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**Brussels, 18 October 2018**

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**LIMITE**

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**WORKING PAPER**

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**MEETING DOCUMENT**

From:	General Secretariat of the Council
To:	Working Party on Horizontal Agricultural Questions (CAP Reform)
N° Cion doc.:	9645/18 + COR 1 + ADD 1
Subject:	Regulation on CAP Strategic Plans - Links between planning, reporting and assurance - Presentation from the Commission

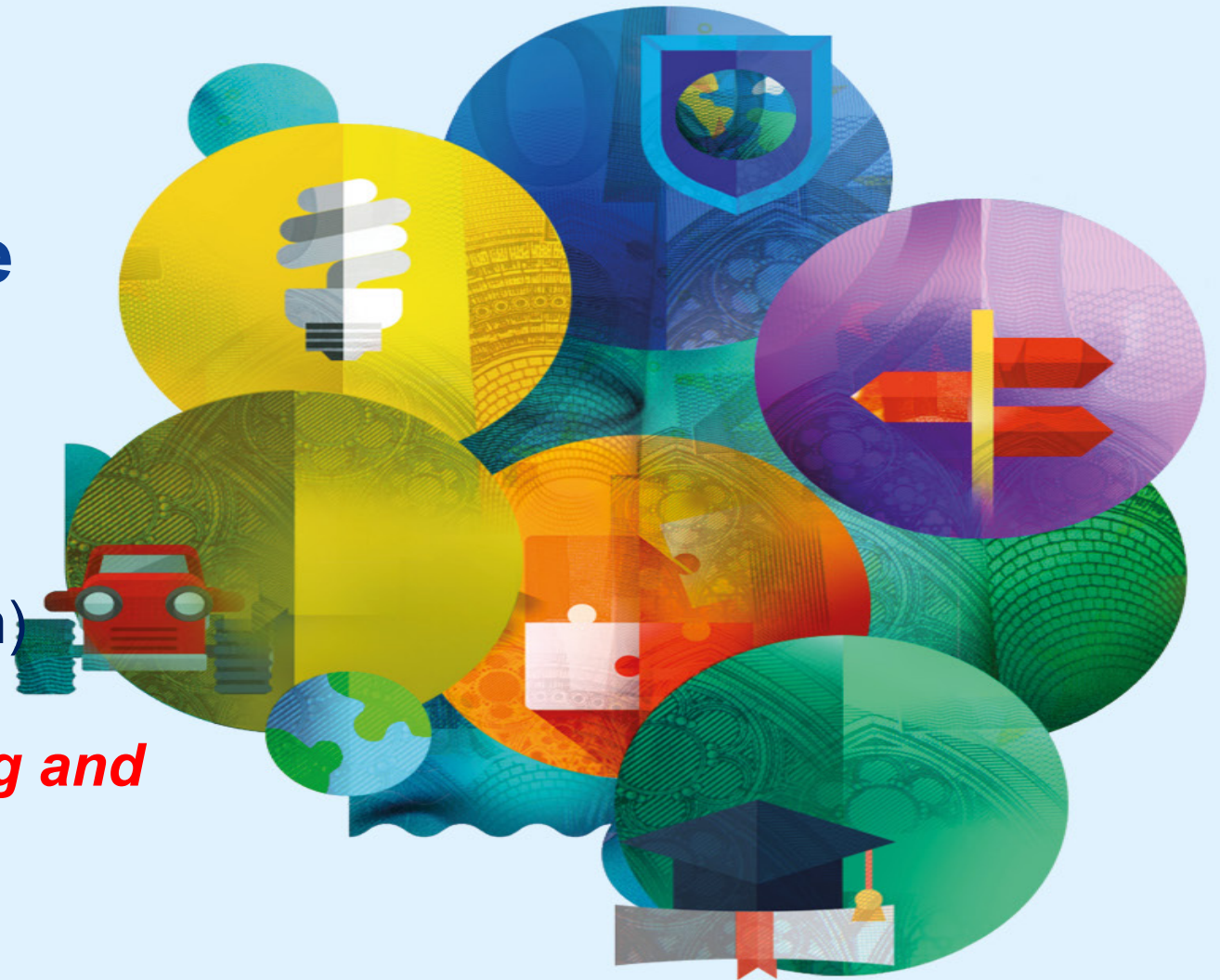
Delegations will find attached a PowerPoint presentation made to the Working Party on Horizontal Agricultural Questions (CAP Reform) on 18 October 2018 on the links between planning, reporting and assurance, as received from the Commission services.

