview of existing farm-level benchmarking schemes, and continued publishing new case studies and video-materials in relation to implemented financial instruments and projects. Three major events with about 350 participants took place, including the 10th annual fi-compass conference on EAFRD financial instruments.

The [new regulation on the revision of the GI system for wine, spirit drinks and agricultural products](#), applying from 13 May 2024, strengthens and improves the well-established GI system by introducing a single legal framework with a shortened and simplified registration procedure common to all three sectors (food, wine, spirits). The new rules provide for a higher level of protection of GIs used as an ingredient in a processed product and of GI products sold online; target the use of GI names in the domain name system; strengthen the position of producer groups in the value chain; and encourage producers to highlight their actions regarding environmental, economic or social sustainability. In 2024, discussions with Member States on the secondary legislation were also finalised, bringing the legal discussions on the GI review to a close. At the end of 2024, the EU GI register included 3 639 names.

⁽¹⁹⁾ The Observatory comprises the Commission, Member States and private actors from all stages of the agri-food supply chain such as farmers, input providers, the food industry, traders, transport, logistics, retailers, and consumers.

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

In order to significantly increase the share of EU agricultural land under **organic farming**, the European Commission continued to implement in 2024 the [Action Plan for the Development of Organic Production](#). Key actions included assessing proposed amendments to national CAP Strategic Plans as regards organics, holding meetings on specific issues with the EU network of national organic ambassadors, organising the annual EU organic day and EU organic awards, launching a study on the place of organics in public canteens, or ensuring maximum support for research and innovation on organic production via the Horizon Europe Framework Programme. Secondary legislation associated with the [basic regulation on organic production and labelling of organic products](#) adopted in 2024 addresses issues like rules on production and labelling, control and trade. It harmonises and clarifies several aspects of the organic legislation while simplifying certain control rules to attract small farmers to the scheme.

Following the adoption of the review of the [Honey Directive](#) in May 2024, the Commission put in place the [Honey Platform](#). The work of the Platform ⁽²⁰⁾ aims at providing authenticity criteria and traceability methods to ensure that only honey is honey. The Commission revised the **marketing standards** for olive oil, to integrate the recent changes in the trade standard of the International Olive Council (IOC), aiming to clarify and update the rules on conformity checks and methods of analysis of the characteristics of olive oil.

**EU added
value: Honey
Platform**

CAP Strategic Plans provide measures that promote and provide financial support to farmers committing to **animal-friendly** herd management practises and to use **less antimicrobials**. For animal welfare, Member States have prioritised support anticipating the future non-cage farming for egg production or integrating actions improving the welfare of pigs.

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

The CAP Strategic Plans (CSPs) play a key role in ensuring that the CAP successfully contributes to address **climate change** and the protection of **natural resources and biodiversity**. DG AGRI is closely following the CSP implementation, accepting certain amendments in the Plans where necessary. The CAP also contributes to **climate adaptation and mitigation** through adequate prevention and restoration measures, complemented with risk management tools. Furthermore, support is available to the forestry sector, bioeconomy

⁽²⁰⁾ The Platform comprises a selection of experts from the 27 Member States' administrations and designated laboratories, 8 representatives of stakeholders of the honey supply chain and 39 individual experts with very varied backgrounds: laboratories, academia, research institutes, traders, beekeepers.

and carbon farming. Via the afforestation measure under EAFRD, agricultural land is being converted into forest, helping sequestering carbon and increasing biodiversity.

In its [Special report 20/2024 on the Common Agricultural Policy Plans](#), the ECA concludes that the green architecture of the CAP Strategic Plan Regulation enables greater environmental and climate ambition in the CAP. But there is room for more ambition in the national plans.

In November 2024, the Commission published the study [Rough estimate of the climate change mitigation potential of the CAP Strategic Plans \(EU-18\) over the 2023–2027 period](#). The study examines the contribution of several CSPs to reducing GHG emissions, enhancing carbon removals and conserving existing carbon stocks. It establishes the link between the instruments envisaged in the CSPs and their mitigation potential at EU level and provides a starting point for the development of a more refined methodology using Member States' data and improving their inventories of GHG emissions and removals. The study concludes that the CSPs' practices could potentially lead to a GHG mitigation of 31.2 million tonnes of CO₂ per year, distributed between 9 million tonnes of GHG emission reduction and 22 million tonnes of enhanced carbon sequestration per year. Moreover, the recent [EU Climate Action Progress Report 2024](#) reveals a 2% reduction in emissions resulting from agriculture in 2023 and confirms that agriculture seems likely to achieve the emissions cuts expected by 2030.

DG AGRI cooperated with other Commission services, in particular DG CLIMA and DG ENV, as regards the follow-up to the legislation related to sustainability ⁽²¹⁾. Furthermore, DG AGRI continued to cooperate with DG FISMA in the development of frequently asked questions on the **taxonomy** delegated acts, and followed closely the works of the experts in the Sustainable Finance Platform

On the international side, DG AGRI participated in the 29th UNFCCC Conference of the Parties (COP29) (Baku, Azerbaijan, November 2024). Agriculture issues were discussed in the Sharm El Sheik Joint Work on implementation of climate action in agriculture and food security, which covers a range of interrelated topics such as soil, livestock, nutrient and water management, food security and the socioeconomic impacts of climate change across agriculture. The conclusions reached contain the terms of reference for the further development of the new online platform to share knowledge and best practices.

Under the **Land Parcels Identification System** (LPIS), DG AGRI oversees Member States' efforts in maintaining reliable and up-to-date registers of agricultural areas. The registers must ensure mapping features of environmental and climate value, enabling their protection especially in areas like peatland and wetland but also landscape features. Member States also cover other elements, e.g. Natura 2000 areas or protection of grassland. DG AGRI supported Member States in their work on LPIS with general guidance and bilateral exchanges. Emphasis lay with evaluating the LPIS Quality Assessment, a mandatory self-assessment that Member States have to perform annually on their LPIS and providing feed-

⁽²¹⁾ I.e. Soil Monitoring Law, Forest Monitoring Law Nature Restoration Law, Industrial Emissions Directive, Sustainable Use of Pesticides Regulation, Carbon Removals Certification Regulation, Green Claims Directive, Packaging and Packaging Waste Regulation.

back on the results of this assessment. To the extent possible, this was done during support missions to Member States in 2024.

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

The **EU Forest Strategy for 2030** provides the framework for the forests to deliver on their share to our environmental ambition but also to safeguard livelihoods in rural areas and support a sustainable forest bioeconomy, by securing growing, healthy, and resilient forests in the EU. The strategy continues to support and build on Sustainable Forest Management, as the best way to ensure forests’ multifunctionality and their fair contribution to the global sustainability agenda. As committed in the EU Forest Strategy, the Commission promoted forest-related interventions in the CAP Strategic Plans, paying attention to those having stronger effects with regard to the EU climate and biodiversity objectives but also to those playing a key role in rural economies.

The Commission published Guidance on the development of public and private payments schemes for forest ecosystem services. Furthermore, the Commission (DG AGRI and DG ENV as co-leads) established a single stakeholder platform, the expert group ‘Forest and Forestry Stakeholder Platform’. The task of this platform is to assist the Commission’s services in the implementation of the EU Forest Strategy for 2030.

Key external communication activities in 2024



In 2024, DG AGRI fully delivered on the communication objectives linked to its political priorities, with an array of tools ranging from conferences to grants, including podcasts and videos, web content, social media and media activities. It promoted new initiatives or tools through the various channels of external communication, addressing a targeted or a wider audience as necessary. DG AGRI also closely monitored and evaluated the impact of such activities. A detailed description of the external communication actions undertaken in 2024 to achieve the delivery of the different objectives can be found in Annex 2.

General objective "A stronger Europe in the world"

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

Throughout 2024, DG AGRI's work continued to be impacted by the effects of Russia's illegal **war of aggression against Ukraine** that had pushed global food prices to record levels and severely aggravated the situation of net food importing countries highly dependent on grain exports from Ukraine and Russia. Even though global prices for staple crops stabilised in 2024, local prices in import-dependent countries tended to remain high. In addition, continued geopolitical tensions, including conflict in the Middle East and transport disruptions in the Red Sea, impacted fuel, energy and agricultural input prices. In the agricultural sector, DG AGRI continued monitoring trade in agricultural products under the **autonomous trade measures** that were extended until 5 June 2025, giving the majority of Ukrainian goods duty-free access to the EU market. The EU maintained its support for the EU-Ukraine Solidarity Lanes initiative, facilitating the export of Ukrainian goods via alternative trading routes besides the Black Sea that gradually saw return to operation from October 2023 onwards. This has contributed to stabilising global food prices.

DG AGRI continued to be actively involved in key **international and multilateral fora** and International Commodity Bodies bearing on agri-food policy ⁽²²⁾, in particular in the WTO work. DG AGRI actively supported FAO to deliver on the mandate to combat food insecurity and move towards the goal of reaching the "Zero Hunger" target of UN Sustainable Development Goal (SDG) 2, notably with a dedicated contribution of EUR 1.2 million over six years to the G20's Agricultural Market Information System (AMIS) hosted by FAO. This cooperation enhances food market transparency, encourages policy dialogue and coordinated action in response to uncertainty. Its coverage was expanded to fertilisers and vegetable oils, trade logistics and early warning indicators.

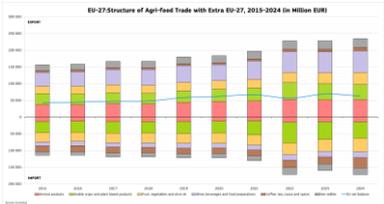
DG AGRI continued to actively engage with the EU's trading partners in order to ensure progress towards the conclusion of trade agreements with the addition of reinforced sustainability chapters, in line with the provision of data and analysis, notably with an updated [study on the cumulative impact of Free Trade Agreements](#). Leading discussions on the agricultural parts of ongoing **negotiations** with bilateral and multilateral partners ⁽²³⁾, DG AGRI also continued efforts to ensure proper implementation and enforcement of existing

⁽²²⁾ Fora such as the Food and Agriculture Organisation of the United Nations (FAO), the Organisation for Economic Co-operation and Development (OECD), the agricultural work streams in the Group of 7 (G7), Group of 20 (G20) and Global Forum for Food and Agriculture (GFFA), as well as the World Trade Organisation (WTO); International Sugar Organisation (ISO), International Grains Council (IGC) and International Olive Council

⁽²³⁾ Such as New Zealand, Chile, Australia, Indonesia, Eastern and Southern Africa, CARIFORUM (on geographical indications), India and Kenya.

Free Trade Agreements and Economic Partnership Agreements ⁽²⁴⁾, and made good progress by formally concluding and implementing agreements with a number of countries ⁽²⁵⁾ as regards the apportionment of **WTO tariff rate quotas** following Brexit.

Overall, **agri-food trade** rebounded in 2024 compared to 2023. The EU's agri-food exports increased in 2024 as well as EU imports, both reaching record levels. All in all, the EU continued to benefit from agri-food trade and the EU agri-food trade balance reached EUR 64 billion, while decreasing by 8% compared to 2023. EU exports to neighbouring countries accounted for close to 40% of EU agri-food exports, despite some hindrances to trade. EU exports to sub-Saharan Africa continued to increase, notably for cereals and cereal preparations as well as vegetables, which contributed to ensuring food security in these countries and thereby to SDG 2.



In the field of **organics**, contacts were pursued with the 11 third countries which the EU unilaterally recognises as having equivalent regimes with a view to concluding international agreements on trade in organic products ⁽²⁶⁾. The unilateral recognition will expire on 31 December 2026. The resulting trade agreements should provide further export opportunities to EU organic operators. In addition, the Council authorised the opening of negotiations for equivalences based on trade agreements with Colombia and Mexico ⁽²⁷⁾.

The work to set up a new electronic system for agricultural non-customs formalities (ELAN) continued to advance, with the system for electronic licences in testing phase and the work for the electronic certificates in preparation.

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

In 2024, DG AGRI continued to pursue its proactive engagement to protect Europe's food heritage and to promote its high **quality agri-food products and standards** in non-EU countries, including through its bilateral agreements. As regards the implementation of the EU promotion policy for agri-food products, two calls for proposals were published in January 2024 in line with the promotion 2024 work programme's objectives and topics. The 2025 work

**EU added value:
Europe's food
heritage**

⁽²⁴⁾ In particular with Canada, the Andean Community, Central America, Japan, Korea, Singapore, Vietnam, the South African Development Community (SADC), CARIFORUM, Cameroon, Ivory Coast and Ghana as well as of the GI Agreement with China.

