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#### NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	<b>AOB item for the meeting of the “Agriculture and Fisheries” Council on 21-22 October 2024.</b> Outcome of the Conference of Directors of EU Paying Agencies (Budapest, 16-18 October 2024) <i>- Information from the Presidency</i>

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Delegations will find in the Annex a note from the Presidency on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 21-22 October 2024.

**56th Conference of Directors of EU Paying Agencies****16-18 October 2024, Budapest**

The Hungarian Presidency of the Council of the European Union, in line with previous practice, organized the 56th Conference of Directors of EU Paying Agencies in Budapest from 16 to 18 October.

Representatives of the Member States, together with representatives of the European Commission, the Court of Auditors (ECA), the European Anti-Fraud Office (OLAF), and five candidate countries (Albania, North Macedonia, Montenegro, Serbia, and Turkey), attended the conference.

During the plenary session, participants learnt about the recent experiences with the functioning of Common Agricultural Policy at the EU level.

A representative of the European Commission (DG AGRI) presented the latest developments on the topic of providing assurance in the new CAP and highlighted the role and challenges of the single audit approach. The Commission mentioned that it will no longer report on the error rate but will instead examine the assurance of the functioning of governance systems. Information was provided on the ongoing modification of Regulation (EU) 2022/127, aimed at alleviating the administrative burden linked to the Annual Performance Clearance exercise. The Commission also announced an upcoming conference, to be held in Brussels on 27 November 2024, specifically targeted at Paying Agencies.

A representative of the ECA presented the detailed results of the error rate of CAP spending in relation to the 2023 financial year and made participants familiar with the latest ECA Special Reports on *Organic farming in the EU - Gaps and inconsistencies hamper the success of the policy* (SR 19/2024) and on *Common Agricultural Policy Plans - Greener, but not matching the EU's ambitions for the climate and the environment* (SR 20/2024).

A representative of OLAF informed the conference about the latest findings on the examination of irregularity analyses in the CAP, as included in the *2023 Annual Report on the protection of the EU's financial interests ('PIF' report)* and the *Analysis Report from the OLAF*. The representative highlighted general trends in the EU for the period 2019-2023 with regard to the number of irregularities and amounts reported as fraudulent, the most frequent categories, sources of detection, and the potential evolution of risks in the new CAP. The representative called for building upon up-to-date data, increasing the digitalisation of the fight against fraud, and developing the governance of the antifraud architecture.

The plenary session was followed by thematic discussions:

***Workshop 1: Use of geo-tagged photos and mobile applications in the Paying Agencies***

Experts exchanged views on the basis of a questionnaire circulated in advance. The specific workshop was structured around the increasing role of using geo-tagged photos and mobile applications to assist controls, specifically related to the Area Monitoring System. Two delegations also presented their own mobile applications. Discussions covered communication and training, possible motivating solutions to incentivise farmers to send photos, and identifying further types of eligibility conditions that could be controlled via photomonitoring.

***Workshop 2: Creation of artificial conditions***

Experts exchanged views on a questionnaire circulated in advance, with the starting being Article 62 of the Horizontal Regulation. The main topics covered included the national legislative background, challenges in relation to the proof of intentionality, differences between artificial conditions and fraud, and possible preventive solutions. Suggestions to make the procedure more transparent and understandable for beneficiaries were also a key focus.

### ***Workshop 3: Social conditionality***

As one of the key novelties of the new CAP, a special workshop was dedicated to social conditionality, steered by the Spanish Delegation. Six Member States that have already started the implementation before 2025 shared first-hand experience, main problems and difficulties, and also referred to the topics of penalties and the involvement of different authorities. This workshop provided important input for the other Member States that carry out preparatory work for the introduction of social conditionality.

On the second day of the conference, the following topics were presented and discussed:

- The effectiveness of the control system, following the legal obligation laid down in the Horizontal Regulation.
- Linking the Integrated Administration and Control System (IACS) application system with external agricultural administration databases, summarizing the technical solutions applied by Member States to link animal databases, the farm log, and specifically the information on the use of plant protection products (to be provided by the beneficiary when relevant for an intervention under the integrated system).
- The use of artificial intelligence in connection with the Area Monitoring System was presented by the French delegation. Special attention was paid to the possibilities in automation of image processing and algorithms.
- The Polish delegation informed participants on the setup, functioning, implementation, and practical application of the animal identification and registration system in Poland.
- The French delegation reported on the recent activities of the Learning Network as a key platform of exchanges among Paying Agencies.

- The Bulgarian delegation shared its experience and challenges related to the Annual Performance Report and the Annual Performance Clearance. The topic was very pertinent as Member States had their first practical experience in the beginning of 2024, and it proved to be a very challenging task, even in the first year, with only limited expenditure involved.
- A representative of the Hungarian Certification Body (KPMG Hungary) briefed the audience about the challenges in justifying CAP expenditures for the new programming period, putting particular focus on the changes stemming from the single audit approach.

The Polish Delegation announced the 57th conference of Directors of EU Paying Agencies that will take place on 5-7 May 2025.

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