# CAP post-2020 - The CAP Strategic Plan Legislative proposal

Working Party on Horizontal  
Agricultural Questions (CAP Reform)  
Meeting of 18-19 October

***Links between planning, reporting and  
assurance***

#FutureofCAP



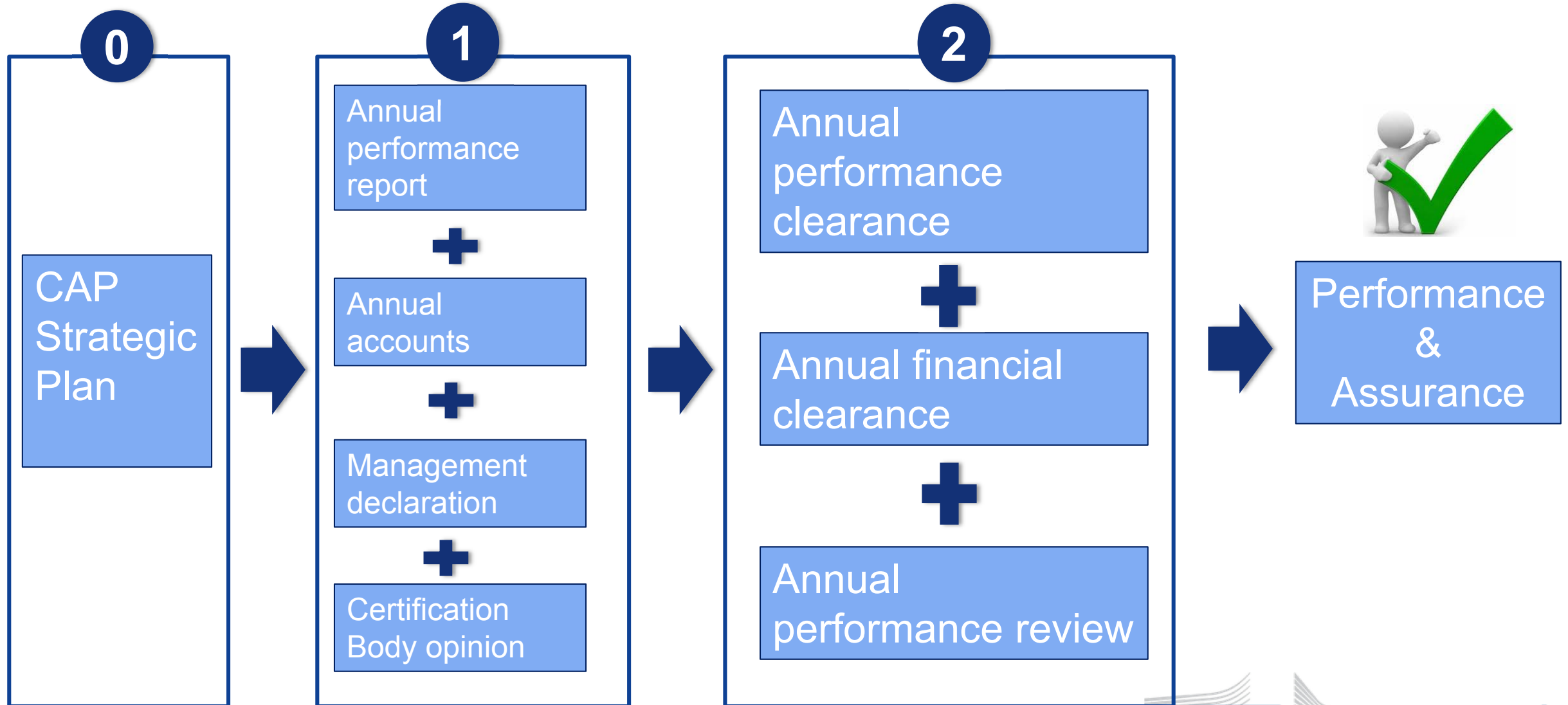
***Disclaimer: This presentation is only intended to facilitate the work of the Working Party on Horizontal Questions. It has no interpretative value.***







# From planning through reporting to performance and assurance



# Planning and reporting of the expenditure, outputs and results

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## CAP Strategic Plan (Title V of SPR)

- Planned unit amount &
- Planned variations (allowed by Art 89)
- +
- Annual Milestones for results



1

Covered by Certification Body opinion

## Annual accounts (Art 88 HZR)

- Realised expenditure

## Management declaration (Art 8(3) HZR)

- Necessary guarantees concerning the outputs

## Annual performance report (art 121 of SPR)

- Realised outputs, results, and expenditure
- Qualitative assessment including justifications of deviations

Corresponding expenditure in annual accounts

# Elements no longer required for EU assurance

- MS performance based on basic Union requirements
  - Control of eligibility conditions – at transaction, individual beneficiary level - established at MS level in CAP Strategic Plan will be managed by the MS, control results will not need to be reported to the Commission
- Control statistics
  - Reporting on controls performed will not be required
  - No need to establish error rates in administrative controls and on-the-spot controls for EU reporting
- Audit on legality and regularity by Certification Bodies
  - Verification on L&R of expenditure at final beneficiary level will not be required on statistical sample (except for measures outside the CAP Strategic Plan)

# Annual financial and performance clearance and performance review



*NB: Impacts are only assessed through evaluation – not annually!*

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## Annual financial clearance (art 51) **EXPENDITURE**