⁽²⁵⁾ Out of 24 negotiating partners, negotiations have been fully finalized with 19 partners: 14 agreements have been formally signed and implemented (Argentina, Australia, Brazil, Chile, Cuba, Indonesia, Malaysia, Mexico, New Zealand, Norway, Switzerland, Taiwan, Thailand and USA). Agreements are pending signature with China, Pakistan, Egypt, Argentina (2nd agreement) and Norway (2nd agreement). They are now subject to the EU internal approval procedure. With Costa Rica, a technical letter will conclude the process. The outstanding partners with which negotiations have not progressed to date are Canada, India, Russia and Uruguay. The negotiations with Russia were well advanced, but they are now "on hold" due to the Russian aggression against invasion of Ukraine.

⁽²⁶⁾ Council Decision (EU) 2021/1345 of 28 June 2021 authorising the opening of negotiations with Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, New Zealand, South Korea, Tunisia and the United States with a view to concluding agreements on trade in organic products.

⁽²⁷⁾ Council Decision (EU) 2022/2341 of 21 November 2022 amending Decision (EU) 2021/1345 as regards authorising the opening of negotiations with Colombia and Mexico with a view to concluding agreements on trade in organic products.

programme was adopted in December 2024. Furthermore, several measures at the Commission's own initiative were implemented, such as promotion campaigns, EU pavilions at international trade fairs and the production of market entry handbooks.

The Lisbon system⁽²⁸⁾ is a multilateral instrument for the international registration of Appellations of Origin and Geographical Indications offering protection, in 44 Contracting Parties, covering up to 73 countries, through a single registration procedure and one set of fees. In 2024, the EU submitted 17 applications for registration of GIs under the Geneva Act to the WIPO Secretariat. Two of them were registered in the International Register in 2024. The list of geographical indications protected under the Agreement with Iceland was updated on 5 June 2024 for the first time since the entry into force of the Agreement on 1 May 2018. The Agreement now protects in Iceland all EU geographical indications that were registered as of 30 June 2023.

In 2024, the European Union successfully concluded the negotiations on the revision of the CODEX trade standard for olive oil and olive-pomace oil. The revised standard, adopted at the CODEX Alimentarius Commission meeting in November 2024, brings the international CODEX standard closer to the IOC and EU standard.

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

EU **enlargement** remained very much at the forefront of the European agenda during 2024. DG AGRI contributed to the progress reports on all ten enlargement countries. It co-ordinated the bilateral screening exercise of the agriculture and rural development chapter of the *acquis* with Ukraine and Moldova, and played a large role in preparing the screening reports for that chapter for Albania and North Macedonia. DG AGRI continued to provide advice to the administrations of the enlargement countries on aligning their legislation with the CAP and on building the structures for its future implementation. Engagement with Montenegro in the area of agriculture intensified given its announced ambition to become a Member State by 2028.

As regards the 2014-2020 IPA II **rural development programmes (IPARD II)**, Albania, Montenegro, North Macedonia, Serbia and Türkiye concluded the implementation of the IPARD II programmes at the end of 2024. The programmes funded 7 199 projects at farm or primary processor level, over the whole programming period. In 2024, all IPARD countries, except Albania (due to the follow-up of an OLAF investigation), started the implementation of their 2021-2027 **IPARD III programmes**, with first calls for proposals launched, and contracting and project implementation ongoing.

⁽²⁸⁾ Lisbon Agreement for the Protection of Appellations of Origin and their International Registration and the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications in the World Intellectual Property Organization (WIPO).

General objective "A new push for European democracy"

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

The [Communication on the long-term vision for the EU's rural areas](#) embraces all relevant aspects for the future of rural areas. DG AGRI contributed as facilitator for the Rural Pact, co-manager of the Rural Observatory and contributor to the revitalisation platform; it was also co-responsible for the rural proofing process. Furthermore, DG AGRI led several flagships and actions in a number of areas, including research and innovation for rural communities, producer organisations, geographical indications, LEADER or Smart Villages.

The **EU CAP Network** played an important role in supporting the implementation of the Vision and its Action Plan, by promoting stakeholder involvement in the process, including through support of technical exchanges. Moreover, DG AGRI continued being a partner to Member States in implementing, monitoring and evaluating the rural development programmes for the 2014-2020 programming period and following up the N+3 principle.

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

Generational renewal remains one of the main challenges facing European agriculture in the coming years and is one of the priorities of the CAP 2023-2027. Strategies to benefit young farmers in CAP Strategic Plans (CSPs) generally include a combination of interventions such as income support, installation aid, investments at a higher rate and cooperation on farm succession. CAP support remains essential to help young farmers set up, invest and maintain their business in their first years of activity. National measures are also needed, taking into account that national factors under Member States' competence have an important role to play (i.e. access to land, succession law etc.). DG AGRI ensured that the level of ambition was increased or maintained in 2024 CAP Strategic Plans modifications.

CAP financial instruments are also supporting investments and setting up of young farmers across the EU. In total, 13 Member States planned EUR 1.1 billion for investments and start-ups in agriculture, all of them also targeting young farmers.

The CAP also facilitates the creation and maintenance of jobs and improves the quality of life in **rural areas** by supporting investments in rural businesses, in infrastructure and basic services, while paying specific attention to the territorial disparities between the various rural areas. Rural areas are often less well served by essential infrastructure and services (e.g. broadband, often limited access to public transport, sparse health care services), and there is a need to prioritise them also through the use of other EU policies. Moreover,



many rural areas in the EU suffer from the disadvantages of fragmentation and a lack of cooperation in culture and skills. The establishment and implementation of cooperation projects aim to help rural actors to work together, to find economies of scale or useful common approaches and to address both agricultural and rural challenges, such as improving the position of farmers in the value chain or strengthening the socio-economic fabric of rural areas. Regarding **gender**, attention was paid to recognise the importance of gender issues and the need to increase the participation of women in farming and to improve the socio-economic situation of rural women. Member States were encouraged and requested to improve the participation of women and youth in local action group governance structures.

The **second preparatory action on Smart Rural Areas in the 21st Century - Bis** (Smart Rural 27 Project) was completed in May 2024, with the main objective to prepare Member States and rural communities for the successful implementation of Smart Villages within the CAP 2023-2027, as well as other EU policies. The final report of the project contains recommendations mainly for policy makers at EU and national levels in terms of enabling factors for developing further the design of public support schemes and supporting Smart Villages initiatives across Europe in the future.

In 2024, the majority of the planned 2 633 **LEADER** Local Development Strategies in rural Europe had been selected and started to be implemented. These strategies mostly seek to support rural businesses, provide services in rural areas and create jobs, as well as support social inclusion and climate change/environment investments. These are the key targets updated in the CSP modification. Due to the long lead-in time, the first results of projects implementing local development strategies will only be available in later years.

The [evaluation report on the impact of LEADER on local development in rural areas for the period 2014-2022](#) confirmed LEADER's added value through intangible benefits, improving governance and social capital in rural areas. At the same time, at least some of the specific costs of LEADER should be seen as investments rather than pure costs. In addition, the evaluation findings suggest some ways of encouraging and facilitating multi-funding approaches and cooperation that should be explored. Finally, the evaluation highlighted the need to improve data for monitoring and evaluation at local level and methods for measuring the impact of LEADER. The latter has been addressed in the [Commission Implementing Regulation \(EU\) 2022/1475](#) (through the introduction of reporting by Local Action Groups and their activities for LEADER).

Research Executive Agency (REA)

The year 2024 was the ninth year of implementation of the [EU agri-food promotion policy](#) and marked the 10th anniversary of the adoption of the basic regulation for the promotion of agricultural products in October 2014.

Information and promotion programmes consist of operations implemented by proposing organisations. They can take the form of "simple" programmes ⁽²⁹⁾ (evaluated by REA, managed by the competent national authorities under shared management), or "multi" programmes ⁽³⁰⁾ (directly managed by REA). In 2024, a total of 75 programmes were selected for funding, which will run over the next three years ⁽³¹⁾. Thanks to increased outreach efforts, in 2024 the submission increased by 33% for simple programmes (2024: 130 proposals; 2023: 98 proposals) and by 52% for multi (2024: 31 proposals; 2023: 21 proposals). DG AGRI worked closely with REA organising two High Level Missions (China (April); Kazakhstan (May)), a business mission to Indonesia (October), EU pavilions at trade fairs (e.g. Japan, China, Kazakhstan, Vietnam), as well as six campaigns in third countries (China, Japan, South Korea, India, the United Kingdom and the United States). REA demonstrated its professionalism and commitment over the year and ensured good implementation of "own initiatives" activities as well as responsiveness in adapting to the planning of activities requested by DG AGRI.

In 2024, REA worked very efficiently to carry out its **research** activities for the implementation of the programmes Horizon Europe and Horizon 2020 legacy, including communication, dissemination and exploitation of project results, as well as to provide administrative and logistical support services.

REA continued the implementation of the grants of Horizon 2020 Societal Challenge 2 legacy, signed new grant agreements and implemented running projects for Horizon Europe Cluster 6 and the Mission 'A Soil Deal for Europe'. REA managed 339 projects of which 100 were programmed and funded by DG AGRI for the H2020 legacy; 190 under HE Cluster 6 in the area of agriculture, forestry and rural areas, including the 2 new co-fund partnerships on Agroecology and on Animal health and welfare; and 49 under Mission Soil. The evaluations of the 2024 calls under HE Cluster 6 and Mission Soil were completed. REA also ensured the administrative and financial management of the Mission Implementation Platform and the management of the contracting of the Soil Mission Board. REA furthermore continued to implement the Cluster 6 Feedback to Policy collaborative framework. For example, REA organised two very successful Horizon funded EU projects cluster events on 'Models and tools supporting agricultural policies' and on 'Digitalisation for Farmers and Rural Communities'. REA also supported DG AGRI and the EU CAP Network in developing and implementing the web-based form for the practice abstracts required from the Horizon Europe multi-actor projects.

⁽²⁹⁾ 'Simple' programmes are implemented by one or more organisations from the same EU country.

⁽³⁰⁾ 'Multi' programmes are implemented by at least two national organisations from at least two Member States, or by one or more European organisations.

⁽³¹⁾ 58 simple programmes with participants from 11 Member States and with a total EU co-financing of EUR 94 072 976, with 57% of the budget dedicated to programmes targeting third countries; 17 multi programme proposals with participants from 13 Member States and with a total EU co-financing of EUR 48 614 940 from 16 Member States.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In annex 7, there is a list and details of the reports that have been considered. The results of the assessment are explicitly documented and reported to the Director-General.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1 Control results, 2.2 Audit observations and recommendations, 2.3 Assessment of the effectiveness of internal control systems, and resulting in 2.4 Conclusions on the assurance.

2.1. Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

2.1.1. Overview of the budget and relevant control systems

In 2024 the total payments made by DG AGRI amounted to EUR 56 236.12 million. The DG AGRI portfolio consists of expenditure in various management modes: EUR 56 022.68 million (99.6%) of the total payments was managed under shared management, out of which payments linked to the Member States' CAP Strategic Plans of the 2023-2027 programming period amounted to EUR 43 551.39 million (77.7% of the total shared management payments) and payments linked to the previous programming period and payments outside of the CAP Strategic Plans of the 2023-2027 period amounted to EUR 12 471.29 million (22.3% of the total shared management payments).

Direct management and indirect management accounted altogether for only 0.4% of the total payments made under DG AGRI's responsibility.

In addition, DG AGRI manages sensitive intangible assets (information systems) and financial instruments and has budget implementation tasks delegated to other DGs and Agencies.

Chart: 2.1.1-1 shows the payment appropriations executed broken down by relevant control system.

