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**Amendment to the Commission proposal COM(2011) 628 final/2 for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the financing, management and monitoring of the common agricultural policy**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The accession of Croatia to the EU is scheduled for 1 July 2013. Although the Act of Accession¹ has not yet been ratified by all Member States, the Commission has recently updated its Multi-Annual Financial Framework proposals² in view of Croatia's accession. A similar adjustment exercise should be prepared for the CAP reform proposals to ensure that once they are adopted, Croatia will be fully covered as a new Member State.

On 19 October 2011, the Commission adopted its proposal COM(2011) 628 final/2 for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy. According to recital (70) of that proposal, the adoption of new rules on the publication of information on beneficiaries of the European agricultural funds which take account of the judgment of the Court of Justice in Joined Cases C-92/09 and C-93/09³ should be preceded by an in depth analysis and assessment by the Commission in order to find the most appropriate way to reconcile the right to protection of personal data of the beneficiaries with the need for transparency. Pending such an analysis and assessment, the current rules on transparency in the agricultural sector should be maintained. After having carried out the said analysis and assessment, the Commission is now ready to propose new provisions on the matter.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

In relation to Croatia, there was no need for consultation of interested parties or an impact assessment since these adjustments follow from the Act of Accession.

The Commission services organised in September 2011 a consultation of stakeholders gathering representatives of professional agricultural or trade organisations, representatives of the food industry and workers, as well as of the civil society and EU institutions. In that framework different possible options have been put forward in relation to the publication of data of natural persons benefiting from EU agricultural funds and the respect of proportionality while making public the concerned information. The stakeholders conference showed that the publication of the name of the natural persons is needed in order to respond to the objective of a better protection of the Union's financial interests, to enhance transparency and to highlight the achievements of beneficiaries in providing public goods while ensuring that it does not go beyond what is necessary for achieving these legitimate aims.

3. LEGAL ELEMENTS OF THE PROPOSAL

The adjustment will take the form of an amendment to the proposal COM(2011) 628 final/2 for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy, in order to include in the proposal:

¹ OJ L 112 of 24 April 2012.

² COM(2012)388 of 6 July 2012.

³ Joined Cases C-92/09 and C-93/09, *Volker and Markus Schecke GbR and Hartmut Eifert v. Land Hessen*, [2010] ECR I-000.

1. The provisions related to cross-compliance which are already in the Accession Treaty for Croatia. The main changes relate to the inclusion of provisions on:

- the date of application of the penalties in Croatia;
- maintenance of permanent grassland.

2. New rules on the publication of information on all beneficiaries of the European agricultural funds which take account of the objections formulated by the Court of Justice in Joined Cases C-92/09 and C-93/09 against the former rules to the extent that they were applicable to natural persons. The new rules will differ from the ones declared invalid by the Court in the said Joined Cases in so far as they:

- are based on a revised detailed justification, centred around the need for public control of the use of European agricultural funds in order to protect the Union's financial interests;
- require more detailed information to be given on the nature and description of the measures for which the funds are disbursed;
- include a de-minimis threshold below which the name of the beneficiary will not be published.

4. BUDGETARY IMPLICATION

This amendment has no budgetary implications, apart from those already set out in the explanatory memorandum for the updated proposals for the Multi-Annual Financial Framework.

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on the financing, management and monitoring of the common agricultural policy**

Commission proposal COM(2011) 628 final/2 is amended as follows:

(1) Recital (70) is replaced by the following recitals:

"(70) In its judgment of 9 November 2010 in Joined Cases C-92/09 and 93/09* the Court of Justice of the European Union declared invalid point (8b) of Article 42 and Article 44a of Regulation (EC) No 1290/2005 and Commission Regulation (EC) No 259/2008 of 18 March 2008 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the publication of information on the beneficiaries of funds deriving from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)** in so far as, with regard to natural persons benefiting from the European agricultural funds, those provisions impose an obligation to publish personal data relating to each beneficiary without drawing a distinction based on relevant criteria such as the periods during which those persons have received such aid, the frequency of such aid or the nature and amount thereof.

(70a) Following that judgment and pending the adoption of new rules taking account of the objections expressed by the Court, Regulation (EC) No 259/2008 was amended by Commission Implementing Regulation (EU) No 410/2011*** in order to lay down explicitly that the obligation to publish the information on the beneficiaries does not apply to natural persons.