- Completeness, accuracy and veracity of the annual accounts



## Annual performance clearance (art 52) **OUTPUTS**

- Correspondence of outputs and expenditure

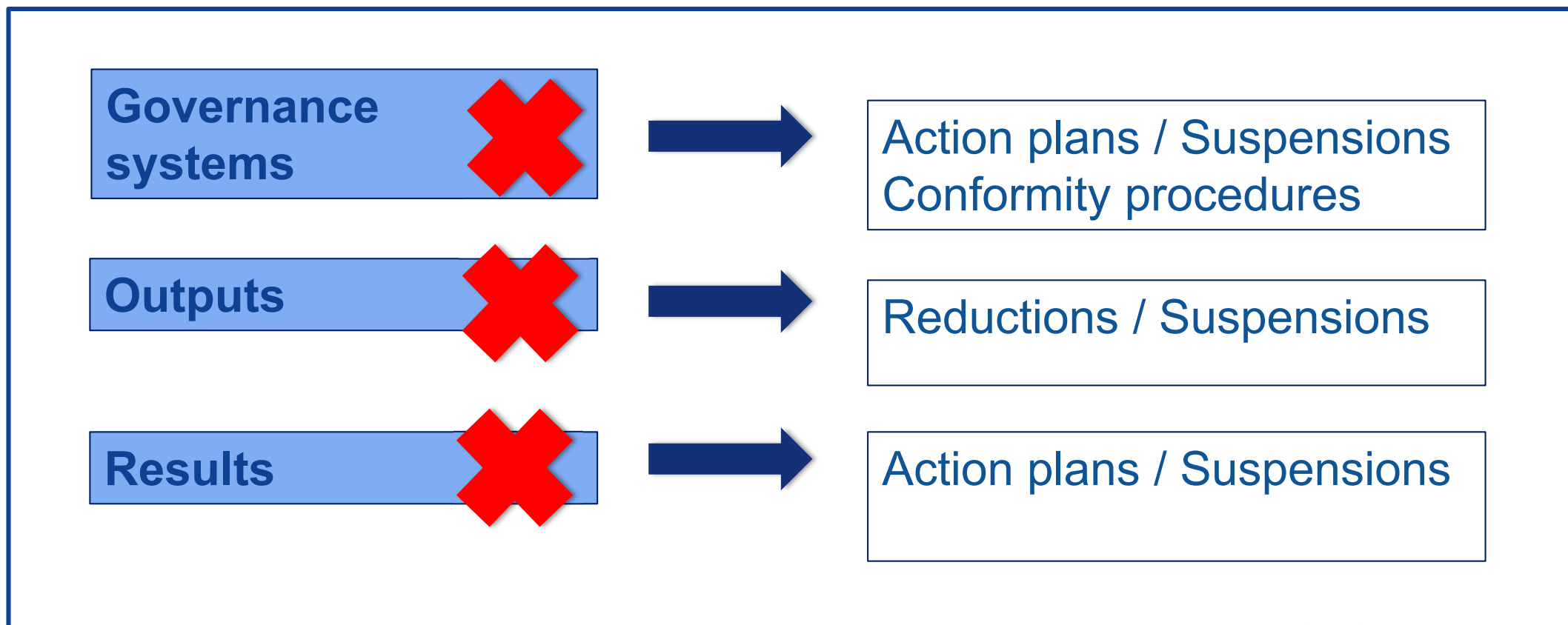


## Annual performance review (art 121(8)&(9) SPR and 39 HZR) **RESULTS**

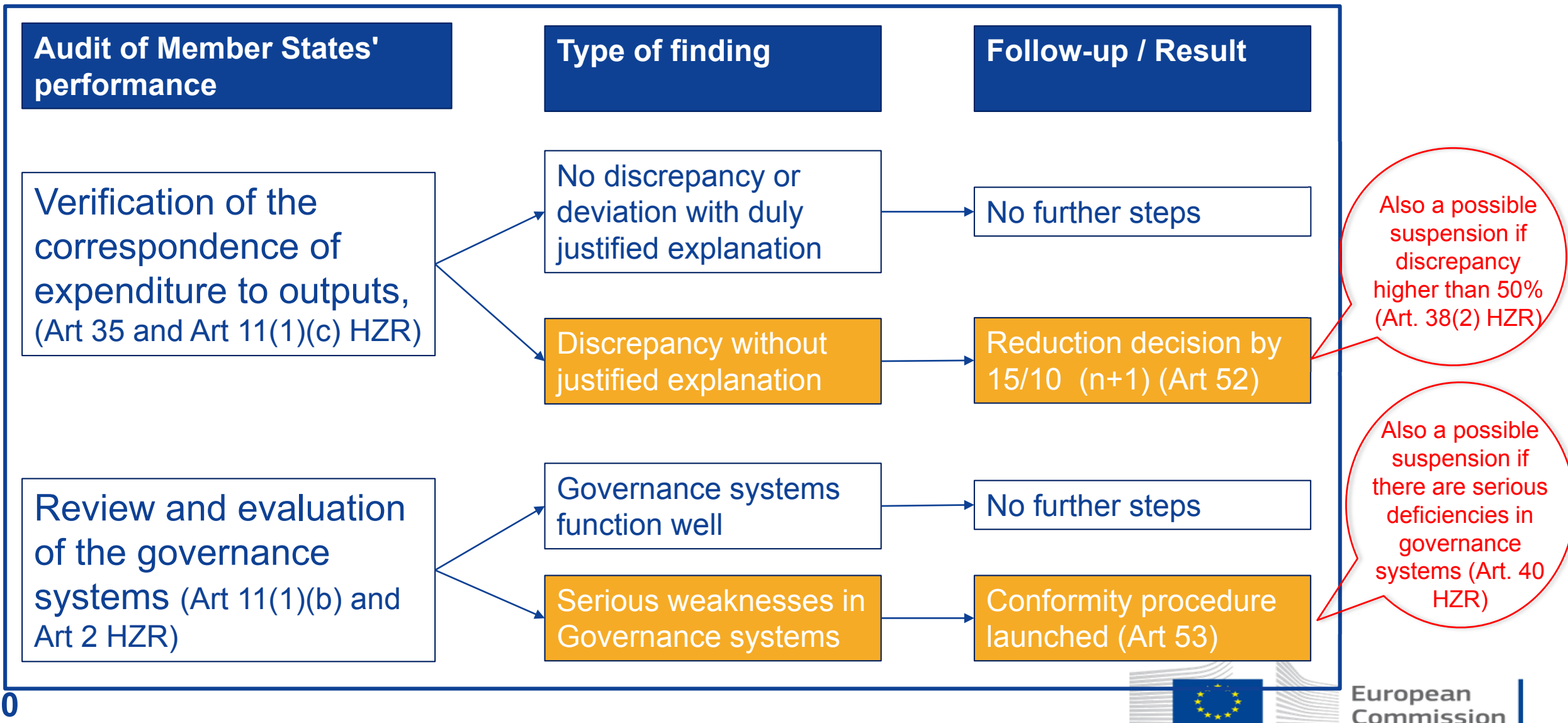
- Possible action plans in cases of deviations >25%



# Overview of possible corrective measures



# Annual Performance clearance



# Suspensions vs Reductions

## some clarifications

### Suspensions

- For the **future**
- Done when the Commission doesn't have **ex-ante assurance** that the expenditure will be spent correctly
- Are lifted once ex-ante assurance is re-established through appropriate execution of **action plans** and changes in governance systems

### Reductions

- For the **past** (expenditure already declared)
- Done when the Commission has no **ex-post assurance** that the expenditure is matched by corresponding output
- Can be alleviated/avoided by providing appropriate **justifications**

