



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: Irish delegation
to: Council

Subject: Conclusions from the 33rd Conference of Directors of EU Paying Agencies
- *Information from the Irish delegation*

Delegations will find attached a note from the Irish delegation to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 23 September 2013.

33rd Conference of Directors of EU Paying Agencies
25-26 April 2013
Dublin, Ireland

Summary of Conclusions

The 33rd conference of Directors of EU Paying Agencies was held in Dublin, Ireland, from 25 to 26 April 2013. All the Member States were represented, together with representatives of the Commission services, OLAF, the European Parliament's Secretariat, the Court of Auditors and the Conciliation Body. Representatives from Croatia, FYR Macedonia, Serbia and Turkey also attended.

The conference was organised by the Irish Department of Agriculture, Food and the Marine (DAFM). As the conference took place against the backdrop of forthcoming trilogue negotiations on proposals for reform of the common agricultural policy, the key theme was the implications of those proposals for paying agencies. Three separate workshops were held on Legality and Regularity, Greening and High error rates for Rural Development measures.

Opening the conference, the Minister for Agriculture, Food and the Marine, Mr. Simon Coveney TD, referred to the complex negotiations on CAP proposals that lay ahead for the Irish presidency and some of the key issues involved. The aim was to have political agreement in June. The Minister stressed the importance of reaching an agreement that would be implementable and said Member States will need time to reflect policy decisions in new software programmes, mapping etc.

The Cyprus delegation then presented Draft Conclusions from the 32nd Conference, held in Cyprus in September 2012.

During its plenary sessions, the conference heard various thought-provoking presentations on a wide range of topical issues affecting EU paying agencies. The subject matter of these presentations is set out in the attached Annex.

Workshop Conclusions

The main conclusions of the three workshops were as follows:

Workshop No 1: New Legality and Regularity requirements

While work would have to start this summer, the full package of regulations and guidelines will not be finalized for up to a year. Regarding this transitional period, the group felt that while the certification audit is subject to existing contractual arrangements, it may need to be re-tendered to take account of regulatory changes. Audit personnel will need to be trained and strategy developed. Recommendations on possible options for implementation of Article 9 of the Horizontal Regulation were: to defer legality and regularity work by a year, to make it optional for the first year, to have a lighter regime for first year. Regarding audit methodology, the certification body (CB) should ensure that the sample is representative. Further clarification may be necessary regarding the use of integrated samples to allow the CB to give multiple audit opinions. The group proposed a representative sample (which could be at MS level) of joint on-the-spot visits, which could be used by the CB and paying agency (PA) for their respective needs. The CB would use the sample to validate the control statistics. There would be no time gap between the original on the spot checks (OTSC) and the CB visit. The number of parcels to be checked should be sufficient for purpose. Since the audit of legality and regularity is primarily to provide the Commission with additional assurance, the group felt it might be more appropriate for the Commission to contract and pay for this work, thereby also avoiding risk of national variation. There were some opportunities arising from the new requirements identified by the group, in particular that they could provide an early warning system, thereby possibly helping to reduce financial corrections. There is also the potential for reduced PA inspections if the CB confirms error rates not exceeding materiality. Potential risks include the possible involvement of various different audit bodies in the process and significant increase in cost of future certification audits.

Workshop No 2: Greening

The group concluded that it is necessary for everybody to understand precisely the new system. Uncertainty would be a problem not only for PA's but also for farmers. Communication to farmers is essential as some will need time to change their practices so as to comply with greening obligations. This has to be in time for their annual declaration. The effectiveness of this communication requires that all the rules have to be finalised well before the end of 2014. With regard to sanctions, most members of the working group considered that a point system, comparable to cross compliance, would be preferable. The need for very clear definitions was stressed. The group also stressed the necessity for reasonable deadlines for implementation, particularly in the first year, and for this reason recommended that first year penalties should be sharply reduced. This would significantly improve acceptance by farmers. As permanent grassland appears as a collective obligation, the method of assessment of the total amount of permanent grassland is essential. Farmers will need to know without doubt whether they qualify or not for an individual exemption to greening, formerly by identifying parcels. Most of the group considered the crop diversification obligation and the multi-annual exemption for farmers exchanging 50% of their land will be manageable. The conditions of the derogation connected to pluriannual crop rotation should be clearly defined and be as clear and controllable as possible. The priority should be the possibility of using remote savings as much as possible. The group believed there is a risk of an increased error rate due specifically to the implementation of EFA's. The considerable challenge of the greening requirement was stressed and the importance of strong assistance by the Commission for its correct implementation.

Workshop No 3: High Error rate for Rural Development Measures

The group considered that the simpler the measure the easier it is to control and the lower the risk of errors. In devising RD schemes under the new programme period, the group considered that the PA, managing authority (MA), farmers, other stakeholders, should work together in close cooperation from the beginning of the programming exercise. Better communication with farmers is needed. Increased awareness of the problem of error rates should imply better cooperation between PA and MA. Lessons could be learnt from what went wrong in the previous programming period and in particular audit results. Experience should be shared between PAs. Clear Commission guidelines are needed. Precise definitions can help the PA but could lead to less flexibility for farmers. A balance between clarity and detail is needed.

Next Conference

The conference was given a short presentation from the incoming Lithuanian Presidency on the 34th Conference of Directors of EU Paying Agencies, to be held in Vilnius on 23-25 October 2013.

During the course of the conference, presentations followed by discussion were made on the following topics:

- The workings of the Conciliation Body
 - The Northern Ireland Paying Agency experience of the audit of Legality and Regularity
 - DAFM presentation on CAP reform
 - DG AGRI presentation on CAP error rates
 - Report on Panta Rhei activities
 - Report on Learning Network activities
 - ECA presentation on the error rate in Rural Development
 - DAFM presentation on Delivering CAP 2014 Objectives
 - BLE presentation on European Innovation Partnerships
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