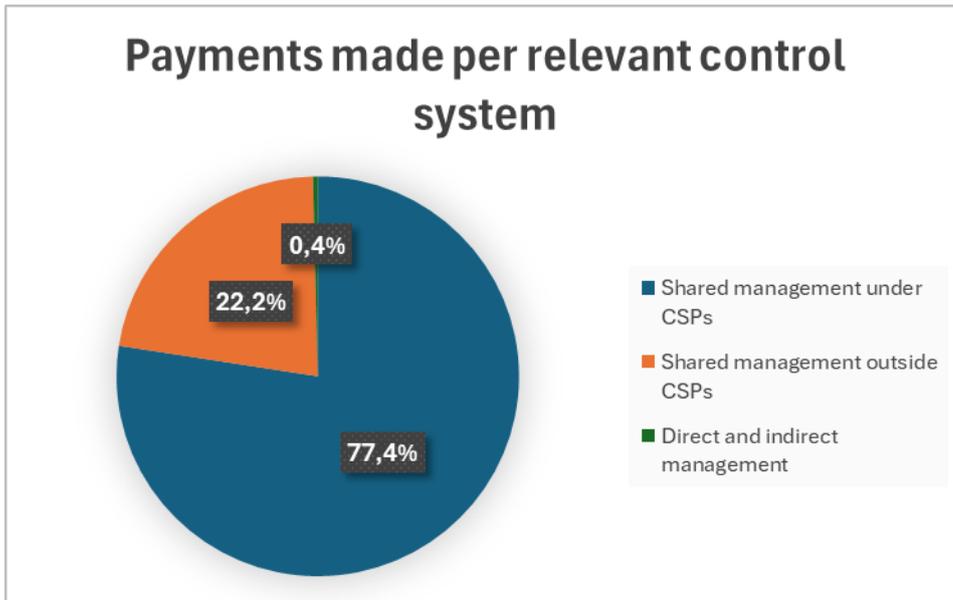


Chart: 2.1.1-1

2.1.2. Effectiveness of controls

a) Assessment of control results per relevant control system

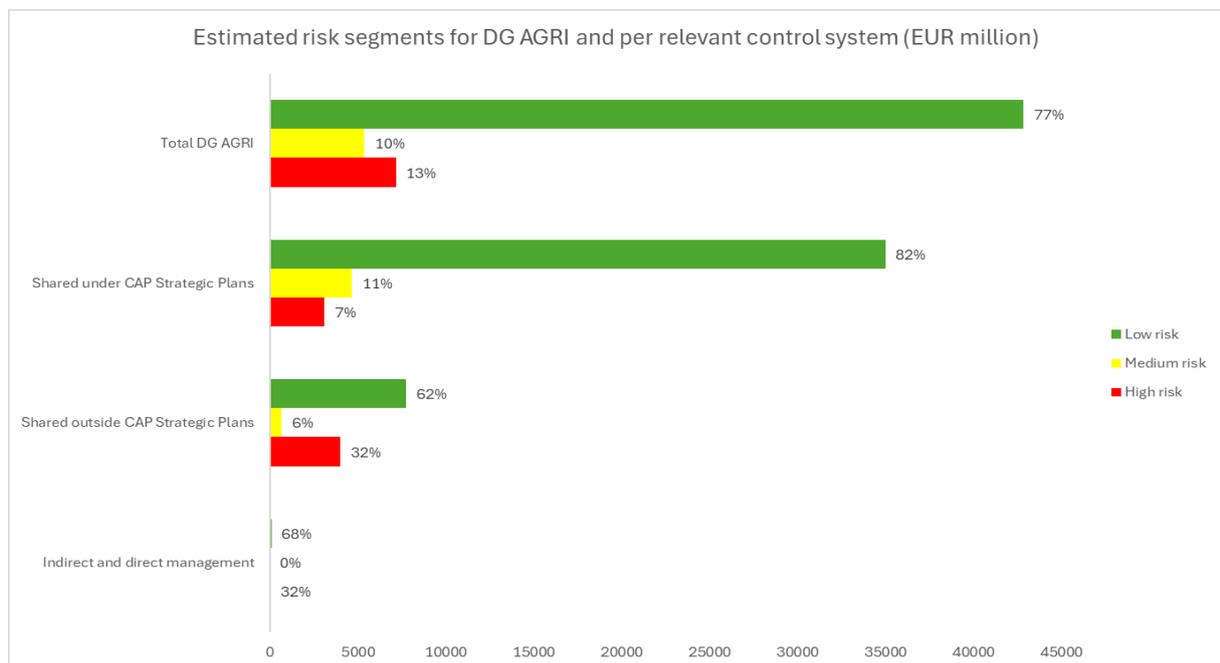


Chart: 2.1.2.a)-1

Chart 2.1.2.a)-1 shows DG AGRI 2024 control results per relevant control system as well as the DG overall control results. For expenditure outside the CAP Strategic Plans (23% of the total relevant expenditure, including direct and indirect management) the assessment involves calculating the risk at payment, whereas for expenditure under the CAP Strategic Plans (77% of the total relevant expenditure) the functioning of the corresponding governance systems is qualitatively assessed and attributed an adjusted grading. In both cases results lead to a categorization of the relevant expenditure into the high, medium or low risk segments, so that the **overall assessment indicates that a significant majority of DG AGRI's relevant expenditure falls into the low-risk category** (77% in 2024, against 69% and 72% in 2023 and 2022, respectively). For the rest of DG AGRI relevant expenditure, 10% is estimated to fall into the medium-risk category and 13% is deemed high risk in 2024.

The **following sections describe** the key elements which are taken into consideration for building assurance at Commission level under **shared management**, which in total represents 99.7% of the DG's relevant expenditure.

DG AGRI's expenditure under shared management is subject to two different relevant control systems due to the specific controls established for the 2023-2027 expenditure under the new performance-based assurance model (**expenditure under the CAP Strategic Plans**), which differ from the rest of the CAP expenditure that remains under the compliance framework (**expenditure outside CAP Strategic Plans**). The relevant control systems set up under shared management in DG AGRI and in the Member States are explained in more detail in Annex 6 and in Part 1 of Annex 7; materiality criteria for the assessment of these systems are explained in Annex 5.

Part 2 of Annex 7 also includes further detail on the control results for both shared management relevant control systems, as well as for expenditure under **direct and indirect management and for the DGs' non-expenditure items**.

Finally, in relation to **the budget implementation tasks entrusted to REA**, information can be found in Annex 7, Part 5. In this regard, the reputational reservation maintained by REA in its 2024 AAR is highlighted.

1. CAP 2023-2027 under the CAP Strategic Plans: the new assurance model

In 2024, the implementation of the new performance-based 2023-2027 CAP reached cruising speed, with expenditure under the CAP Strategic Plans representing 77% of the shared management relevant expenditure (in 2023 only 0.4% of the shared management expenditure was under the CAP Strategic Plans).

The **legal and financial framework** for the performance-based CAP expenditure is provided for in EU regulations, Commission delegated and implementing regulations, and in the **CAP Strategic Plans** elaborated by the Member States and approved by the Commission. According to this framework, Member States' authorities manage and implement the EAGF and EAFRD interventions under shared management.

Compared to the previous programming period, the CAP 2023-2027 confers **more flexibility, but also more responsibility, on Member States**. In general, Member States set the rules to be complied with by final beneficiaries in accordance with the EU general framework. The Commission focuses on the functioning of the systems Member States put in place to ensure the respect of those conditions and no longer on the individual transactions. Accordingly, and in contrast to the previous programming period, the Member States are not obliged to report on control statistics ⁽³²⁾ but on policy performance based on output and result indicators. Therefore, the Commission does not calculate an error rate or risk at payment for expenditure under the CAP Strategic Plans. DG AGRI may still issue reservations either based on its assessment of the proper functioning of governance systems in Member States or where a Member State is behind on its milestones.

The **EAGF** (1st pillar) is funded almost ⁽³³⁾ completely by the EU budget. It is managed on an annual basis and commitment and payment appropriations match almost ⁽³⁴⁾ entirely non-differentiated appropriations.

The **EAFRD** (2nd pillar) interventions are co-funded by the EU and national budgets. Their appropriations are differentiated in order to reconcile the principle of annuality with the need to manage multiannual operations.

The main tool to manage and control the **EAGF and EAFRD area and animal-based interventions** at Member State level is the **Integrated Administration and Control System (IACS)**. There is not a single IACS system; Member States develop and maintain their IACS systems at national or regional level, and these must meet the requirements of the relevant Commission delegated and implementing regulations. The use of the different IACS elements ⁽³⁵⁾ ensures a standardised management of funds across Member States and a high-level automatization of the checks and controls. The expenditure under the IACS systems (IACS population), which **in 2024 represented 95% of the performance-based declared expenditure ⁽³⁶⁾**, is generally not error prone, with error rates below the 2% threshold in the previous programming periods. In 2024, the Commission further developed the Union-Level methodology to be followed by Member States to fulfil the IACS quality assessments.

⁽³²⁾ For the previous programming period, the control statistics were requested from the Member States based on Article 9(1) of Regulation 809/2014. This provision has not been included in Implementing Regulation (EU) 2022/1173, which replaces Commission Implementing Regulation (EU) No 809/2014.

⁽³³⁾ Member States have to co-finance sectoral interventions for the apiculture sector.

⁽³⁴⁾ EAGF differentiated appropriations are Promotion-multi-programmes and Operational technical assistance.

⁽³⁵⁾ IACS includes the identification system for agricultural parcels (ISAP), and the geo-spatial application system (GSA) where farmers apply to area-based interventions. It includes also the area monitoring system – (AMS). The AMS makes use of Copernicus Sentinels satellite data (or other data sources of at least equivalent value, including geo-tagged photos) to monitor agricultural activities and practices relevant for the implementation of area-based interventions.

⁽³⁶⁾ Overall, for shared management both under and outside the CAP Strategic Plans in 2024, expenditure under the **IACS systems** represented 80% of DG AGRI shared management expenditure (for expenditure outside the CAP Strategic Plans, the IACS systems represented 27% of the expenditure).

In 2024, **other EAGF and EAFRD interventions (non-IACS population)**, including mostly sectoral and investment support, **represent 5% of the performance-based declared expenditure** ⁽³⁷⁾. As Member States can continue to spend under their 2014-2022 Rural development programmes until the end of 2025 and taking into account the multiannual nature of most of the rural development interventions concerned, this share is expected to increase in the subsequent years. The below graph shows the distribution of expenditure between IACS and non-IACS populations under the CAP Strategic Plans in 2024.

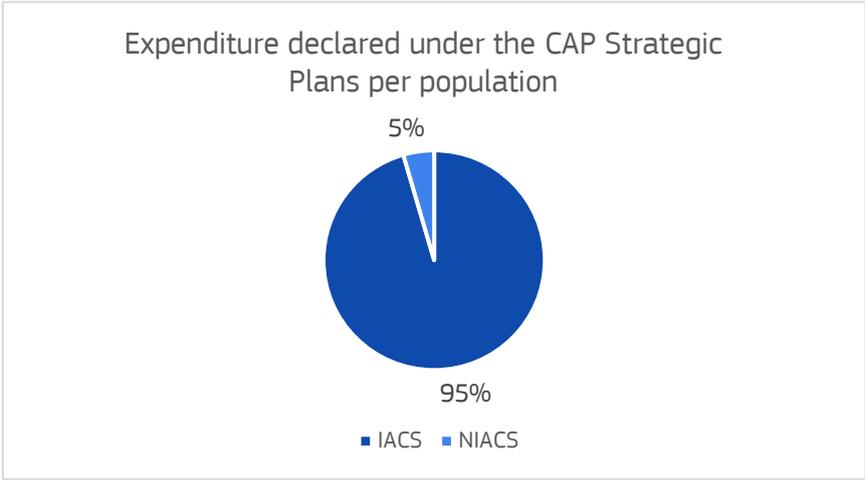


Chart: 2.1.2.a).1-1

Both pillars and both populations share a common institutional framework, which under the new assurance model continues to rely on the management and control of expenditure by **Paying Agencies**, accredited in compliance with criteria set at Union level, responsible for ensuring the legality and regularity of the expenditure declared to the Commission. To that end, Paying Agencies need to put in place **efficient management and control systems** in order to protect the Union financial interests effectively.

Certification Bodies issue opinions on whether the accounts give a true and fair view, on the **proper functioning of Member States’ governance systems and on the correctness of the performance reporting** for expenditure under the CAP Strategic Plans. Certification Bodies also verify the Paying Agencies’ compliance with accreditation criteria and their management declarations. The audit work of the Certification Bodies continues to be a key element of assurance for the CAP expenditure, providing the basis for the subsequent audit work of the Commission under the **single audit approach**. The Commission may carry out risk-based audits on the work of the Certification Bodies and, only where the Certification Bodies’ work is not reliable, on the work of the Paying Agencies.

Every year, Member States have the obligation to send to the Commission their **“assurance packages”**, including the new annual performance reports; annual accounts on the expenditure; an annual summary of the final audit reports and of controls carried out; an

⁽³⁷⁾ Overall, for shared management both under and outside the CAP Strategic Plans in 2024, expenditure under the **non-IACS systems** represented 20% of DG AGRI shared management expenditure (for expenditure outside the CAP Strategic Plans, the non-IACS systems represented 73% of the expenditure).

analysis of the nature and extent of errors and weaknesses identified in governance systems, as well as corrective actions taken or planned; a management declaration by the Paying Agency or by the Coordinating Body; and the Certification Body's opinions and reports ⁽³⁸⁾.

The Commission has set up processes designed to ensure the adequate management of the risks related to the proper functioning of the Member States' governance systems. In 2024, DG AGRI issued a working document ⁽³⁹⁾ to establish a methodology for the identification of potential **serious deficiencies** in the proper functioning of the governance systems referred to in article 2(d) of Regulation (EU) 2021/2116.

The Commission, taking into account the annual nature of the payments and the very large number of beneficiaries, performs:

- **an annual financial clearance** to check the completeness, accuracy and veracity of the Paying Agencies' annual accounts, as under the previous system.
- **a multi-annual conformity procedure** by which the Commission excludes expenditure that has not been effected in conformity with Union law from financing. As regards expenditure under the CAP Strategic Plans, this occurs only in case of serious deficiencies in the functioning of the governance systems.
- **an annual performance clearance** to check if the expenditure declared by the Paying Agencies has a corresponding output reported in the annual performance report, i.e., the unit amounts as approved in the CAP Strategic Plans are not exceeded and if so, there are justifications provided by the Member State. Where no satisfactory justifications are provided, the corresponding expenditure will be reduced in a performance clearance decision.
- **a biennial performance review** where the reported result indicators are checked against the milestones established in the CAP Strategic Plans, resulting in the request of remedial actions or action plans in case of unjustified deviations above the established thresholds.