# Justifications for deviations

## Deviations in unit amount (realised output/expenditure)

Annual Performance  
Clearance

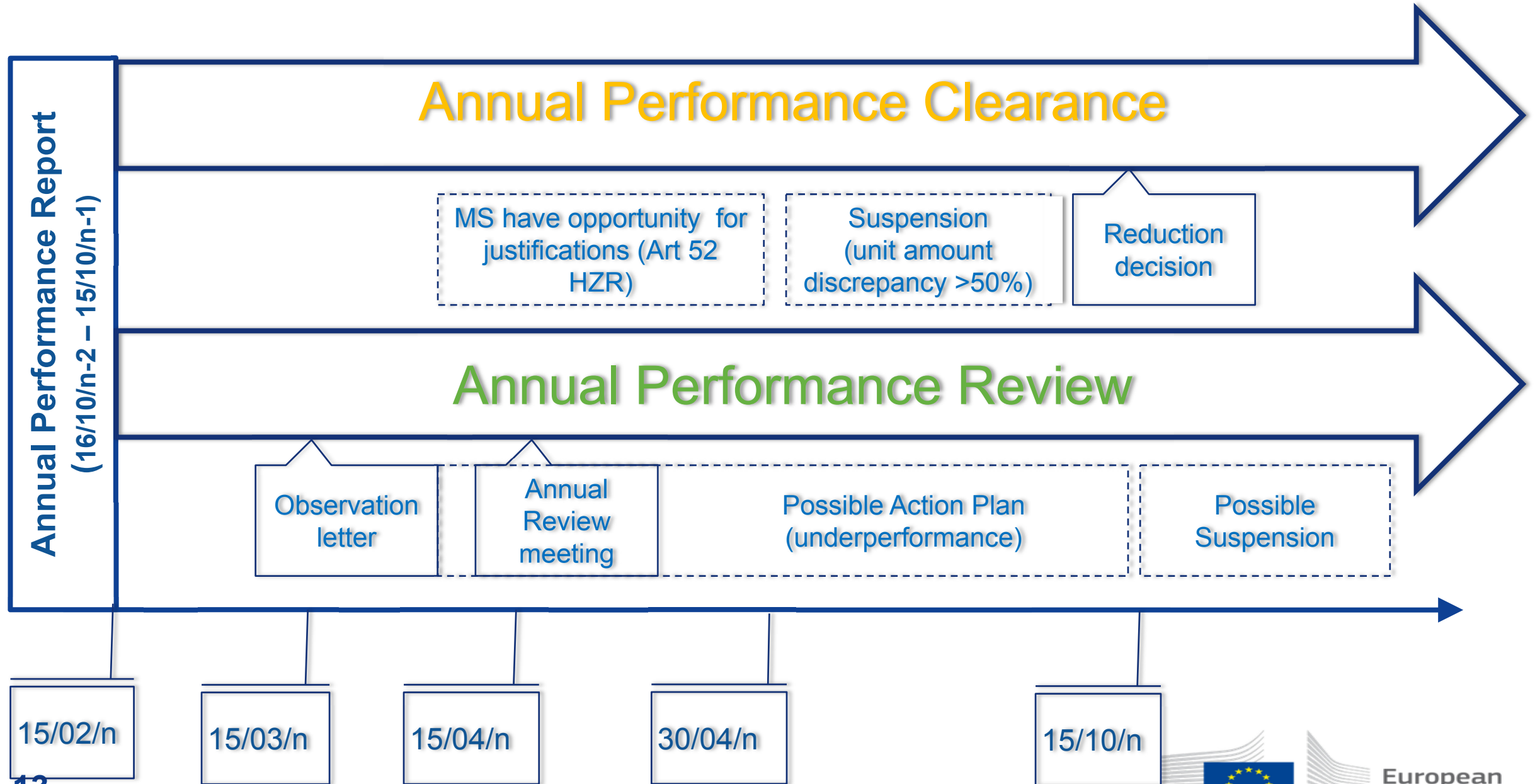
- Variation of the unit amount (for IACS interventions) – Art 89 SPR
- Justifications provided in the Annual Performance Report and covered by the Management declaration Art 8(3)(c)
- Request to MS to "submit its comments and justify any differences" in the annual performance clearance – Art 52(3) HZR
- Justifications Delegated act on the "criteria for justifications from the concerned Member State and the methodology and criteria for applying reductions" – Art 52(4) HZR

## Deviations from milestones

Annual Performance  
Review

- Justifications provided in the Annual Performance Report
- For >25% deviation, possible Action Plans – 121(9) SPR
- Possibility of suspending payments only if an appropriate Action Plan is not established/implemented

# Timeline





# ***EXAMPLES***

## ***Quantified elements in the CAP Strategic Plans***

# INTERVENTIONS

## What is an « intervention » in the CAP Plan?

- Article 3(c): *'intervention' means a support instrument with a set of eligibility conditions as specified by the Member States in the CAP Strategic Plans based on a type of intervention as provided for in this Regulation;*

## Examples of « interventions »

- Under the type of interventions Basic Income Support for Sustainability (BISS) :
  1. *Basic income support in low land areas [Territory A]*
  2. *Basic income support in other areas [Territory B]*
  3. *Round Sum for small farmers*
- Under the type of interventions Coupled Income Support:
  1. *Premium for suckler cow of breed X, Y and Z*
  2. *Support for extensive sheep grazing*
  3. *Support for protein crops of types PC1, PC2 and PC3*
- Under the type of interventions Eco-schemes:
  1. *Promotion of tree-pasture eco-systems*
  2. *Enlarged buffer strips*
  3. *Precision farming scheme*

# Examples of « interventions »

- Under type of intervention Management Commitments (article 65):
  1. *Management of Grassland*
  2. *Maintenance of Organic Farming*
  3. *Animal welfare for fattening pigs*
- Under type of intervention Investments (article 68):
  1. *Investments in Infrastructure in Rural Areas*
  2. *Investment support in Bioeconomy*
  3. *Investments in Precision Farming*
- Under type of intervention Co-operation (article 71):
  1. *Implementation of Local Development Strategies (LEADER)*
  2. *Setting up of Producer Groups*
  3. *Establishment of EIP-AGRI Operational Groups*

# Quantified elements needed per intervention in the Plan

1. Planned unit amount of support (e.g. support rate/premium/average unit cost...) and justification

E.g. Why is that amount needed and sufficient to achieve the targets?

2. Planned outputs

E.g. How many units are planned to receive support?

3. Resulting indicative financial allocation (Article 88)

	2021	2022	2023	2024	2025	2026	2027
Planned unit amount(s)							
Annual planned outputs							
Annual indicative financial allocation							

Not a target/milestone in itself

The annual planning allows to adapt the unit amount or planned number of outputs for each year





# Quantified elements needed per intervention in the Plan

4. For area-based or animal based interventions, a justified maximum unit amount of support (or maximum variation (%)) – Article 89

E.g. Why would it still be justified if the unit amount is 7% higher?