(70b) In September 2011, the Commission organised a consultation of stakeholders gathering representatives of professional agricultural or trade organisations, representatives of the food industry and workers, as well as of the civil society and Union institutions. In that framework different possible options have been put forward in relation to the publication of data of natural persons benefiting from Union agricultural funds and the respect of proportionality while making public the concerned information. The stakeholders conference discussed the potential need of the publication of the name of the natural persons in order to respond to the objective of a better protection of the Union's financial interests, to enhance transparency and to highlight the achievements of beneficiaries in providing public goods while ensuring that it does not go beyond what is necessary for achieving these legitimate aims.

(70c) In its judgment, the Court did not contest the legitimacy of the objective of reinforcing public control of the use of the money from the EAGF and the EAFRD. This objective should be analysed in the light of the new financial management and control framework to be applied as from 1 January 2014. In the context of this framework, the controls by the national administrations cannot be exhaustive and, in particular, for almost all schemes only a limited part of the population can be checked on-the-spot. An increase of the minimum control rates beyond the levels currently applied would, in the present context,

put additional financial and administrative burden on the national administrations and would not be cost-effective. Moreover, the new framework provides that, under certain conditions, Member States may reduce the number of on-the-spot checks. Against this background, the publication of the name of the beneficiaries of the agricultural funds reinforces the public control of the use of those funds and, therefore, is a useful addition to the existing management and control framework that is necessary to ensure an adequate level of protection of the Union's financial interest. The national authorities, while applying the new rules simplifying the administrative process of the implementation of Union funds and reducing the administrative costs, should be enabled to rely on the public control, notably through its preventive and deterrent effect against fraud and any misuse of the public funds, by discouraging individual beneficiaries from irregular behaviour.

- (70d) The objective of the public control of the use of the money from the EAGF and the EAFRD pursued with the publication of beneficiaries may be achieved only by ensuring a certain degree of information to be delivered to the knowledge of the public. That information should cover data on the identity of the beneficiary, the amount awarded and under which of the funds, the purpose and the nature of the measure concerned. The publication of that information should be made in such a way as to cause less interference with the beneficiaries' right to respect for their private life in general and to protection of their personal data in particular, rights recognised by Articles 7 and 8 of the Charter of Fundamental Rights of the European Union.
- (70e) Publishing details about the measure entitling the farmer to receive aid, the nature and the purpose of the aid would provide concrete knowledge to the public on the subsidised activity and the purpose for which the subsidy was granted. This would contribute to the preventive and deterrent effect of the public control in the protection of the financial interest.
- (70f) In order to observe a balance between the pursued objective of the public control of the use of the money from the EAGF and the EAFRD on the one hand and the beneficiaries' right to respect for their private life in general and to protection of their personal data on the other hand, the importance of the aid should be taken into account. Following the extensive analysis and the consultation with the stakeholders it appeared that in order to reinforce the effectiveness of such publication and to limit the interference with the beneficiaries' rights, a threshold should be set up as regards the amount of aid received below which the name of the beneficiary should not be published.
- (70g) The threshold should reflect and be based on the level of the support schemes set up within the framework of the CAP. As the structures of the Member States' agricultural economies vary considerably and may differ significantly from the average Union farm structure, the application of different minimum thresholds that reflect the particular situation of the Member States should be allowed. Regulation xxx/xxx [DP] sets out a simple and specific scheme for small farms. Article 49 of that Regulation lays down criteria for calculating the amount of aid. For reasons of consistency, those criteria should also be used for fixing specific thresholds per Member State for the publication of the name of a beneficiary. Except for the name, below that specific threshold the

publication should contain all the relevant information in order to allow the taxpayers to have an accurate image of the CAP.

(70h) In addition, making this information accessible to the public enhances transparency regarding the use of Union funds in the CAP, thus contributing to the visibility and better understanding of that policy. It enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy and is more effective and more accountable to the citizen. It would also help local people to witness concrete examples of the provision of "public goods" by farming and underpin the legitimacy of state support for the agricultural sector. Furthermore, the personal accountability of the farmers for use of the public funds received will be reinforced.

(70i) Given the overriding weight of the pursued objective of the public control of the use of the money from the EAGF and the EAFRD, it is justified with regard to the principle of proportionality and the requirement of the protection of personal data to provide for the general publication of the relevant information as it does not go beyond what is necessary in a democratic society and for the protection of the Union's financial interest.