The **corrective measures** in the years after the year of expenditure, namely the net financial corrections imposed on Member States and the amounts recovered from beneficiaries by the Member States and reimbursed to the Commission (or reallocated to other operations, for Rural development), must also be considered for the complete picture of the risk to the EU budget. In 2024 the Commission published new "**Guidelines on the calculation of the financial corrections** in the framework of the conformity and financial clearance of accounts procedures" ⁽⁴⁰⁾ adapted to the specificities of the CAP 2023-2027 expenditure.

While DG AGRI is fully assuming its role, the functioning of the governance systems is first and foremost in the hands of the Member States. They are also responsible for implementing the necessary actions to remedy control system deficiencies identified by the Certification Bodies and/or the Commission. In cases where Member States fail to implement action plans

⁽³⁸⁾ To be prepared in line with Article 134 of Regulation (EU) 2021/2115 and Implementing Regulation (EU) 2023/130.

⁽³⁹⁾ "Identifying potential serious deficiencies or the purpose of Directorate H's mission to provide assurance".

⁽⁴⁰⁾ Communication from the Commission C/2024/5991.

in due time, the Commission may decide to **suspend** its payments, to prevent further risks to the EU budget.

DG AGRI, together with the other DGs managing EU funds under shared management and DG BUDG, is also involved in the implementation of the **EU legal framework on prevention and avoidance of conflict of interests in shared management**. As part of the review of the Paying Agencies' compliance with the accreditation criteria and the Certification Bodies' work on the assessment of the Paying Agencies' governance systems, DG AGRI audits cover the conflict of interest control requirement. Related issues arising from the audits to SK01 and GRO1 were followed up in 2024.

Whenever there are allegations of malpractices in individual Member States, DG AGRI works closely together with DG BUDG, OLAF and other Commission services to look into these cases very carefully. If the allegations relate to fraud, OLAF is the responsible body to investigate them.

In addition, Regulation (EU, Euratom) 2020/2092 on a general regime for the protection of the Union budget sets specific criteria for its application, in particular, the concerned breaches of the **principles of the rule of law** must affect or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way. Where the criteria are fulfilled, the Commission can initiate a procedure under the Regulation, unless it considers that other procedures set out in Union legislation would allow it to protect the Union budget more effectively. In 2024, there were no procedures launched under the above-mentioned Regulation in relation to the CAP funds. The Commission continuously monitors the situation for all EU Funds.

Finally, DG AGRI continuously works with the Member States to address the main challenges of the implementation of the CAP, through different **capacity building actions and the promotion of best practices**. Detail on these 2024 actions is included in Annex 7, Part 2.A.2.5.

The following 2 sub-sections summarize the results from the different sources and layers to conclude on the fulfillment of the eligibility conditions of the performance-based expenditure. DG AGRI used all the resources and tools described above to respond to the ongoing challenges and had a solid basis for obtaining sufficient assurance.

Performance results in 2024

Member States report on the implementation of the CAP strategic plans via the annual performance report. To monitor implementation of the Plans, the Commission checks progress in relation to the Result Indicators that are defined in the CAP Plan Regulation. These Result Indicators show what the CAP strategic plans are achieving, for instance, the share of agricultural land that is managed in a way to improve biodiversity.

The **biennial performance review**, as provided for in the CAP Plan Regulation, to assess the achievement of milestones and targets for a common set of result indicators will take

place in 2025 for the first time, and therefore no performance reservations in accordance with the materiality criteria defined in Annex 5 are issued.

Nevertheless, the first full reporting shows that **the bulk of the CAP Strategic Plans are implemented according to plan**. In some cases, the aggregated EU results show that the plans perform better than expected like for actions to protect and improve soils. However, there are also parts of the plans that perform less well, for instance interventions linked to risk management or interventions linked to the social sustainability. Most of this lack of results is linked to the early stage in the programme cycle. Member States in some cases fund interventions still under the Rural development programmes from the previous financial period. In other cases, the interventions have a long lead time from call for proposals to payments. As a result, output, for instance, for investment projects is still limited.

It is nevertheless expected that implementation will pick up relatively quickly. There is an organised process to discuss the performance of the CAP strategic plans with the Member States. Member States will be asked for clarifications both via Observation Letters regarding the annual performance reports and in the annual review meetings. Eventually, discussions regarding the elements of the CAP Strategic Plan implementation that lag behind the planned output/ may trigger CAP Strategic Plan modifications with a view to improving matters. Further information can be found in Annex 7 Part A.1.1.

There is good reason to be relatively optimistic about the performance of the CAP Strategic Plans' implementation so far, in view of the fact that the CAP is progressing in line with its specific objectives, rules and implementing mechanisms.

Concerning the **annual performance clearance** exercise for financial year 2023, a Commission decision ⁽⁴¹⁾ reducing the expenditure, for which the Member States' justifications for exceeding planned unit amounts were not accepted by DG AGRI, was adopted on 10 October 2024. The impact of the reduction was EUR 0.159 million for 5 Member States.

On the annual performance clearance for financial year 2024, detail on the on-going analysis is provided in Annex 7, Part A.1.2. Where it is found that justifications cannot be accepted, a Commission decision reducing the expenditure will be adopted by 31.10.2025.

Following the experience of the first exercise for financial year 2023, as a first step, the Commission introduced a de minimis threshold to alleviate the administrative burden and to improve the cost-efficiency of the annual performance clearance. As a second step, the Commission has reviewed the mechanism and will propose to discontinue it at the next opportunity.

⁽⁴¹⁾ Commission implementing decision (EU) 2024/2650 of 10 October 2024.

Assessment of the functioning of the governance systems

DG AGRI's assessment of the functioning of the governance systems is based on the **multi-level structure of management and control**, which is described in Annex 7, Part 1 and on the reports and indicators, which emanate from those levels.

For financial year 2024, DG AGRI shared the management of the CAP expenditure with **72 Paying Agencies in 27 Member States**. A summary of their opinions in their annual management declarations as well as of the opinion delivered by the Certification Bodies is provided in table 2.1.2.a).1-1. Furthermore, there are 3-yearly reports by the Competent Authorities on the Paying Agencies' continued compliance with the accreditation criteria ⁽⁴²⁾. DG AGRI checks also, via its various forms of follow-up including on-the-spot audits, that the Paying Agencies respect the strict accreditation criteria that regulate them.

ASSURANCE DERIVING FROM THE FUNCTIONING OF THE PAYING AGENCIES		
Accreditation of Paying Agencies	Fully accredited	71
	Provisional accreditation	0
	On probation	1 ⁽⁴³⁾
	Total	72
Certificates and reports of Certification Bodies on functioning of Paying Agencies' internal control systems	Received	72
	Not received	0
	Effective ⁽⁴⁴⁾	71
	Not effective	1 ⁽⁴⁵⁾
Management Declarations signed by the directors of Paying Agencies	Received	72
	Not received	0
	Unqualified	70 ⁽⁴⁶⁾
	Qualified with reservation	2 ⁽⁴⁷⁾
Opinions of Certification Bodies on the Management Declarations	Received	72
	Not received	0
	Unqualified	71 ⁽⁴⁹⁾
	Disclaimer of opinion ⁽⁴⁸⁾	1 ⁽⁵⁰⁾

Table: 2.1.2.a).1-1

The **reliance on the Certification Bodies** is of paramount importance under the **single audit approach**, as DG AGRI's conformity audits only address directly the Paying Agencies if reliance cannot be put on the work of their Certification Bodies. DG AGRI regularly audits their audit strategies and ongoing work so that remedial actions are implemented to address deficiencies identified. In addition, all Certification Bodies' reports are analysed during the financial clearance exercise. The conclusions on the work of the Certification Bodies feeds the Directorate's audit planning and the programming of the conformity audit missions.

⁽⁴²⁾ The last report was submitted in June 2022, covering financial years 2019, 2020 and 2021.

⁽⁴³⁾ At the beginning of the year Paying Agencies IT27 and DE17 were under probation. IT27 was restored by the end of the year, DE17 in January 2024. GR01 was put on probation in September 2024

⁽⁴⁴⁾ Effective means very good, good or adequate.

⁽⁴⁵⁾ NLO4.

⁽⁴⁶⁾ 9 out of 74 with observations.

⁽⁴⁷⁾ BG01; DE21.

⁽⁴⁸⁾ The qualifications vary and may be for one population or all populations.

⁽⁴⁹⁾ 5 out of 74 with emphasis of matter.

⁽⁵⁰⁾ NLO4.

Further detail on the results of the financial clearance exercise and on the controls performed by DG AGRI in 2024 on the accreditation of Paying Agencies and the quality of the work carried out by the Certification Bodies is provided in Part 2.A.2.1 and 2 of Annex 7.

Regarding the **conformity audit missions**, in 2024 DG AGRI performed 48 audits, targeting either the **governance systems** of the entire IACS population or, for non-IACS, the governance systems of the interventions selected for the audit. The same audit missions, where relevant, also covered legality and regularity of expenditure under the 2014-2022 programming period (audits covering more than one area are counted only once in the sub-total). The audits carried out in 2024 will, where relevant, also cover the 2023 expenditure (“24-month rule”) ⁽⁵¹⁾.

Where potential serious deficiencies in the governance systems are detected, conformity procedures are launched and, where serious deficiencies are confirmed, they result in net financial corrections. Conformity procedures need time to offer the Member States the opportunity to contradict the Commission’s findings. This is why no conformity procedure has been finalised and no net financial corrections have been decided yet for expenditure under the CAP Strategic Plans.

In general, for the **IACS population**, the audits performed in 2024 showed that Member States put the governance systems in place for the new CAP. In some cases, potential serious deficiencies regarding IACS and/or in conditionality were found, and conformity procedures were opened to assess the possible risk to the Union budget. The correct implementation and proper functioning of some of the eco schemes designed by the Member States proved to be particularly challenging in the first year.

Regarding the **non-IACS population**, it was noted that many Member States opted to use the same or similar rules, systems and procedures than for the CAP 2014-2022. Part of 2024 DG AGRI findings are on system weaknesses that were found already in CAP 2014-2022 expenditure and were not addressed yet with sufficient corrective actions by the Member States. Thus, these continue to pose a risk to the Funds under CAP 2023-2027.

For both populations, the population at risk corresponding to identified deficiencies in crosscutting elements like the risk of circumvention or land at disposal will need to be delimited in the ongoing enquiries.

Details of the audit work and results for the IACS and non-IACS populations are provided in Part 2.A.2.3 of Annex 7. In addition, the specific cross-cutting issues identified in the Paying Agency GRO1 – OPEKEPE are further described in Part 2.A.2.4.

⁽⁵¹⁾ In accordance with the provisions of Article 55(4) of Regulation (EU) No 2021/2116, the conformity clearance covers expenditure incurred up to 24 months before the Commission officially notifies the Member State of its audit findings (i.e. the receipt by the Member State of the Letter of findings in its national language).

Table: 2.1.2.a).1-2 presents an overview of DG AGRI audit missions and desk checks in 2024 ⁽⁵²⁾:

Number of audit missions and desk checks performed in 2024				
	Population specific		Other	Total
	IACS	Non IACS		
Audit missions				
Number	13	19	7 IT audits 7 CB audits 1 Accreditation audit 1 Cross-compliance audit	48
Member States covered	Member States (BE-ES-GR-HR-IE-IT-LT-LU-NL-PL-PT-SE)	Member States (AT-DE-ES-FR-GR-HU-IT-NL-PT-RO - SK)	IT: Member States (AT-DE-ES-FR-IT-PL) CB: Member States (BE - CZ -DK - GR- IE - MT - NL) Accreditation Audit: Member State (ES) Cross-Compliance: Member State (AT)	All Member States except (BG - CY - EE - LV - SI)
	(12 Member States)	(11 Member States)	(13 Member States)	(22 Member States)
Desk checks				
Number	8	10	75 Financial clearance 6 Pre-Accession	96
Member States covered	Member States (BG - CZ - ES - FR - GR - HR - PT - RO)	Member States (BG - ES - FR - HU - IT - PL)	Financial clearance: All Member States and UK Pre-Accession: (AL - ME - MK - RS - TR)	All Member States, UK and 5 EU candidate countries
	(8 Member States)	(6 Member States)	(All Member States, UK and 5 EU candidate countries)	(All Member States, UK and 5 EU candidate countries)

Table: 2.1.2.a).1-2

To **conclude on the assurance for expenditure under the CAP Strategic Plans, DG AGRI considers all available relevant information**, notably the assessment of the Certification Bodies of the functioning of the governance systems and the results of its own audit findings and those of the European Court of Auditors. On this basis, DG AGRI **adjusts the Certification Bodies reported gradings** ⁽⁵³⁾ of the functioning of the governance systems on a case-by-case basis at the appropriate level (Paying Agency and intervention level) to **split the new assurance model expenditure into low, medium and high-risk expenditure segments per population**. This process is explained in detail in Annex 5 (materiality criteria) as well as in Annex 7, Part 2.A.2.3.