# Quantified elements needed per intervention in the Plan – EXAMPLE 1

Premium for suckler cow of breed X, Y and Z (under Coupled income support)

	2021	2022	2023	2024	2025	2026	2027
Planned unit amount(s) (EUR/head)	280	280	280	280	280	280	280
Annual planned outputs (No of animals)	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Annual indicative financial allocation	5 600 000	5 600 000	5 600 000	5 600 000	5 600 000	5 600 000	5 600 000

Maximum variation of unit amount: 7% (i.e EUR 300 per suckler cow)

# Quantified elements needed per intervention in the Plan – EXAMPLE 2

Compensation payment for ANC [non-mountain] of X, Y and Z zones  
(under Natural or other area-specific constraints)

	2021	2022	2023	2024	2025	2026	2027
Planned unit amount(s) (Eur/ha)	200	200	200	200	200	200	200
Annual planned outputs (No of ha)	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Annual indicative financial allocation	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000

Maximum variation of unit amount: 10% (i.e. EUR 220 per hectare)

# Quantified elements needed per intervention in the Plan – EXAMPLE 3

Investment support for Bioeconomy (under Investments)

	2021	2022	2023	2024	2025	2026	2027
Planned average unit amount(s) (in Eur)	1000	1000	1000	1000	1000	1000	1000
Annual planned outputs (n. of projects)	100	300	500	500	500	700	400
Annual indicative financial allocation	100 000	300 000	500 000	500 000	500 000	700 000	400 000

# ***EXAMPLES***

## ***Quantified elements in the Annual performance report***



# Reporting on outputs and expenditure – EXAMPLE 1

Premium for suckler cow of breed X, Y and Z (under Coupled income support)

	Scenario A	Scenario B	Scenario C	Scenario D
	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)
Realised outputs	21 200	15 000	15 000	12 400
Declared expenditure	5 755 000	4 200 000	5 600 000	5 600 000
Ratio Expenditure / outputs	271.5	280	373	451.6

Reduction based on Art. 52 HZR as higher than planned maximum

Reduction based on Art. 52 HZR as higher than planned maximum + Possible suspension based on Art. 38(2) as > 50% deviation from planned unit amount

In the performance clearance, this ratio will be compared to the planned unit amount approved in the CAP Plan (EUR 280-300)

Planned and realised outputs do not play a role in the performance clearance

# Reporting on outputs and expenditure – EXAMPLE 2

Compensation payment for ANC [non-mountain] of X, Y and Z zones  
(under Natural or other area-specific constraints)

	Scenario A	Scenario B	Scenario C	Scenario D
	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)
Realised outputs (ha)	35 000	31 818	31 818	31 818
Declared expenditure (Eur)	7 000 000	7 000 000	7 954 500	10 563 576
Ratio Expenditure / outputs	200	220	250	332

Reduction based on Art. 52 HZR as higher than planned maximum

Reduction based on Art. 52 HZR as higher than planned maximum + Possible suspension based on Art. 38(2) as > 50% deviation from planned unit amount

In the performance clearance, this ratio will be compared to the planned unit amount approved in the CAP Plan (EUR 200-220)

Planned and realised outputs do not play a role in the performance clearance

# Reporting on outputs and expenditure – EXAMPLE 3

## Investment support for Bioeconomy (under Investments)

	Scenario A	Scenario B	Scenario C	Scenario D
	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)	Report 2023 (FY 2022 – CY 2021)
Realised outputs (n. of projects)	50	250	250	250
Declared expenditure (Eur)	50 000	250 000	262 500	387 500
Ratio Expenditure / outputs	1000	1000	1050	1550

To be further detailed in DA (art. 52(4) HZR)

Reduction based on Art. 52 HZR as higher than planned average unit amount, unless duly justified

Reduction based on Art. 52 HZR as higher than avg planned unit amount, unless duly justified + Possible suspension based on Art. 38(2) as > 50% deviation from avg planned unit amount

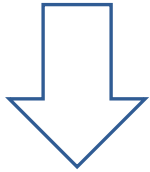
In the performance clearance, this ratio will be compared to the planned unit amount approved in the CAP Plan (EUR 1000)

Planned and realised outputs do not play a role in the performance clearance

# *Performance Review*

# Indicators in the CAP Strategic Plans

## Common Output Indicators

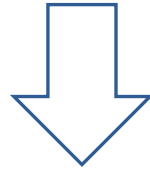


The output indicators serve the purpose of counting what is immediately generated by an intervention

Output counts each intervention once, but one intervention can contribute to several results

To be planned in CAP Strategic Plan and reported in Annual Performance Report (APR)

## Common Result Indicators

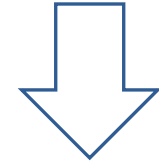


Result indicators serve the purpose of linking interventions to their policy objectives

Result indicators are used for target setting in CAP plans and monitoring progress towards those targets

To be planned in CAP Strategic Plan and reported in Annual Performance Report (APR)

## Common Impact Indicators



CAP Policy Performance

Impact indicators are used to evaluate policy performance at the level of overall objectives