(70j) To comply with the data protection requirements, beneficiaries of the Funds should be informed of the publication of their data and that the data may be processed by auditing and investigating bodies of the Union and the Member States for the purpose of safeguarding the Union's financial interests before the publication takes place. Furthermore, the beneficiaries should be informed about their rights under Directive 95/46/EC and the procedures applicable for exercising these rights.

(70k) As a consequence, following an in-depth analysis and assessment of the most appropriate way to observe the right to protection of personal data of the beneficiaries, new rules on the publication of information on all the beneficiaries of agricultural Funds should be laid down.

* Judgment in joined cases C-92/09 and C-93/09, *Volker und Markus Schecke GbR and Hartmut Eifert/Land Hessen*, [2010] ECR I-0000

** OJ L 76, 19.3.2008, p. 28.

*** OJ L 108, 28.4.2011, p.24."

(2) In Article 93, the following phrase is added at the end of the fifth paragraph:

"Croatia shall ensure that land which was under permanent grassland on 1 July 2013 is maintained under permanent grassland within defined limits."

(3) Article 98 is replaced by the following:

*"Article 98
Application of the penalty in Bulgaria, Croatia and Romania*

"For Bulgaria and Romania, the penalties referred to in Article 91 shall be applied at the latest from 1 January 2016 as regards the statutory management requirements in the area of animal welfare referred to in Annex II.

For Croatia, the penalties referred to in Article 91 shall be applied in accordance with the following time schedule as regards the statutory management requirements (SMR) referred to in Annex II:

- (a) from 1 January 2014 for SMR 1 to SMR 3;
 - (b) from 1 January 2016 for SMR 4 to SMR 10;
 - (c) from 1 January 2018 for SMR 11 to SMR 13."
- (4) In Title VII, the following Chapter IV is added:

"Chapter IV Transparency

Article 110a Publication of beneficiaries

1. Member States shall ensure annual ex post publication of the beneficiaries of the EAGF and the EAFRD. The publication shall contain:
 - (a) without prejudice to the first paragraph of Article 110b of this Regulation, the name of the beneficiaries, as follows:
 - (i) the first name and the surname where the beneficiaries are natural persons;
 - (ii) the full legal name as registered where the beneficiaries are legal persons with the autonomous legal personality pursuant to the legislation of the Member State concerned;
 - (iii) the full name of the association as registered or otherwise officially recognised where the beneficiaries are associations without an own legal personality;
 - (b) the municipality where the beneficiary resides or is registered and, where available, the postal code or the part thereof identifying the municipality;
 - (c) the amounts of payment corresponding to each measure financed by the EAGF and the EAFRD received by each beneficiary in the financial year concerned;
 - (d) the nature and the description of the measures financed by the EAGF or the EAFRD and under which the payment referred to in point (c) is awarded.

The information referred to in the first subparagraph shall be made available on a single website per Member State. It shall remain available for two years from the date of the initial publication.

2. As regards the payments corresponding to the measures financed by the EAFRD as referred to in point (c) of the first subparagraph of paragraph 1, the amounts to be published shall correspond to the total public funding, including both the Union and the national contribution.

Article 110b

Threshold

Where the amount of aid received in one year by a beneficiary is equal or less than the amount fixed by a Member State pursuant to Article 49 of Regulation (EU) No DP/xxx that Member State shall not publish the name of that beneficiary as provided for in point (a) of the first subparagraph of Article 110a(1) of this Regulation.

The amounts fixed by a Member State pursuant to Article 49 of Regulation (EU) No DP/xxx and notified to the Commission under that Regulation shall be made public by the Commission in accordance with the rules adopted under Article 110d.

Where the first paragraph of this Article applies the Member States shall publish the information referred to in points (b), (c) and (d) of the first subparagraph of Article 110a(1) and the beneficiary shall be identified by a code. Member States shall decide on the form of that code.

Article 110c

Information of the beneficiaries

Member States shall inform the beneficiaries that their data will be made public in accordance with Article 110a and that the data may be processed by auditing and investigating bodies of the Union and the Member States for the purpose of safeguarding the Union's financial interests.