The fact that DG AGRI adjusts the Certification Bodies' gradings does not mean that the Certification Bodies are unreliable. The adjustments are made where the Commission or the

⁽⁵²⁾ The audits and desk checks related to expenditure outside the CAP Strategic Plans are also split per population (IACS and non-IACS) in the table. Audits and desk-checks covering more than one ABB or the expenditure of different programming periods are only counted once.

⁽⁵³⁾ Certification Bodies are requested to report a grading to the governance systems for each of the Interventions managed by the respective Paying Agency. There are four 4 grades describing the functioning of the governance systems of the interventions:

4 - Functioning well, for governance systems for which no or very few exceptions in the tests of controls were found.

3 – Functioning, for governance systems for which few exceptions in the tests of controls were found.

2 - Partially functioning, for governance systems for which some exceptions in the tests of controls were found.

1 - Not functioning, for governance systems for which several systemic exceptions in the tests of controls were found, affecting substantially the effectiveness of controls.

European Court of Auditors find potential serious deficiencies when they audit the governance systems in the Member States.

Following this assessment, **expenditure under each expenditure segment for each population is presented in the table 2.1.2.a).1-3** ⁽⁵⁴⁾.

Total population		Low risk Adjusted gradings 3 and 4			Medium risk Adjusted grading 2		High risk Adjusted grading 1	
IACS	Expenditure	40.958.397.434,16	33.751.644.436,88	82,4%	4.506.426.048,94	11,0%	2.700.326.948,34	6,6%
	No of interventions	1.211	1.028	84,9%	130	10,7%	53	4,4%
NIACS	Expenditure	1.965.810.421,30	1.361.317.225,99	69,2%	177.152.543,71	9,0%	427.340.651,60	21,7%
	No of interventions	315	278	88,3%	22	7,0%	15	4,8%
TOTAL	Expenditure	42.924.207.855,46	35.112.961.662,87	81,8%	4.683.578.592,65	10,9%	3.127.667.599,94	7,3%
	No of interventions	1.526	1.306	85,6%	152	10,0%	68	4,5%

Table: 2.1.2.a).1-3

Under **IACS**, which represents 95% of performance-based expenditure, 1 028 interventions representing 82.4% of the total IACS expenditure are estimated to be under low risk (governance systems functioning well or functioning). 130 and 53 interventions, representing respectively 11.0% and 6.6% of the expenditure, are estimated as medium and high risk (governance systems partially functioning or not functioning) due to potential serious deficiencies identified.

Under **non-IACS**, which represents 5% of performance-based expenditure, 278 interventions representing 69.2% of the total non-IACS expenditure are estimated to be under low risk (governance systems functioning well or functioning). 22 and 15 interventions, representing respectively 9.0% and 21.7% of the expenditure, are estimated as medium and high risk (governance systems partially functioning or not functioning) due to potential serious deficiencies identified.

Details on the results per Paying Agency and non-IACS type of interventions are included in Annex 7, Part 2.B.2.3.

For the interventions with serious deficiencies encountered in the functioning of the governance systems, the protection of the EU budget will be assured through the Member States and DG AGRI necessary corrective measures and other **protection measures** available, as described in Annex 7, Part 3.

All interventions complying with the **criteria for governance systems reservations established in Annex 5** are subject to a **reservation**. Therefore, reservations are necessary in respect of:

- IACS: 28 interventions under reservation in 9 Member States.
- Non-IACS: 9 interventions under reservation in 5 Member States

⁽⁵⁴⁾ EAFRD interventions with a negative declared expenditure have been excluded from the assessment. These interventions amount 33 million EUR.

Details on the reservations can be found in Annex 9, part 3. Nevertheless, the **financial impact of these reservations cannot be calculated** due to the lack of an estimated error rate. Therefore, **reservations under the new assurance model are not quantified.**

2. Control results for expenditure outside of CAP Strategic Plans

In 2024, EUR 12 813 million or **23% of the expenditure under shared management** was implemented outside the CAP Strategic Plans. Of this expenditure, 79.5% is linked to Rural development programmes (ABBO4) from the previous programming period. Another 16.2% of the expenditure is linked to Market measures (ABBO2), mainly due to 2014-2022 measures that will progressively move under the CAP Strategic Plans (as sectoral interventions). Finally, there is an amount of Direct payments (ABBO3) representing 4.3% of the expenditure outside the CAP Strategic Plans.

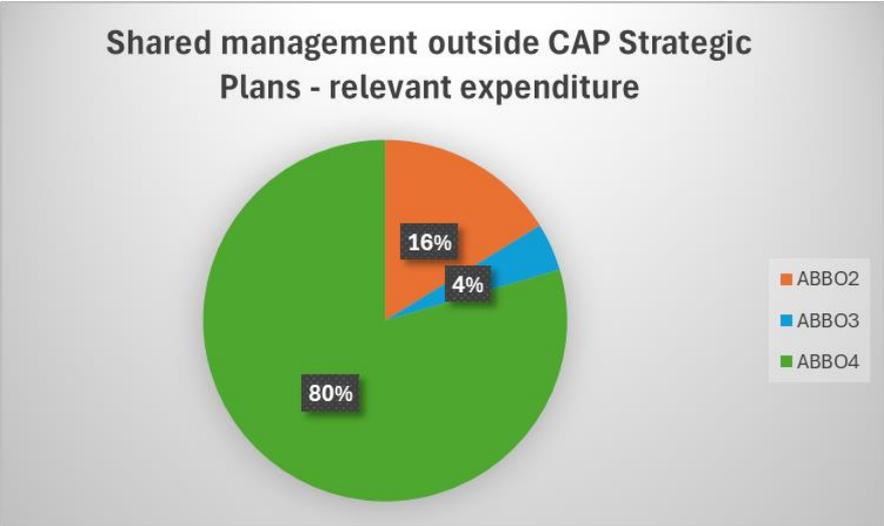


Chart: 2.1.2.a).2-1

The Commission has set up processes designed to ensure the appropriate management of the risks related to the **legality and regularity** of the underlying transactions, taking into account the annual nature of the payments and the very large number of beneficiaries. The assurance objective is to ensure that the remaining risk to the EU budget does not exceed 2% (see details of the risk calculation based on the control data and statistics provided by the Member States in Annex 5).

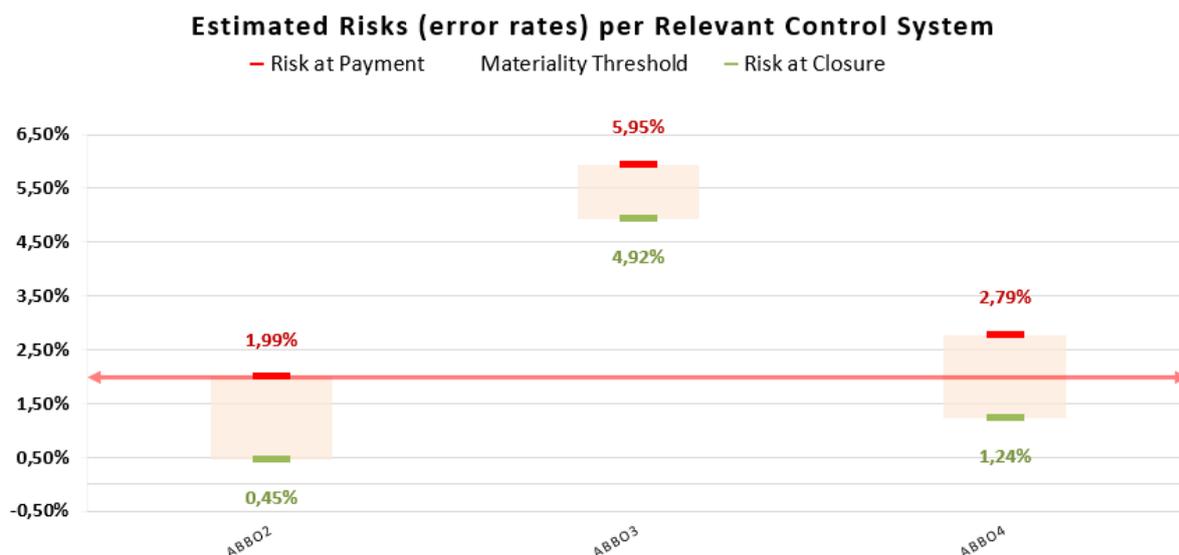


Chart: 2.1.2.a).2-2

The corrective capacity of the Commission’s net financial corrections imposed on Member States and of the amounts recovered from beneficiaries by the Member States must also be considered for a complete picture of the risk to the EU budget. Therefore, Chart 2.1.2.a.2-2 shows the **estimated risk at payment and the estimated risk at closure** as the overall control results for each of the ABBs.

ABB02 – Market measures outside CAP Strategic Plans

Market measures, with expenditure at EUR 2 073.77 million, accounted for 16.2% of the CAP budget outside the CAP Strategic Plans in 2024. It is split in 8 measures with expenditure in 2024, the most important of which are fruit and vegetables and wine.

Due to the diversity of the measures, a measure-by-measure approach was taken for assurance purposes to estimate, as precisely as possible, the adjusted error rates and amounts at risk and under reservation, as per the criteria described in Annex 5. As a result of the assessment, **the total amount at risk for ABB02 – Market measures is estimated at EUR 41.19 million corresponding to an error rate at payment of 1.99%.**

According to the materiality criteria in Annex 5, **reservations are made in 6 cases** (see the list of reservations in Annex 9), **with a total financial impact of EUR 14.92 million.**

ABB03 – Direct payments outside CAP Strategic Plans

A total amount of **EUR 546.58 million** of expenditure still corresponds to Direct payments under the 2014-2022 period ⁽⁵⁵⁾.

⁽⁵⁵⁾ Including EUR 22.69 million of financial corrections in favour of Member States following clearance of accounts and conformity clearance decisions.

Out of the total Direct payments' expenditure an amount of **EUR 441.28 million was declared for POSEI measures under IACS** with a risk at payment for 2024 of 7.01% and an amount at risk of EUR 30.94 million. Under POSEI **one reservation is maintained for France** with total **financial impact of EUR 28.83 million**. Details can be found in Annex 7, part 2.B.2 and reservations are listed in Annex 9, part 3.

Due to the relatively low importance of the remaining Direct payments expenditure amounting to EUR 105.30 million, no specific assessment was made in 2024 to the reported error rates by the Member States. For this amount, a prudent estimate of the error rate at payment is the **overall adjusted error rate for Direct payments reported in the 2023 AAR (1.48%)**, leading to an estimated **amount at risk of EUR 1.56 million**. This overall consideration of the adjusted error rate in the 2023 AAR, which was under the materiality threshold of 2%, does not lead to issue reservations for this expenditure.

Overall, an adjusted **error rate at payment of 5.95%** has been calculated corresponding to an **amount at risk of EUR 32.50 million** ⁽⁵⁶⁾.

ABB04 – Rural development outside CAP Strategic Plans

In 2024, expenditure linked to the 2014-2022 Rural development programmes amounted to EUR 10 192.38 million, which represents 79.5% of the expenditure under shared management outside the CAP Strategic Plans.

As result of the assessment, an adjusted **error rate at payment of 2.79%** was calculated corresponding to an **amount at risk of EUR 274.49 million**.

According to the materiality criteria in Annex 5, **reservations for 12 Paying Agencies were deemed necessary** (see the list of new, continuing and lifted reservations in Annex 9, part 3), **with a total financial impact of EUR 209.81 million**.

Details on measures, expenditure and DG AGRI assessment can be found in Annex 7, part 2.B.3 and the list of reservations in Annex 9. Details of adjusted rate calculation and criteria for issuing the reservations are explained in Annex 5.