Not to be  
planned in CAP Strategic Plan and  
reported in APR

# Linking interventions to result indicators: an example

## R.12 (Adaptation to Climate Change): share of agricultural land under commitments to improve climate adaptation

Interventions included in a given CAP Plan and contributing to the planned target level of R12:

- Climate related eco-scheme(s) (CES)
- Specific climate-related management commitments (CMC)
- Organic farming (OF)

X, Y and W hectares (ha) are covered by CES, CMC and OF in year N, respectively

The diagram illustrates the calculation of the R.12 indicator. It features a large rectangular box containing the formula: 
$$\frac{X + Y + W}{\text{Total number of ha of agricultural land}} = \text{R.12 in \%}$$
 The numerator 'X + Y + W' is circled in red. A blue speech bubble points to this circle with the text: 'No double counting of the same ha under the same indicator!'. The denominator 'Total number of ha of agricultural land' is written in red below the fraction line.

# Linking interventions to result indicators: an example

R.9: Farm Modernisation: % of farmers receiving investments to restructure and modernise, including to improve resource efficiency

Relevant interventions included in a given CAP Plan:

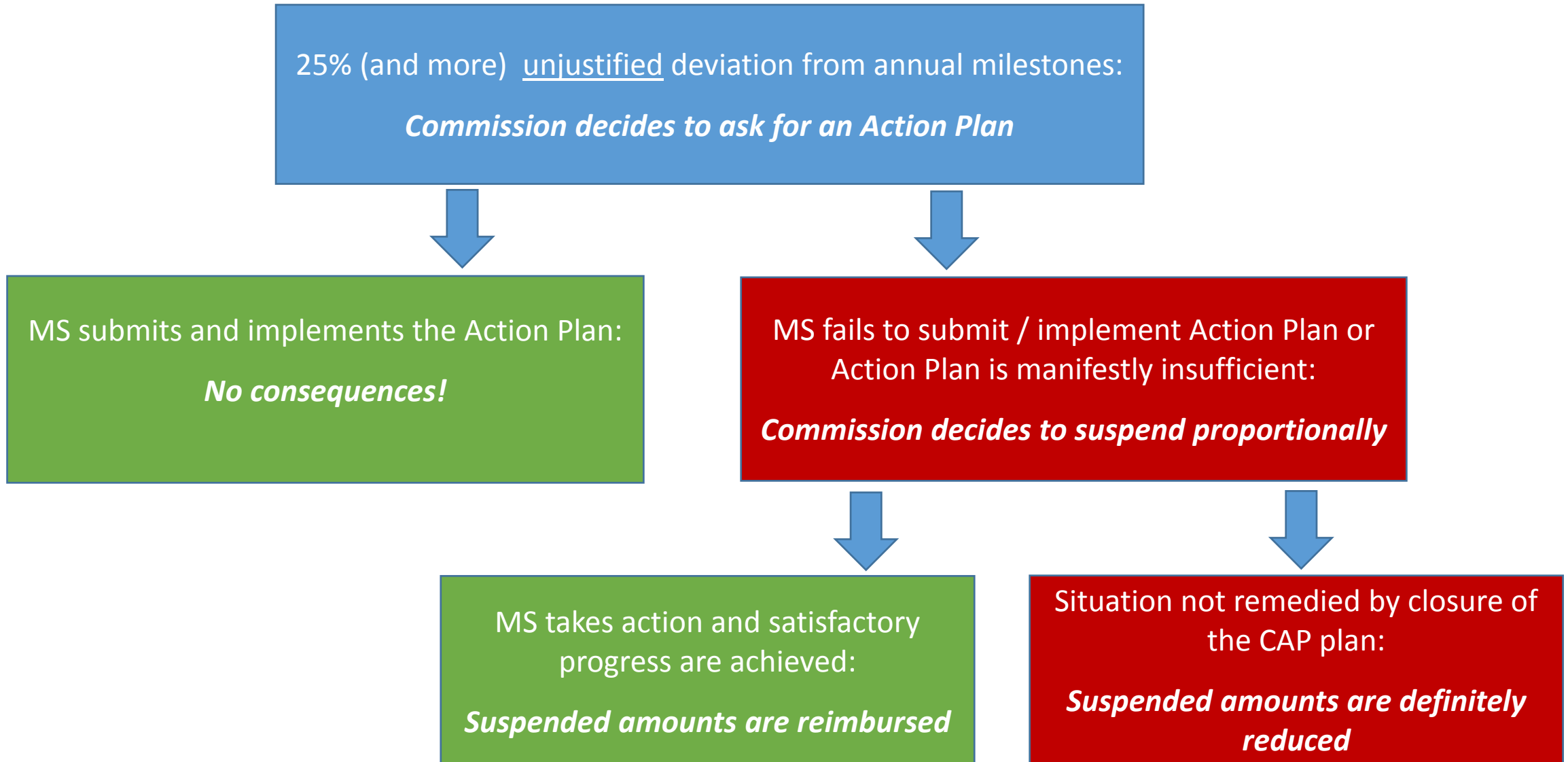
- Investments to increase competitiveness
- Investments to increase efficiency in direct processing
- Investments to improve water efficiency