In accordance with the requirements of Directive 95/46/EC, where personal data is concerned, the Member States shall inform the beneficiaries of their rights under the data protection rules and of the procedures applicable for exercising those rights.

Article 110d

Commission powers

The Commission shall, by means of implementing acts, lay down rules:

- (a) on the form, including the way of presentation by measure, and the calendar of the publication foreseen in Articles 110a and 110b;
- (b) for the uniform application of Article 110c;
- (c) on the cooperation between the Commission and Member States.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 112(3)."

- (5) In Article 113(1), the second subparagraph is deleted.

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

- Amendment to the Commission proposal COM(2011) 625 final/3 for a Regulation of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy;
- Amendment to the Commission proposal COM(2011) 626 final/3 for a Regulation of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products (Single CMO Regulation);
- Amendment to the Commission proposal COM(2011) 627 final/3 for a Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- Amendment to the Commission proposal COM(2011) 628 final/2 for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy.

1.2. Policy area(s) concerned in the ABM/ABB structure⁴

Policy Area Title 05 of Heading 2

1.3. Nature of the proposal/initiative (Legislative framework for the CAP post 2013)

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action**⁵

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

In order to promote resource efficiency with a view to smart, sustainable and inclusive growth for EU agriculture and rural development in line with the Europe 2020 Strategy, the objectives of the CAP are:

- Viable food production;

- Sustainable management of natural resources and climate action;

⁴ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

⁵ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

- Balanced territorial development.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objectives for Policy area 05:

Specific objective No 1:

To provide environmental public goods

Specific objective No 2:

To compensate for production difficulties in areas with specific natural constraints

Specific objective No 3:

To pursue climate change mitigation and adaptation actions

Specific objective No 4:

To manage the EU budget (CAP) in accordance with high standards of financial management

Specific objective for ABB 05 02 - Interventions in agricultural markets:

Specific objective No 5:

To improve the competitiveness of the agricultural sector and enhance its value share in the food chain

Specific objective for ABB 05 03 - Direct aids:

Specific objective No 6:

To contribute to farm incomes and limit farm income variability

Specific objectives for ABB 05 04 – Rural development:

Specific objective No 7

To foster green growth through innovation

Specific objective No 8:

To support rural employment and maintain the social fabric of rural areas

Specific objective No 9

To improve the rural economy and promote diversification

Specific objective No 10

To allow for structural diversity in farming systems

1.4.3. *Expected result(s) and impact*

It is not possible to set quantitative targets for impact indicators at this stage. Although the policy can steer in a certain direction, the broad economic, environmental and social outcomes measured by such indicators would ultimately also depend on the impact from a range of external factors, which recent experience indicates have become significant and unpredictable. Further analysis is on-going, to be ready for the period post-2013.

As regards the direct payments, Member States will have the possibility to decide, to a limited degree, on the implementation of certain components of the direct payment schemes.

For rural development, the expected results and impact will depend on the rural development programmes that Member States will submit to the Commission. Member States will be asked to set targets in their programmes.

1.4.4. *Indicators of results and impact*

The proposals provide for the establishment of a common monitoring and evaluation framework with a view to measuring the performance of the Common Agricultural Policy. That framework shall include all instruments related to the monitoring and evaluation of CAP measures and in particular of the direct payments, market measures, rural development measures and of the application of cross compliance.

The impact of these CAP measures shall be measured in relation to the following objectives:

- (a) viable food production, with a focus on agricultural income, agricultural productivity and price stability;
- (b) sustainable management of natural resources and climate action, with a focus on greenhouse gas emissions, biodiversity, soil and water;
- (c) balanced territorial development, with a focus on rural employment, growth and poverty in rural areas.

By means of implementing acts, the Commission shall define the set of indicators specific to these objectives and areas.

Moreover, as regards rural development, a reinforced common monitoring and evaluation system is proposed. That system aims (a) to demonstrate the progress and achievements of rural development policy and assess the impact, effectiveness, efficiency and relevance of rural development policy interventions, (b) to contribute to better targeted support for rural development, and (c) to support a common learning process related to monitoring and evaluation. The Commission will establish, by means of implementing act, a list of common indicators linked to the policy priorities.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

In order to meet the multi-annual strategic objectives of the CAP which are a direct translation of the Europe 2020 strategy for European rural areas and to fulfil the relevant requirements of the Treaty, the proposals, as amended to take account of the Accession of Croatia, aim to lay down the legislative framework for the Common Agricultural Policy for the period after 2013.