⁽⁵⁶⁾ The high adjusted error rate for Direct payments is due to the maintained issues under reservation in one Paying Agency for POSEI measures. This cannot be compared to previous years' results for Direct payments, as the vast majority of the Direct payments expenditure is as from 2024 under the CAP Strategic Plans within the IACS population.

b) Estimation of the overall risk

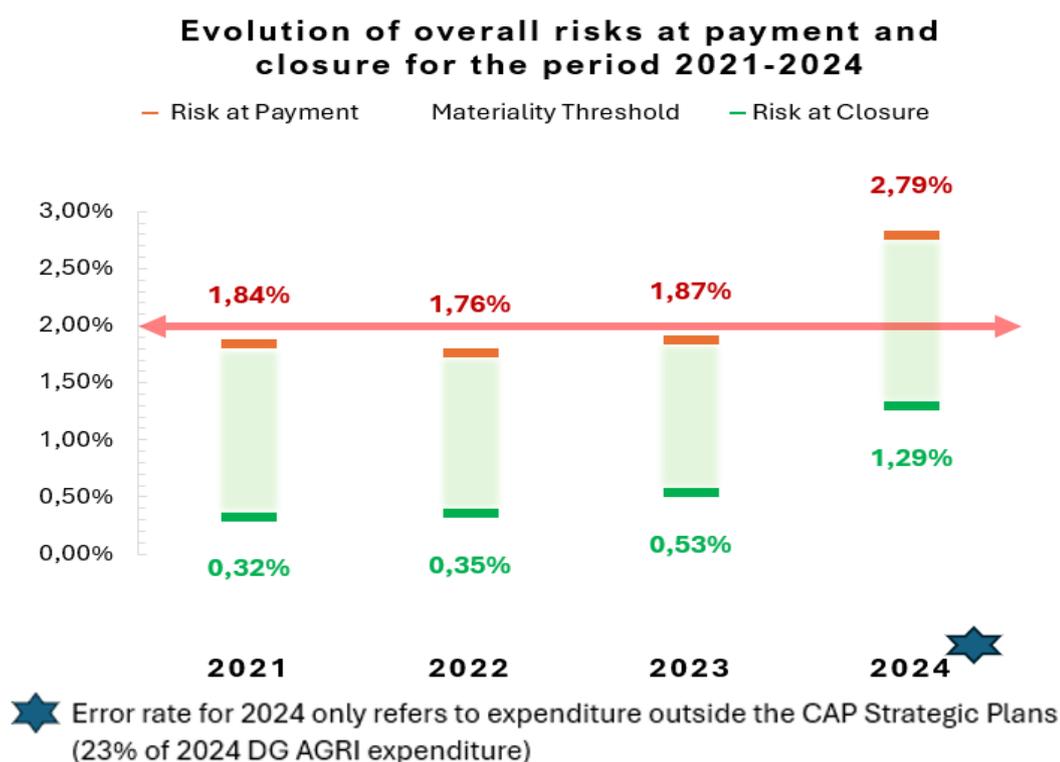


Chart: 2.1.2.b)-1

For **non-performance-based expenditure**, the estimated overall risk at payment for 2024 expenditure excluding shared management expenditure under the CAP Strategic Plans is the AOD's best conservative estimate of the amount of relevant expenditure during the year that was not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years, anticipated through the conservatively estimated future corrections for 2024 expenditure. The difference between those two results is the estimated overall risk at closure ⁽⁵⁷⁾.

Nevertheless, as indicated, the main DG AGRI relevant control systems in 2024 is **shared management under the CAP Strategic Plans** (77% of the Directorate's expenditure), which follows a performance-based assurance model and for which **no risk at payment and therefore no estimated future corrections and no risk at closure are reported**.

⁽⁵⁷⁾ This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

Therefore, the 2.79% estimated risk at payment for 2024 is **not representative** for the overall assurance of DG AGRI. In addition, the fact that in 2024 72% of the expenditure outside the CAP Strategic Plans corresponded to non-IACS expenditure (mostly Rural development) explains the elevated risk at payment, which is in line with previous years' results for this expenditure segment. On the contrary, 95% of the 2024 performance-based expenditure was in 2024 under the traditionally less error-prone IACS population.

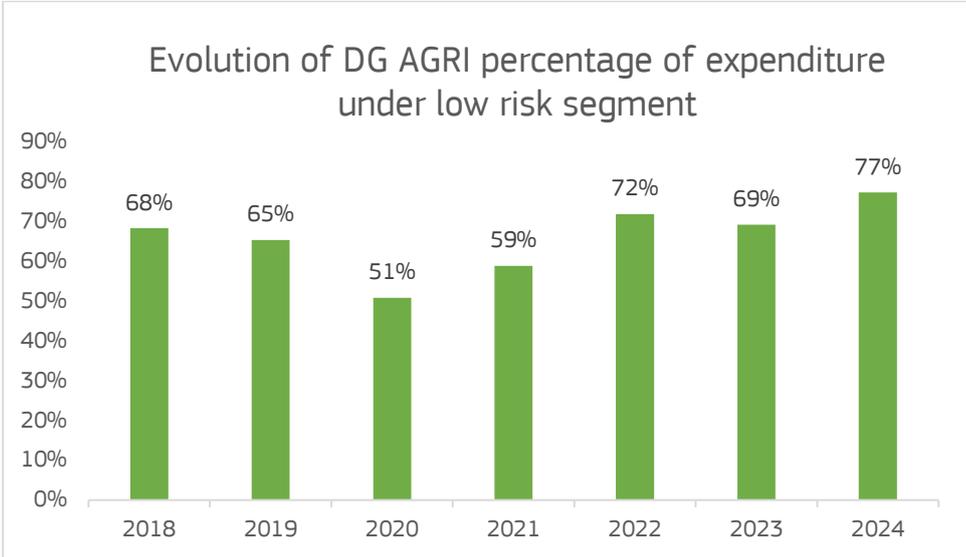


Chart: 2.1.2.b)-2

For the **total DG AGRI expenditure** (all relevant control systems, including both performance and compliance-based expenditure), 77% of DG AGRI expenditure is estimated to be in the low-risk segment (as presented in chart 2.1.2.b)-2), while 10% and 13% of the expenditure are estimated to be in the medium and high-risk segments, respectively (see criteria for classification in Annex 7, Part 2.E).

The 2024 estimated expenditure in the low-risk segment is **broadly in line with the control results of the past 6 years**, with an improvement trend identified over the years which confirms the maturity of the Member States' governance systems under which CAP expenditure is effected.

Expenditure in medium and high-risk segments is not directly "at risk"; it does not represent ineligible or non-compliant expenditure. For expenditure under the CAP Strategic Plans, it represents expenditure from interventions under governance systems with potential serious deficiencies in the functioning which still need to be confirmed through corresponding conformity procedures and for which the financial impact is not quantified. For compliance-based expenditure, the amount at risk is represented by the reported estimated risk at payment and risk at closure.

For an overview at Commission level, the departments' estimated expenditure risk segments are consolidated in the AMPR.

c) Quantitative benefits of controls: preventive and corrective measures

With its ex-ante and ex-post controls, DG AGRI has an effective mechanism in place for correcting errors. In shared management, Member States play an important role in this preventive and corrective mechanism and part of the benefit stems from their actions. In 2024, the financial volume of errors corrected through ex-post controls represented EUR 860.07 million (out of which EUR 412.36 million from Member States' controls). As for the ex-ante controls, Member States do not report the amount corrected before payment for expenditure under the CAP Strategic Plans. For the rest of the expenditure, ex-ante controls from Member States' actions resulted in EUR 175.57 million.

Compared to last year with EUR 660.66 million from **ex-post controls**, there is an increase that is mostly attributed to a higher amount of decided net financial corrections, although the net decided amount in 2024 is **in line** with the previous 3-years annual net financial corrections average. As for the **ex-ante controls**, amounting last year to EUR 466.60 million, it is recalled that the 2024 amount only refers to 23% of DG AGRI shared management expenditure and is therefore **not comparable** to previous years' amounts.

Please see detailed table and explanations on the origin and the trend of the preventive and corrective measures in annex 7, Part 3A.

Furthermore, protection of the EU budget through **interruptions, reductions and suspensions** is explained in annex 7, Part 3B.

d) Assessment of the control results for non-expenditure items

DG AGRI manages sensitive **information systems** for an amount of EUR 16.65 million (see Annex 3, table 4). In addition, **financial instruments** are a key tool for providing access to finance for the farming sector and the rural economy. Details on adequate safeguards and control results for these non-expenditure items are provided in Annex 7, Part 2D.

e) Fraud prevention, detection and correction

DG AGRI has developed and implemented its own anti-fraud strategy (AGRI AFS) since September 2012, based on the methodology provided by OLAF. It was last updated in 2020.

In order to align the DG AGRI AFS to the revised 2023 Commission anti-fraud strategy Action Plan (CAFS) ⁽⁵⁸⁾, DG AGRI started work on the updated version of DG AGRI AFS in 2024. However, it was decided, in agreement with OLAF, to carry out a new DG AGRI Horizontal Fraud Risk Assessment (FRA), last updated in December 2022, with the support of an external contractor. On that basis, DG AGRI will finalise the updated FRA by July 2026 at the latest, which will form the basis for updating the DG AGRI AFS.

⁽⁵⁸⁾ https://anti-fraud.ec.europa.eu/policy/policies-prevent-and-deter-fraud/european-commission-anti-fraud-strategy_en

All actions included in DG AGRI AFS 2020 have been implemented appropriately as detailed below. Moreover, DG AGRI has provided timely contributions to OLAF in relation to the actions included in the CAFS Action Plan 2023 which are relevant to DG AGRI work.

A central aspect of the AGRI AFS is a robust implementation of OLAF's financial recommendations, which almost all aim at the recovery of funds from final beneficiaries. Such recoveries are enacted by the CAP Paying Agencies in the Member States and such specific follow-up stems directly from the CAFS.

Implementation of AGRI AFS is being monitored and reported to the management

once a year through a report sent to DG AGRI Director-General by the DG AGRI antifraud correspondent. Moreover, the centralised procedure for the transmission of OLAF final reports to the Paying Agencies and the monitoring of their implementation works well and allows for a reliable follow-up. The fact that the CAP Paying Agencies report in a timely manner within specific deadlines and communicate details of the recovery procedures allows for an accurate monitoring of recoveries following OLAF recommendations.

Following the closure of investigations in 2024, OLAF issued 12 financial recommendations for recoveries of CAP funds from different beneficiaries. This is a decrease compared to 2023 (21 financial recommendations), which may be related to the fact that many cases are now treated directly by the European Public Prosecutor Office (EPPO). DG AGRI is in the process of following up these financial recommendations with the competent authorities in the Member States concerned, as only these are responsible to enact recoveries from beneficiaries. 6 recommendations have been transmitted to the Member States to activate the recovery procedures. 6 financial recommendations received by DG AGRI late in 2024 were processed early 2025.

In 2 cases, administrative recommendations were also issued by OLAF (in 2023 – 4 cases).

OLAF recommendations from previous years (2020-2024) have mostly been implemented by the Member States. However, the amounts recommended by OLAF for recovery were not recovered in all cases from beneficiaries (some beneficiaries appealed recovery orders in court and obtained (partial) success; some had become insolvent).

From a more general perspective, in the period 2020 to 2024, OLAF issued 70 final reports to DG AGRI with financial recommendations, mostly for recoveries from final beneficiaries. Considering the total amount for which recovery was recommended, 100% was returned to the EU budget through the application of financial corrections following DG AGRI audits. The amount of those financial corrections has gone beyond the scope of some of the OLAF investigations. However, about 75% of the individual files reported by OLAF are still being implemented by the Paying Agencies in the Member States, in line with the principles of shared management, even if the related amounts are relatively small. DG AGRI constantly monitors the recovery procedures carried out by the Member States to ensure they are implemented in a timely and diligent manner also through the application of the so-called 50/50 rule (when applicable) after 4 years have elapsed without recovery (or 8 years in case of judicial challenges). Situations in which the recovery is not possible remain therefore

limited to successful judicial challenges or cases of insolvency declared in line with national laws.

Moreover, other results include the role that the European Public Prosecutor’s Office (EPPO) plays in the fight against fraud and other financial crimes damaging the financial interests of the EU. In 2024, the Office notified 109 files related to the CAP (61 in 2023). DG AGRI is using this information in its risk assessment for its audit activities. In a system of shared management, in fact, any administrative follow-up of the criminal cases investigated by EPPO is to be taken, when needed, by the CAP Paying Agencies.

In conclusion, thanks to the anti-fraud measures in place, the risk of fraud against CAP funds continues to be low. Since its inception, the AGRI AFS has heavily relied on capacity building in the relevant Member States’ authorities to prevent, detect and correct fraud and other serious irregularities as expected for a budget implemented under shared management. To this end, all Member States (and candidate countries) received specific training in this area in the past as well as written guidance. Moreover, the number of cases of (suspected) fraud detected and reported by Member States is overall relatively low. According to the latest PIF Report ⁽⁵⁹⁾ (2023), irregularities reported as fraudulent in the CAP account for 0.05% (5-year average) of the payments made, for an amount of about EUR 24 million (related to year 2023 only - it was 20 million in 2022). This must be seen in relation to the annual CAP budget of almost EUR 56 billion.

Based on the available information, **DG AGRI has reasonable assurance that the anti-fraud measures in place are effective overall.**

Details regarding the objective of the minimisation of the risk of fraud through the application of effective anti-fraud measures can be found in Annex 7, Part 6.

