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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**on EAGF expenditure**

**Early Warning System No 1-3/2022**

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## **1. THE 2022 EAGF BUDGET PROCEDURE**

On 24 November 2021, the European Parliament adopted the 2022 general budget of the European Union. The budget for chapter 08 02 - European Agricultural Guarantee Fund (EAGF) amounts to EUR 40 365 million of commitment appropriations and EUR 40 389 million of payment appropriations. The reason for the different amounts for both types of appropriations is the use of differentiated appropriations for certain measures directly implemented by the Commission. These relate mainly to promotion measures for agricultural products and to policy strategy, coordination and audit measures.

## **2. REVENUE ASSIGNED TO THE EAGF**

Based on the provisions of Article 43 of Regulation (EU) No 1306/2013, revenue originating from financial corrections under accounting and conformity clearance decisions and irregularities constitutes revenue assigned to the financing of EAGF expenditure.

According to these provisions, assigned revenue can cover the financing needs of any EAGF expenditure. Any part of the revenue left unused within the budget year is automatically carried forward to the following budget year<sup>1</sup>.

The 2022 EAGF budget includes:

- the Commission's latest estimates of the financing needs for market measures and direct payments,
- and the estimates of assigned revenue to be collected in the course of the budget year.

In its proposal for the 2022 EAGF budget appropriations, the Commission took into consideration the total expected assigned revenue. For the 2022 budget the Commission requested a level of appropriations calculated by deducting the estimated assigned revenue from the estimated needs. The Budgetary Authority adopted the EAGF budget for 2022 taking account of the expected assigned revenue.

At the time of establishing the 2022 budget, the Commission's estimate of the available assigned revenue was EUR 551 million. With no carryover expected from 2021 to 2022, it was estimated that the entire amount would be collected during the budget year. The Commission took into account this estimated revenue when requesting the appropriations for the basic payment scheme (item 08 02 05 04). The sum of the voted appropriations and the assigned revenue for this scheme is equal to EUR 14 811 million.

The annex to this report shows the provisional implementation of the 2022 budget and its comparison to the expected expenditure profile.

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<sup>1</sup> Art 12(4)(b) of Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union determines that appropriations corresponding to internal assigned revenue may be carried over only to the following financial year. Therefore, in the interests of sound budget management, this assigned revenue is generally used first before the voted appropriation of the concerned budget article.

### **3. COMMENTS ON THE PROVISIONAL IMPLEMENTATION OF THE 2022 EAGF BUDGET**

The annex to this report shows the budget's provisional implementation for the period 16 October 2021 to 31 January 2022.

A comparison is made of the implementation level with the expenditure profile of the early warning system set up in accordance with Article 28 of Regulation (EU) No 1306/2013.

#### **3.1. Market measures**

The uptake of appropriations for interventions in agricultural markets is generally in line with the consumption profile.

The expenditure for POSEI and Smaller Aegean Islands (08 02 03 01) shows a deviation of -6.3 percentage points (EUR -14.4 million) from the consumption profile.

Expenditure declared so far for Fruit and vegetables (08 02 03 06) is EUR 23.3 million (-2.5 percentage points) lower than expected at the end of January according to the expenditure profile.

For the wine support programmes (08 02 03 07), the expenditure declared so far is slightly ahead of the expenditure profile.

At present, the divergence for the above types of measures is considered temporary and the budgeted amount is expected to be implemented towards the end of the year.

#### **3.2. Direct payments**

The uptake of appropriations for direct payments is generally in line with the consumption profile.

The expenditure made for the Single area payment scheme (08 02 05 02), the Redistributive payment (08 02 05 03), and the Voluntary coupled support scheme (08 02 05 09) are corresponding to the consumption profile.

For the Basic payment scheme (08 02 05 04), the profile is calculated taking into account the assigned revenue. On this basis, the expenditure for this scheme is in line with the profile (EUR 12.8 million lower on only -0.1 percentage points) - see the "For Information Only" box of the annex.

Expenses for agricultural practices that are beneficial for the climate and the environment (08 02 05 05) scored EUR 155.8 million better than the profile (+1.4 percentage points).

The declared expenditure for the young farmers scheme (08 02 05 07) is EUR 71.8 million below the profile (-13.5 percentage points) and payments made for the small farmers scheme (08 02 05 10) are EUR 22.1 million below the profile (-3.2 percentage points).

At this stage, the divergence from the profile for the above schemes is considered temporary and the budgeted amount is expected to be implemented towards the end of the year.

#### **4. IMPLEMENTATION OF REVENUE ASSIGNED TO THE EAGF**

The table in the annex shows that assigned revenue amounting to EUR 206.5 million was collected as of end January 2022. This includes:

- revenue under budget item 62 00 at EUR 204.3 million. It concerns mainly the revenue from corrections included in accounting and conformity clearance decisions, but also from irregularities declared by Member States.
- while no carryover amount was estimated when adopting the 2022 budget, revenue eventually carried over from 2021 to 2022 amounted to EUR 2.1 million.

#### **5. CONCLUSIONS**

The provisional execution of the 2022 EAGF budget appropriations, for the period up to 31 January 2022, is, in relative terms, in line with the calculated expenditure profile.

An amount of EUR 206.5 million of assigned revenue is already available and additional amounts are expected to be collected in the course of the budget year.

At present, the Commission expects that the voted appropriations together with the amount of assigned revenue that will be available by the end of the budget year will be sufficient to cover all expenditure.