1.5.2. Added value of EU involvement

The future CAP will not only be a policy that caters for a small, albeit essential, part of the EU economy, but also a policy of strategic importance for food security, the environment and territorial balance. Thus, the CAP, as a truly common policy, makes the most efficient use of limited budgetary resources in maintaining a sustainable agriculture throughout the EU, addressing important cross-border issues such as climate change and reinforcing solidarity among Member States.

As mentioned in the Commission communication "A Budget for Europe 2020"⁶, the CAP is a genuinely European policy. Instead of operating 28 separate agricultural policies and budgets, Member States pool resources to operate a single European policy with a single European budget. This naturally means that the CAP accounts for a significant proportion of the EU budget. However, this approach is both more efficient and economical than an uncoordinated national approach.

1.5.3. Lessons learned from similar experiences in the past

On the basis of the evaluation of the current policy framework, an extensive consultation with stakeholders as well as an analysis of future challenges and needs, a comprehensive impact assessment has been carried out. More details can be found in the impact assessment and the explanatory memorandum that are accompanying the legal proposals.

1.5.4. Coherence and possible synergy with other relevant instruments

The legislative proposals concerned by this financial statement should be seen in the broader context of the proposal for a single framework regulation with common rules for the common strategic framework funds (EAFRD, ERDF, ESF, Cohesion Fund and EMFF). That framework regulation will make an important contribution to reducing administrative burden, to spending EU funds in an effective way, and to put simplification into practice. This also underpins the new concepts of the common strategic framework for all these funds and the upcoming Partnership Contracts which will also cover these funds.

The common strategic framework, which will be established, will translate the objectives and priorities of the Europe 2020 Strategy into priorities for the EAFRD together with the ERDF, ESF, Cohesion Fund and EMFF, which will ensure an integrated use of the funds to deliver common objectives.

The common strategic framework will also set out coordination mechanisms with other relevant Union policies and instruments.

⁶ COM(2011)500 final of 29 June 2011.

Moreover, as regards the CAP, significant synergies and simplification effects will be obtained by harmonising and aligning the management and control rules for the first (EAGF) and second (EAFRD) pillar of the CAP. The strong link between the EAGF and the EAFRD should be maintained and the structures already in place in the Member States be sustained.

1.6. Duration and financial impact

x Proposal/initiative of **limited duration (for the draft regulations on direct payment schemes, rural development and transitional regulations)**

- x Proposal/initiative in effect from 01/01/2014 to 31/12/2020
- x Financial impact for the period of the next multi-annual financial framework. For rural development, impact on payments to 2023.

x Proposal/initiative of **unlimited duration (for the draft regulation on the single CMO and the horizontal regulation)**

- Implementation from 2014.

1.7. Management mode(s) envisaged⁷

x **Centralised direct management** by the Commission

Centralised indirect management with the delegation of implementation tasks to:

- executive agencies
- bodies set up by the Communities⁸
- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

x **Shared management** with the Member States

Decentralised management with third countries

Joint management with international organisations (*to be specified*)

⁷ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

⁸ As referred to in Article 185 of the Financial Regulation.

Comments

No substantive change compared to the present situation, i.e. the bulk of expenditure concerned by the legislative proposals on the CAP reform will be managed by shared management with the Member States. However, a very minor part will continue to fall under centralised direct management by the Commission.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

In terms of monitoring and evaluation of the CAP, the Commission will present a report to the European Parliament and the Council every 4 years, with the first report to be presented not later than end 2017.

This is complemented by specific provisions in all areas of the CAP, with various comprehensive reporting and notifications requirements to be specified in the implementing rules.

As regards rural development, rules are also provided for monitoring at programme level, which will be aligned with the other funds, and which will be coupled with ex ante, on-going and ex post evaluations.

2.2. Management and control system

2.2.1. Risk(s) identified

There are more than seven million beneficiaries of the CAP, receiving support under a large variety of different aid schemes, each of which having detailed and sometimes complex eligibility criteria.

The reduction in the error rate in the domain of the common agricultural policy can already be considered as a trend. Thus, most recently an error rate close to 2% confirms the overall positive assessment of previous years. It is the intention to continue the efforts in order to achieve an error rate below 2%.