2.1.3. Efficiency of controls

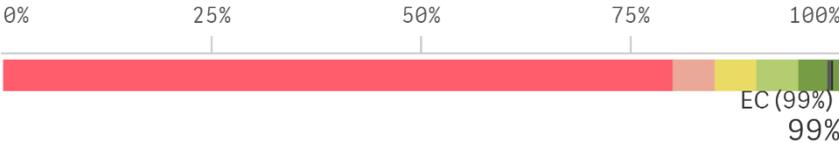
Timely Payments	AGRI Score	EC Score
	<p>99%</p>	<p>99%</p>

Table: 2.1.3-1

This indicator measures the amounts paid on time. As far as timely payments are concerned, DG AGRI shows an excellent rate of 99%. The large part of its budget is operated under shared management, and there is also a small budget under direct management.

⁽⁵⁹⁾ Report on the protection of the EU’s financial interests (“PIF” report).

Shared management

99.6% ⁽⁶⁰⁾ of DG AGRI's total expenditure is executed under shared management mode. The table below shows DG AGRI's performance for EAFRD and EAGF:

	2018	2019	2020	2021	2022	2023	2024
EAFRD average time to pay*	31	24	19	25	25	25	24 days
EAGF average time to pay**	N/A						
EAFRD % of payments made on time	100	100	100	100	100	99.2	100
EAGF % of payments made on time	100	100	100	100	100	100	100
* Deadline is 45 days.							
** According to the legislation in force, the payments are executed on the 3 rd working day of each month.							

Table: 2.1.3-2

As regards Member States, for financial year 2024, all Paying Agencies were accredited, although 1 of them ⁽⁶¹⁾ on probation.

Indicator	2018	2019	2020	2021	2022	2023	2024
% of Paying Agencies accredited	100%	100%	100%	100%	100%	100%	100%

Table: 2.1.3-3

At the end of 2024, the EAGF financial flow was rationalised, and the first transactions were validated in the new SUMMA tool. This will lead to efficiency gains in financial reporting.

Direct management

Time to inform and Time to grant

In accordance with Article 197(2)(a) of the Financial Regulation ⁽⁶²⁾, applicants shall be informed of the outcome of the evaluation of their application within a maximum of six months from the final date for submission of complete proposals. In accordance with Article 194(2)(b) of the Financial Regulation, grant agreements shall be signed with applicants within a maximum of three months from the date of informing applicants that they have been successful.

DG AGRI has informed applicants of the outcome of the evaluation on average within five months of the final date for submission of proposals. As next step, DG AGRI signed the respective grant agreements within two to three months from the date of informing successful applicants.

⁽⁶⁰⁾ This percentage is calculated on the total payments executed in financial year 2024 (actual payments).

⁽⁶¹⁾ GRO1

⁽⁶²⁾ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

Time to pay

Article 116(1) of the Financial Regulation fixes the time limits for payments for contribution agreements, contracts and grant agreements.

For direct management, the **performance** regarding payments remained excellent with 99.8% processed within the binding deadlines imposed by the Financial Regulation.

Number of payments	Financial year / performance %													
	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%
Total	928	100	881	10%	847	100	721	100	900	100	975	100	1044	100
Paid on time	920	99.1	874	99.2	845	99.76	718	99.58	897	99.67	964	99	1042	99.8%
Payment delayed	8	0.9	7	0.8	2	0.24	3	0.42	3	0.33	11	1	2	0.2%

Table: 2.1.3-4

Conclusion on the control efficiency

In view of the indicators mentioned above, DG AGRI considers that the **relative level of efficiency of the controls operated is adequate**.

2.1.4. Economy of controls

For the EAGF and the EAFRD, the two main funds managed by DG AGRI, the following indicators can be reported:

Indicator	2024
Cost of management and control of the Commission (as a % of 2024 payment appropriations executed by the Commission for shared management)	0.12%
Cost of management and control of the Member States –i.e. the 'delivery cost' (as a % of 2024 total public expenditure)	4.1%

Table: 2.1.4-1

The annual overall **Commission** cost for managing the management and control systems in place for shared management is estimated at around **EUR 67.5 million** or 0.12 % of total payments in 2024. A comparison of the results indicates that the results are in line with those obtained for earlier reporting exercises (financial years 2017-2023).

DG AGRI considers this overall cost to be very reasonable and very cost effective.

The costs were calculated using the common methodology developed by the Commission to measure the cost of controls. The data used results from a survey performed in the services in 2022, following the 2022 re-organisation, and the calculation was updated accordingly. Nevertheless, DG AGRI's cost of management and control remained stable and are well below the target set in the 2024 Management Plan (overall estimated cost of controls remains

below 0.5% of funds managed). The data relate, for nearly one third, to the staff involved in audit activities. The remaining costs relate to staff in the operational directorates dealing with programme management, and to staff involved in the financial management of the funds, budget and accounting, coordination, anti-fraud or ICT. The cost of controls for intangible assets is included in the DG’s total amount and cannot be provided separately.

The detailed figures (only at Commission level) are reported in Annex 7, Part 4 (see Table 4.1 on "Overview of AGRI's estimated cost of controls at Commission (EC) level").

The **delivery costs at the level of the Member States** are related to all the activities of the Paying Agencies for managing and controlling the CAP expenditure, such as providing to all potential beneficiaries the necessary means to lodge an application and including controls, payments, accounts and their reporting to the Commission.

The delivery costs are borne by the Member States. DG AGRI carries out a survey on the delivery cost in the Paying Agencies every two or three years. On the basis of the latest survey carried out for the 2024 AAR, taking into account the budget of the Member States for financial year 2024, the overall delivery cost of managing and controlling CAP expenditure for the Member States is estimated at around EUR 2 333.1 million, corresponding to 4.1% of the CAP expenditure for financial year 2024. As indicated in table 2.1.4-2, this represents a slight increase compared to 2023, which is mainly attributed to the set-up of the management and control systems of the 2023-2027 programming period. DG AGRI will follow up the stabilisation of the cost through the programming period.

Activity	2023		2024	
	Member States Management and Control Costs (EUR million)	in % of 2023 expenditure	Member States Management and Control Costs (EUR million)	in % of 2024 expenditure
Total ⁽¹⁾	2 256.3	3.5%	2 333.1	4.1%

Table: 2.1.4-2

⁽¹⁾ In % of 2024 CAP expenditure (including total public expenditure)

2.1.5. Conclusion on the cost-effectiveness of controls

DG AGRI considers that the delivery costs as presented in Table 2.1.4-2 represent a reasonable amount, especially when taking into account the high number of CAP beneficiaries (5.7 million beneficiaries in 2024), the full deployment of the CAP Strategic Plans, the efforts in the execution of the Rural development programmes, the relatively small size of most payments to individual beneficiaries, the increase of the salaries of the staff working at the Paying Agencies, the necessity of protecting the EU financial interests and the overall performance of the policy. DG AGRI considers that the lessons learned from the first year of full implementation of the CAP Strategic Plans should create a momentum for improving cost-effectiveness at Member State level. The control systems established by the Member States will be simplified and enhanced by the increased use of new technologies replacing

the traditional on-the-spot controls. Simplified cost options are also to be used in the CAP 2023-2027 for an increased number of interventions.

Overall, the CAP support is delivered to beneficiaries in a way that protects the EU financial interests as confirmed in the Director-General's declaration of assurance (see sub-section 2.5 of this report).

Based on the most relevant key indicators and control results, DG AGRI has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

Just like in 2023, the DG AGRI control environment and control strategy have remained stable. In view of the result indicators mentioned above, DG AGRI considers that the relative level of cost-effectiveness, economy and efficiency of the controls operated is adequate.

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related to internal control and financial management – including the limited conclusion of the Internal Auditor on the state of internal control. Further details for IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting any internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and 2.4, accordingly.

Internal Audit Service ⁽⁶³⁾

In its contribution to the 2024 Annual Activity Report process, the Internal Audit Service concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the very important recommendations listed below. These recommendations need to be addressed, in line with the agreed action plans and, for the audit on IT security risk management at the Commission, by the submission and implementation of an agreed action plan.

⁽⁶³⁾ For the internal audit reports, the period to be considered according to the AAR instructions is 01/02/2024 – 31/01/2025.

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2023	European Commission actions against food fraud in DG AGRI	Very important: 4, 7		
2024	Design of the assurance building model under the current CAP Strategic Plans	Very important: 1		
		Very important: 2, 4		
2025	IT security risk management at the Commission	Very important: 1		

-  Action plan implemented and closed by IAS or ECA / No impact on the assurance
-  Action plan implementation is ongoing or awaiting review from IAS or ECA
-  Preparation of the action plan
-  Impact on the assurance

For the audit on the **design of the assurance building model under the current CAP Strategic Plans**, regarding recommendation 1 on the design of the assurance framework under the New Delivery Model, DG AGRI implemented the actions from the action plan and reported it as implemented to the IAS.

Regarding recommendation 2 from this audit on the assessment of Certification Bodies' audit strategies,

- DG AGRI will continue to review the CB's audit strategy summary included in the annual certification reports and assess the level of reliance that can be placed on the CBs' work. The checklist for this review has been updated accordingly.
- DG AGRI will continue to assess the CBs' audit strategies as part of the preparation for the conformity audit missions to Member States to identify gaps and limitations that would impair its reliance on the CBs' work.
- Where applicable, it will continue informing the Member States of the reasons why it cannot rely on the CB's work as provided for in Article 48 of the Horizontal Regulation through notably the review of the audit strategy summary included in the annual certification reports and / or as part of its audit missions to Member States.

Regarding recommendation 4 from this audit on the decision on how to report on assurance for expenditure under the CAP Strategic Plans in the AAR, in consultation with DG BUDG and SG, DG AGRI took the necessary steps to develop and implement a revised approach to its methodology and materiality criteria, as set out in Annex 5 of its AAR, for assessing all relevant information at the AOD disposal to support his declaration of assurance, including the results of controls. Agreements were made on the nature, type and level of details of the information to be reported in the context of the preparation of the AAR 2024.

For the audit on **EC actions against food fraud**, recommendation 4 on weaknesses in OFIS, DG AGRI gradually improves OFIS functionalities in order to reduce the need for manual intervention and improve data quality. There are two intermediate steps foreseen for the implementation thereof: (a) Improvements introduced by rewriting OFIS using Java and (b) Business and technical analysis of further improvements.

Regarding recommendation 7 from this audit, on the use of artificial intelligence and data mining tools and potential link between OFIS and iRASFF, a joint DG AGRI and DG SANTE assessment and exploration started in 2023. The implementation cannot be expected before 30/06/2025 due to the migration of the irregularities module from OFIS 1.0 to OFIS 2.0 and the development of iRASFF.NT.

For the audit on **IT security risk management at the Commission**, recommendation 1 on IT Security risk management methodologies and tools, DG AGRI will submit and implement an agreed action plan within the deadline.

European Court of Auditors

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2020	Statement of Assurance (DAS)	N/A	N/A	N/A
2021	Statement of Assurance (DAS)	Important: 6.1	✓	✓
		Important: 6.2	⌚	✓
2022	Statement of Assurance (DAS)	Important: 7.1	✓	✓
2023	Statement of Assurance (DAS)	Important: 7.1	⌚	✓
2024	Special report 07/2024: The Commission’s systems for recovering irregular EU expenditure – Potential to recover more and faster	3	📄	✓

- ✓ Action plan implemented and closed by IAS or ECA / No impact on the assurance
- ⌚ Action plan implementation is ongoing or awaiting review from IAS or ECA
- 📄 Preparation of the action plan
- 🚩 Impact on the assurance

Regarding **Recommendation 7.1 of the ECA 2023 annual report** (“effectiveness of national arrangements for capping EU support to large farms by Member States”), the Commission will analyse the contribution of the different instruments to a better redistribution and targeting of direct payments, including capping, in the framework of the preparation of the Commission proposal for the CAP post 2027.

Regarding **Recommendation 7.1 of the ECA 2022 annual report** (“asking the Commission to continue monitoring how accurately Members States assess the eligible area in the Land Parcel Identification System”), the Commission carries out an annual evaluation on the LPIS Quality Assessment reports submitted by the Member States, consisting in checking the completeness of the reports, and the remedial actions proposed.

Regarding **Recommendation 6.1 of the 2021 annual report** (“to facilitate the sharing of best practices in Member States’ use of new technologies for performing their checks of CAP payments, in order to support the Member States in their implementation of the Area Monitoring System from 2023”), the Commission organised several fora (GREX meetings, conferences, workshops) and discussed with the Member States the use and usefulness of

new technologies, as well as possible ways to overcome the obstacles/challenges hindering the uptake.

Regarding **Recommendation 6.2 of the 2021 annual report** (“to perform audits, and ensure monitoring and evaluation, to confirm that measure M21 funding properly targeted eligible beneficiaries suffering liquidity problems which put at risk the continuity of their farming or business activities”), the measure, which was adopted and implemented by administrations in record time in view of the urgency of the situation, was subject to Commission audits in accordance with its multi-annual work planning. Furthermore, the Commission also draws assurance from the work of the Certification Bodies. The ECA concluded that in general, the conditions for support laid down in the regulation were respected, and it identified only a limited number of cases where beneficiaries who did not meet the criteria for support received funds. Concerning monitoring and evaluation, the measure is subject to the monitoring and evaluation system for the European Agricultural Fund for Rural Development (EAFRD) and therefore included in the annual implementation reports, and the Commission will encourage Member States to cover this measure in their ex-post evaluations of the CAP.

