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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: **AOB item for the meeting of the “Agriculture and Fisheries” Council on 18 November 2024.**
Implementation of the N+3 rule for rural development interventions in the CAP Strategic Plans.
- Information from Spain, supported by Bulgaria, Croatia, Cyprus, the Czech Republic, Greece, Ireland, Latvia, Luxembourg, Poland, Romania, Slovakia and Slovenia

Delegations will find in the Annex a note from Spain, supported by Bulgaria, Croatia, Cyprus, the Czech Republic, Greece, Ireland, Latvia, Luxembourg, Poland, Romania, Slovakia and Slovenia, on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 18 November 2024.

Implementation of the N+3 rule for rural development interventions in the CAP Strategic Plans.

Information from Spain, supported by Bulgaria, Croatia, Cyprus, the Czech Republic, Greece, Ireland, Latvia, Luxembourg, Poland, Romania, Slovakia and Slovenia.

The year 2025 will be particularly challenging for the managing authorities of Rural Development programmes (RDPs), due to overlapping compliance requirements from two automatic decommitment rules: the last year of the extended rural development programmes (RDP 2014-2022) under the N+3 rule, (for which, in addition, the EAFRD EURI funds are applied), and the first year of application of the N+2 rule for EAFRD interventions in the CAP Strategic Plan¹.

Therefore, by 2025 there will be serious widespread difficulties for many managing authorities to comply with N+2 rule, posing a risk of decommitment during the first year of implementation of the CAP Strategic Plans. Moreover, if the N+2 rule remains unchanged, the risk could extend to subsequent years and may become structural.

To facilitate the implementation of EAFRD funds within the CAP Strategic Plans, and in light of these challenges, , we request to the Commission **the implementation of the N+3 rule also for the CAP strategic plan 2023-2027** as done during the 2014-2022 period, for the following reasons:

¹ Article 34(1) of Regulation (EU) 2016/2031 provides, for EAFRD interventions under the CAP Strategic Plan 2023-2027, for the automatic decommitment of any portion of a budgetary commitment for intervention for rural development in a CAP Strategic Plan that has not been used for the purposes of pre-financing or for making interim payments or for which it has received no declaration of expenditure fulfilling the requirements laid down in Article 32(6), points (a) and (c), in relation to expenditure effected by 31 December of the second year following that of the budgetary commitment for which no payment has been made in the second year following the year of budgetary commitment (N+2 rule); whereas, for rural development programmes carried over from 2014 to 2022, Article 38(1) of Regulation (EU) No 1306/2013 provides for automatic decommitment of any portion of a budget commitment for a rural development programme that has not been used for the purpose of prefinancing or for making interim payments or for which no declaration of expenditure fulfilling the requirements laid down in Article 36(3) has been presented to it in relation to expenditure effected by 31 December of the third year following that of the budget commitment (N+3 rule).

1. The 2014-2022 rural development programmes were extended due to unforeseen circumstances (BREXIT, COVID-19), and their implementation has been weighed down by new circumstances such as the effects of the war in Ukraine (with a major impact on investments), and in the case of many Member States, including Spain, by the devastating effects caused by the increasingly frequent natural disasters. Moreover, the consequences of these climatic events are also affecting EAFRD interventions within the CAP Strategic Plan.
 2. The complexity of the new CAP implementation system (New Delivery Model) is causing difficulties in the implementation of the interventions of the CAP Strategic Plan, which is having a major impact on the implementation of the CAP.
 3. Finally, the structural nature of the EAFRD makes it necessary to apply the N+3 rule, aligning with the European Structural and Investment Funds, which continue to follow the N+3 rule in the period 2021-2027 (Art. 105 of Regulation (EU) 1060/2021).
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