X, Y and W farmers have benefitted in year N from support under each of the above interventions, respectively

No double counting of the same farmer under the same indicator!

$$\frac{X + Y + W}{\text{Total number of farmers in the MS}} = \text{R.9 (\%)} \text{ in year N}$$

# Monitoring of Performance





# Timeline

Annual Performance Report

(16/10/n-2 – 15/10/n-1)

## Annual Performance Clearance

MS have opportunity for justifications (Art 52 HZR)

Suspension  
(unit amount  
discrepancy >50%)

Reduction  
decision

## Annual Performance Review

Observation  
letter

Annual  
Review  
meeting

Possible Action Plan  
(underperformance)

Possible Suspension

15/02/n

15/03/n

15/04/n

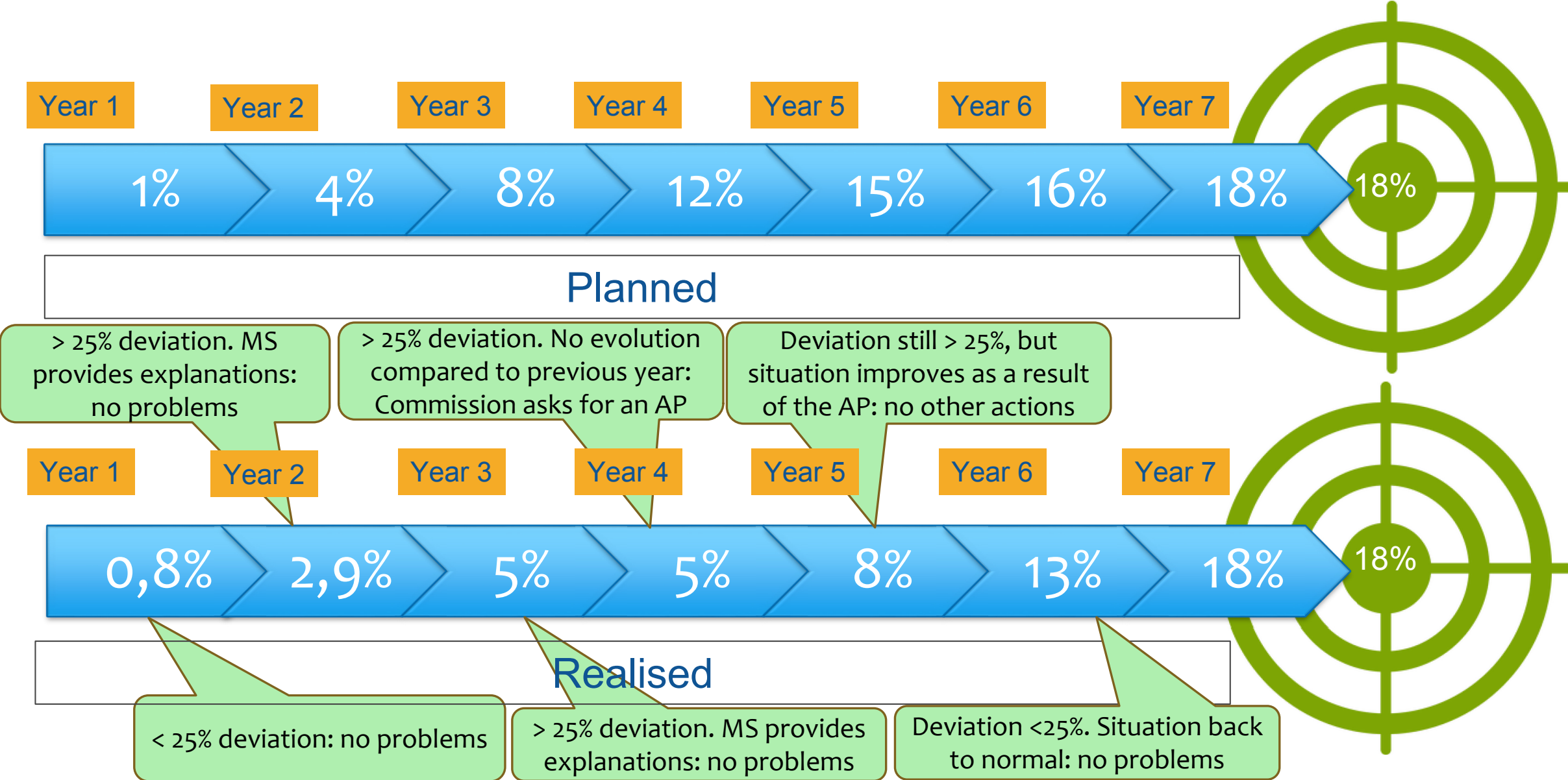
30/04/n

15/10/n



European  
Commission

# Reporting on progress towards targets



# Reporting on progress towards targets