2.2.2. Control method(s) envisaged

The legislative package, in particular the proposal for the regulation on the financing, management and monitoring of the common agricultural policy, envisages maintaining and reinforcing the current system established by Regulation (EC) No 1290/2005. It provides for a compulsory administrative structure at Member State level, centred around accredited paying agencies, which are responsible for carrying out controls at final beneficiary level in accordance with the principles set out under point 2.3. Every year, the head of each paying agency is required to provide a statement of assurance which covers the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems and the legality and regularity of the underlying transactions. An independent audit body is required to provide an opinion on all these three elements.

The Commission will continue to audit agricultural expenditure, using a risk-based approach in order to ensure that its audits are targeted to the areas of highest risk. Where these audits

reveal that expenditure has been incurred in breach of Union rules, it will exclude the amounts concerned from Union financing under the conformity clearance system.

As regards the cost of controls, a detailed analysis is provided in annex 8 to the impact assessment accompanying the legislative proposals.

Furthermore the publication of information on the beneficiaries of the EAGF and EAFRD will reinforce the public control of the use of the money and contribute to the visibility and better understanding of the CAP.

2.3. Measures to prevent fraud and irregularities

The legislative package, in particular the proposal for the regulation on the financing, management and monitoring of the common agricultural policy, envisages maintaining and reinforcing the current detailed systems for controls and penalties to be applied by the paying agencies, with common basis features and special rules tailored to the specificities of each aid regime. The systems generally provide for exhaustive administrative controls of 100% of the aid applications, cross-checks with other databases where this is considered appropriate as well as pre-payment on-the-spot checks of a minimum number of transactions, depending on the risk associated with the regime in question. If these on-the-spot checks reveal a high number of irregularities, additional checks must be carried out. In this context, the by far most important system is the Integrated Administration and Control System (IACS), which in financial year 2010 covered around 80% of total expenditure under the EAGF and the EAFRD. For Member States with properly functioning control systems and low error rates, the Commission will be empowered to allow for a reduction of the number of on-the-spot checks.

The package further envisages that Member States shall prevent, detect and correct irregularities and fraud, impose effective, dissuasive and proportionate penalties as laid down in Union legislation or national law, and recover any irregular payments plus interests. It includes an automatic clearance mechanism for irregularity cases, which provides that if recovery has not taken place within four years of the date of the recovery request, or within eight years in the case of legal proceedings, the amounts not recovered shall be borne by the Member State concerned. This mechanism will be a strong incentive for Member States to recover irregular payments as quickly as possible.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

The amounts indicated in this financial statement are expressed in current prices and in commitments.

In addition to the changes resulting from the legislative proposals as listed in the accompanying tables below, the legislative proposals imply further changes which have no financial impact.

For any of the years in the period 2014-2020, the application of financial discipline cannot be excluded at this stage. However, this will not depend on the reform proposals as such, but on other factors, such as the execution of direct aids or future developments in the agricultural markets.

As concerns direct aids, the extended net ceilings for 2014 (calendar year 2013) included in the Commission proposal regarding the application of direct payments in the transitional year 2013 (COM(2011)630)⁹ are higher than the amounts allocated to direct aids indicated in the accompanying tables. The purpose of this extension is to ensure a continuation of the existing legislation in a scenario in which all the other elements would remain unchanged, without prejudice to the possible need for applying the financial discipline mechanism.

The reform proposals contain provisions giving Member States a set degree of flexibility in relation to their allocation of direct aids respectively rural development. In case Member States decide to use that flexibility, this will have financial consequences within the given financial amounts, which cannot be quantified at this stage.

The reform proposal for direct payments contains a provision on progressive reduction and capping of direct payments. The product of capping, to be transferred to rural development, has been estimated in order to determine the net ceilings of direct payments (Annex III of the proposal). This estimation was based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once Member States have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.

This financial statement does not take into account the possible use of the crises reserve. It should be underlined that the amounts taken into account for market-related expenditure are based on no public intervention buying-in and other measures related to a crisis situation in any sectors.

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

⁹ The European Parliament and Council are expected to adopt the regulation in autumn 2012.