There were no recommendations in the 2020 annual report.

Regarding **Recommendation 3 of ECA Special Report 07/2024**, DG AGRI will conduct a review of the evolution of recovery rates based on the information reported in the FY2024 and previous accounts. This exercise will determine whether additional incentives are necessary to improve recovery rates.

Details on all 2024 ECA special reports with relevance for DG AGRI can be found in Annex 8.

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards⁶⁴. DG AGRI has adapted this Framework to its specific characteristics and organisational structure. The internal control systems are suited to its policy and internal control objectives in accordance with the internal control principles, and take due consideration of the risks associated with the environment in which it operates.

The internal control **self-assessment for 2024** was carried out following the methodology established in the 'Implementation Guide of the Internal Control Framework of the Commission' and following the general principles included in the [Communication on the revision of the internal control framework](#). An overview of the sources can be found in Annex 8.

⁽⁶⁴⁾ The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

The annual results of the eleven standard **financial indicators** (see Annex 4 for more information) are in general very good. For all indicators, DG AGRI reached good results for the targets set at Commission level.

The assessment also considered the **IAS limited conclusion** on the state of internal control and audit recommendations in DG AGRI for the year 2024.

During the period 2020-2024, the Internal Audit Service did not issue any 'critical' recommendation for DG AGRI. However, five 'very important' recommendations are still pending: two related to the IAS audit on **EU Commission actions against food fraud**, two related to the audit on the **design of the assurance building model under the current CAP Strategic Plan** and one on **IT security risk management at the Commission**.

Based on the elements above, IAS concluded that the internal control systems in place for the audited processes are effective in DG AGRI, except for the observations giving rise to the 'very important' recommendations. These recommendations are to be addressed in line with the agreed action plans and, for the last audit on **IT security risk management at the Commission**, with the submission and implementation of an agreed action plan.

DG AGRI's assessment is that these five pending 'very important' recommendations are very specific with a targeted scope and have no impact on the assurance.

More detailed information on the internal control system in DG AGRI is reported in Annex 8.

Conclusions on the internal control system

Based on the methodology and information sources described above, DG AGRI has assessed its internal control system during the reporting year and has concluded that it is **effective and that the components and principles are present and functioning as intended**.

No critical weaknesses were found in any of the components that could jeopardise the achievement of operational, financial or control objectives and prevent the Director-General from signing his declaration of assurance.

2.4. Conclusions on the assurance

This section reviews the assessment of the elements in sections 2.1, 2.2 and 2.3 reported above and the relevant conclusions in these sections. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations, according to the criteria to issue reservations and DG AGRI de minimis thresholds established in Annex 5.

For **expenditure under shared management linked to the CAP Strategic Plans** (77% of the shared management expenditure), assurance is provided through the compliance with the performance requirements and the proper functioning of the governance systems, as explained in section 2.1.2.a).1. There is good reason to be assured about the performance of

the CAP Strategic Plan implementation and 92.7% of the expenditure is under governance systems estimated to be functioning well or partially. For the interventions under governance systems with potential serious deficiencies identified, Member States and the Commission will take the necessary measures to guarantee the protection of the EU budget.

For expenditure under **shared management outside the CAP Strategic Plans** (23% of the shared management expenditure), the estimated risk at payment in 2024 is 2.79%. The risk for the EU budget is systematically covered by the conformity clearance procedures and DG AGRI corrective measures.

The Director-General for Agriculture and Rural Development considers it necessary to enter 5 reservations regarding specific interventions or measures under shared management expenditure in respect of 2024 expenditure according to the defined criteria in Annex 5.

Reservation Title	Financial impact (in m EUR)		Residual error Rate 2024	Evolution
	2023	2024		
Shared management under CSPs – IACS	-	N/A See individual Paying Agencies in Annex 9	N/A	New
Shared management under CSPs – Non-IACS	-	N/A See individual Paying Agencies in Annex 9	N/A	New
Shared management – EAGF Market measures (ABBO2)	EUR 38.44 million	EUR 14.92 million	See individual Paying Agencies Annex 9	Maintained
Shared Management – EAGF Direct Payments (ABBO3)	EUR 305.22 million	EUR 28.83 million	See Paying Agency in Annex 9	Maintained
Shared management – EAFRD Rural development (ABBO4)	EUR 361.61 million	EUR 209.81 million	See individual Paying Agencies Annex 9	Maintained

Table: 2.4-1

For the **interventions under reservation under the CAP Strategic Plans, no financial impact of the reservation is reported**, as explained under section 2.1.2.a).1.

Follow-up of 2023 reservations

In the 2023 AAR, DG AGRI issued 38 reservations at the level of Paying Agency or measure. Member States were requested to submit action plans to remedy the weaknesses underlying

the reservations where necessary. Those action plans were then assessed to check whether they would, if properly implemented, actually remedy the identified deficiencies in due time.

Member States are responsible for the actual implementation of an action plan. DG AGRI monitors the implementation on the basis of the reporting done by Member States, i.e. verifies that the Member State is providing its progress report in a complete manner and on time. The Certification Bodies are also requested to report on progress on action plans. The Assurance and Audit Directorate of DG AGRI offers its opinion and checks on the spot at appropriate times the implementation of an action plan in accordance with its audit work programme. Detail on the follow-up of the reservations issued in 2024 is provided in Annex 9, part 3.

Conclusion

In conclusion, based on the elements reported above, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance, albeit qualified by the indicated reservations.

2.5. Declaration of assurance and reservations

I, the undersigned, Mihail Dumitru, Deputy Director-General of the Directorate-General for Agriculture and Rural Development, deputising for Wolfgang Burtscher, Director-General of the Directorate-General for Agriculture and Rural Development,

In my capacity as authorising officer by delegation,

Declare that the information contained in this report gives a true and fair view ⁽⁶⁵⁾.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

However the following reservations should be noted (More details are provided in annex 9):

- **IACS population under CAP Strategic Plans** - 10 reservations for 9 Member States: Czechia (1 intervention), Finland (1 intervention), Germany (1 intervention in 1 Paying Agency), Greece (13 interventions), Hungary (4 interventions), Luxembourg (2 interventions), Poland (1 intervention), Portugal (3 interventions) and Spain (2 interventions in 2 Paying Agencies).
- **Non-IACS population under CAP Strategic Plans** - 6 reservations for 5 Member States: Finland (1 intervention), France (3 interventions in 2 Paying Agencies), Greece (2 interventions), Italy (2 interventions) and Romania (1 intervention).
- **ABB 02 Market Measures** - 6 reservations for 4 Member States: Germany, Greece (two measures), Portugal and Romania (two measures)
- **ABB 03 Direct Payments** - POSEI: 1 reservation for 1 Member State (France)
- **ABB 04 Rural Development** - 12 reservations for 10 Member States: Germany, Denmark, Spain (3 Paying Agencies), France, Greece, Croatia, Hungary, the Netherlands, Portugal, Romania

Brussels, 24 April 2025

(e-signed)

Mihael Dumitru

⁽⁶⁵⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

3. MODERNISING THE ADMINISTRATION

3.1. Human resource management

In 2024, the Human Resources Correspondents team (HRC) continued to identify actions to address HR challenges encountered and to adapt to the latest developments. For instance, based on central guidance, the HRC team adopted several measures to improve geographical balance in new recruitments. The team also successfully dealt with difficulties such as the delay in external competitions, empty reserve lists for various profiles, or the reduced mission budget.

Regarding senior management positions, the posts of Director B, responsible for “Sustainability”, and Director G, responsible for “International”, were filled during the year. Director I, DDG 2 and DDG 3 are currently vacant; the selection procedures have started. At middle management level, DG AGRI was at 54% female representation at the end of 2024. Out of 39 middle management posts, 20 were filled by women, 17 filled by men and 2 positions were vacant. DG AGRI has reached the target for first female appointments. The HRC team will continue to monitor the situation and ensure that targets are met. There were 4 new appointments and internal changes at middle management level. The HRC team carefully monitored the job quota and oversaw all staff allocation decisions, including the follow-up of temporary allocations. In a context of continuous pressure on our limited staff, sustained high workload and very tight deadlines, the HRC team puts particular efforts in ensuring that resources are used as efficiently as possible, and in line with the DG’s policy and operational priorities. The team also advised managers and AGRI colleagues to ensure that talent is used at its best.

Staff engagement remained a key priority for the HR Correspondent team. The outcome of the 2023 staff survey showed very good results for DG AGRI across the board, with 75% staff engagement index. Following a thorough analysis of the results and internal discussions at different levels, a comprehensive action plan was drawn up. Several new local HR initiatives were put in place, including an initiative to boost the role of senior experts and senior assistants and make the most of their experience, or an initiative to revamp the onboarding programme for newcomers.

In May 2024, the HRC Team of DG AGRI organised several events on matters of diversity and inclusion, as part of the ‘Diversity Month of May’. These included a very successful video on linguistic diversity, a pop-up library in the AGRI cafeteria with books on diversity and inclusion, and a very successful training on inclusive communication. The ‘Equality corner’ on AGRI intranet has been regularly updated with relevant information.

The 6th round of DG AGRI’s Management Talent Development Programme was successfully concluded in June 2024. For the first time, the programme was organised together with DG ENV and DG MARE. The 6 AGRI participants will nurture the pool of potential future heads of unit. All participants appreciated the tailor-made learning and networking opportunities.

An important file in 2024 was the analysis of the 2023 staff survey results and the communication to staff and management. The IC team created a “tracker” on the intranet, allowing colleagues to monitor the progress in implementing follow-up actions at all times. The IC team also drafted the new AGRI IC strategy 2025 – 2028, shaped by the evolving needs of both staff and management, as well as an annual action plan for 2025. The new internal Sharepoint-based AGRI intranet was further improved in 2024.

3.2. Digital transformation and information management

Digital transformation: In 2024, 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 (Digital culture, Digital ready EU policymaking, Business transformation, Seamless digital environment, Green, secure and resilient infrastructure). The DG progressed further on digital transformation and the use of IT tools in support of agricultural legislation. 17 more business intelligence applications assembling data in clear and understandable visualisations on the Agri-food Data Portal were developed; further progress in putting in place a seamless digital environment was made and IT security was further enhanced. More than 70% of the 2024 IT budget was used for policy-supporting Information Systems.

Further details concerning digital transformation are presented in Annex 10.

Data, information and knowledge management DG AGRI recognises data, information and knowledge management as key assets for a sound and effective CAP policymaking and invests in the definition and implementation of related work programmes. The implementation of the CAP 2023-2027 is accompanied and supported by an increased usage of data for the assessment of the performance, the measurement of the impacts on agriculture and the interactions with the other Commission's policies. As a follow-up to the [ECA special report on the use of big data](#), a new dataflow for disaggregated data from the national and regional IACS has been put in place during 2024, paving the way for analysis and evaluation of the CAP implementation. The data gaps identified in the past programming period are also being addressed by the identification of additional data sources including spatial data, and the increased focus on interoperability to reduce data barriers. The exploration of new technologies for advanced analytics and big data management is also underway, leveraged by the introduction of Artificial Intelligence for a more efficient and transformative data exploitation. DG AGRI has also continued to actively participate in the implementation of the DataStrategy@EC related legal instruments, in particular with regard to the European Strategy for Data and the setting up of the Common Agricultural Data Space, where first steps are ongoing for the creation of a single market for agricultural data. All the above mentioned advancements, as well as the transformation toward the new CAP PMEF indicator framework, have expanded the number of DG AGRI's key assets. Given this expansion and the limited available resources, DG AGRI's alignment with corporate data governance principles (Indicator 2) is advancing more slowly than anticipated.

Data protection: In relation to data protection, DG AGRI continued to implement the Commission's Data Protection Action Plan (C(2018) 7432 final) and the applicable corporate guidelines. Several actions have been taken in 2024 to ensure compliance with the rules.

Further details on data protection can be found in Annex 10.

3.3. Sound environmental management

The AGRI BeGreen group met 4 times in 2024 and reflected on ways to raise colleagues' environmental awareness. We organised 2 clothes swaps, promoted Velo Mai and the Walking Challenge and published tips for a greener Christmas.

3.4. Examples of economy and efficiency

Revision of the EU school fruit, vegetables and milk scheme

The Commission is reviewing the EU School Scheme, streamlining the operational features of the scheme to improve its effectiveness, efficiency and budget execution. It will address, among others, the simplification of procedures, the exchange of best practices, and the rationalisation of methods to allocate the Union aid ⁽⁶⁶⁾.

⁽⁶⁶⁾ Based on the Impact Assessment the Commission is working on a legislative proposal. It is not decided yet whether this will be tabled as a standalone proposal or whether it will be integrated in the upcoming review of the CAP.