Table 1: Amounts for the CAP including complementary amounts foreseen in the MFF proposals and the CAP reform proposals

In million EUR (current prices)

Budget year	2013	2013 adjusted (1)	2014	2015	2016	2017	2018	2019	2020	TOTAL 2014-2020
Inside MFF										
Heading 2										
Direct aids and market-related expenditure (2) (3) (4) (5)	44 939	45 304	44 956	45 199	45 463	45 702	45 729	45 756	45 783	318 589
Estimated assigned revenue	672	672	672	672	672	672	672	672	672	4 704
P1 Direct aids and market-related expenditure (with assigned revenue) (5)	45 611	45 976	45 628	45 871	46 135	46 374	46 401	46 428	46 455	323 293
P2 Rural development (4)	14 817	14 451	14 784	14 784	14 784	14 784	14 784	14 784	14 784	103 488
Total	60 428	60 428	60 412	60 655	60 919	61 159	61 186	61 212	61 239	426 781
Heading 1										
CSF Agricultural research and innovation	N.A.	N.A.	682	696	710	724	738	753	768	5 072
Most deprived persons	N.A.	N.A.	379	387	394	402	410	418	427	2 818
Total	N.A.	N.A.	1 061	1 082	1 104	1 126	1 149	1 172	1 195	7 889
Heading 3										
Food safety	N.A.	N.A.	352	352	352	352	352	352	352	2 465
Outside MFF										
Reserve for agricultural crises	N.A.	N.A.	531	541	552	563	574	586	598	3 945
European Globalisation Fund (EGF)										
Of which maximum available for agriculture: (6)	N.A.	N.A.	379	387	394	402	410	418	427	2 818
TOTAL										
TOTAL Commission proposals (MFF + outside MFF) + assigned revenue	60 428	60 428	62 735	63 017	63 322	63 602	63 671	63 740	63 810	443 898
TOTAL MFF proposals (i.e. excluding Reserve and EGF) + assigned revenue	60 428	60 428	61 825	62 089	62 376	62 637	62 686	62 736	62 786	437 136

Notes:

- (1) Taking into account legislative changes already agreed, i.e. voluntary modulation for the UK and Article 136 "unspent amounts" will cease to apply by the end of 2013.
- (2) The amounts relate to the proposed annual ceiling for the first pillar. However, it should also be noted that it is proposed to move negative expenditure from accounting clearance (currently under budget item 05 07 01 06) to assigned revenue (under item 67 03). For details, see estimated revenue table on the page below.
- (3) The 2013 figures include the amounts for veterinary and phytosanitary measures as well as market measures for the fisheries sector.
- (4) The amounts in the table above are in line with those in the Commission communication "A Budget for Europe 2020" (COM(2011)500 of 29 June 2011) and the Commission's amended proposal for the MFF 2014-2020 (COM(2012)388 of 6 July 2012). However, it remains to be decided if the MFF will reflect the transfer that is proposed for the envelope of one Member State of the cotton national restructuring programme to rural development as from 2014, implying an adjustment (4 million EUR per year) of the amounts for respectively the EAGF sub-ceiling and for pillar 2. In the tables in the sections below, the amounts have been transferred, irrespective of them being reflected in the MFF.
- (5) It includes the maximum amounts of the special reserve for de-mining for Croatia.
- (6) In accordance with the Commission communication "A Budget for Europe 2020" (COM(2011)500 final), a total amount of up to 2.5 billion EUR in 2011 prices will be available under the European Globalisation Fund for providing additional support to farmers suffering from effects of globalisation. In the table above, the breakdown by year in current prices is only **indicative**. The proposal for the inter-institutional agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management (COM(2011)403 final of 29 June 2011) sets out, for the EGF, an overall maximum annual amount of 429 million EUR in 2011 prices.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

Table 2: Estimated revenue as well as expenditure for Policy Area 05 within Heading 2

In million EUR (current prices)

Budget year	2013 (1)	2013 adjusted (1)	2014	2015	2016	2017	2018	2019	2020	TOTAL 2014-2020
REVENUE										
123 – Sugar production charge (own resources)	123	123	125	125						250
67 03 - Assigned revenue	672	672	741	741	741	741	741	741	741	5 187
of which: ex 05 07 01 06 - Accounting clearance	0	0	69	69	69	69	69	69	69	483
Total	795	795	866	866	741	741	741	741	741	5 437
EXPENDITURE										
05 02 - Markets (2)	3 311	3 311	2 652	2 671	2 700	2 729	2 752	2 740	2 729	18 974
05 03 - Direct aids (before capping) (3)	42 170	42 535	42 970	43 193	43 428	43 637	43 641	43 678	43 715	304 261
05 03 – Direct aids (after capping) (3) (4)	42 170	42 535	42 970	43 028	43 256	43 453	43 455	43 492	43 530	303 184
05 04 - Rural development (before capping)	14 817	14 451	14 788	14 788	14 788	14 788	14 788	14 788	14 788	103 516
05 04 - Rural development (after capping) (4)	14 817	14 451	14 788	14 952	14 960	14 973	14 974	14 974	14 974	104 594
05 07 01 06 - Accounting clearance	-69	-69	0							
Total	60 229	60 229	60 410	60 652	60 916	61 155	61 181	61 207	61 232	426 751
NET BUDGET after assigned revenue			59 669	59 911	60 175	60 414	60 440	60 466	60 491	421 564

Notes:

- (1) For comparison purposes, the 2013 figures are kept unchanged to the figures in the initial Commission proposals of 12 October 2011.
- (2) For 2013, preliminary estimate based on Draft Budget 2012 taking into account legal adjustments already agreed for 2013 (e.g. wine ceiling, abolition of potato starch premium, dried fodder) as well as some foreseen developments. For all years, the estimates assume that there will be no additional financing need for support measures due to market disturbances or crises.
- (3) The 2013 amount includes an estimate of wine grubbing-up 2012. The amounts for 2014-2020, shown in Table 2, do not include the special reserve for de-mining for Croatia, whereas the corresponding amounts, shown in Table 1 include the special reserve.
- (4) The product of capping was estimated based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once they have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.

Table 3: Calculation of the financial impact by budget chapter of the CAP reform proposals as regards revenue and CAP expenditure

In million EUR (current prices)

Budget year	2013 (1)	2013 adjusted (1)								TOTAL 2014-2020
			2014	2015	2016	2017	2018	2019	2020	
REVENUE										
123 – Sugar production charge (own resources)	123	123	0	0	0	0	0	0	0	0
67 03 - Assigned revenue	672	672	69	69	69	69	69	69	69	483
of which: ex 05 07 01 06 - Accounting clearance	0	0	69	69	69	69	69	69	69	483
Total	795	795	69	483						
EXPENDITURE										
05 02 - Markets (2)	3 311	3 311	-659	-640	-611	-582	-559	-571	-582	-4 203
05 03 - Direct aids (before capping) (3)	42 170	42 535	-460	-492	-534	-577	-617	-617	-617	-3 913
05 03 - Direct aids – Estimated product of capping (4) to be transferred to rural development			0	-164	-172	-185	-186	-186	-186	-1 078
05 04 - Rural development (before capping) (5)	14 817	14 451	4	4	4	4	4	4	4	28
05 04 - Rural development – Estimated product of capping (4) to be transferred from direct aids			0	164	172	185	186	186	186	1 078
05 07 01 06 - Accounting clearance	-69	-69	69	69	69	69	69	69	69	483
Total	60 229	60 229	-1 046	-1 059	-1 072	-1 085	-1 103	-1 114	-1 126	-7 605
NET BUDGET after assigned revenue			-1 115	-1 128	-1 141	-1 154	-1 172	-1 183	-1 195	-8 088

Notes:

- (1) For comparison purposes, the 2013 figures are kept unchanged to the figures in the initial Commission proposals of 12 October 2011.
- (2) For 2013, preliminary estimate based on Draft Budget 2012 taking into account legal adjustments already agreed for 2013 (e.g. wine ceiling, abolition of potato starch premium, dried fodder) as well as some foreseen developments. For all years, the estimates assume that there will be no additional financing need for support measures due to market disturbances or crises.
- (3) The 2013 amount includes an estimate of wine grubbing-up 2012. The amounts for 2014-2020, shown in Table 3, do not include the special reserve for de-mining for Croatia , whereas the corresponding amounts, shown in Table 1 include the special reserve.
- (4) The product of capping was estimated based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once they have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.
- (5) The change compared to 2013 is solely due to the proposed transfer of the cotton national envelope to rural development (4 million EUR per year). In addition, the updated MFF proposals (COM(2012)388) foresee an additional amount of 333 million EUR per year.

Table 4: Calculation of the financial impact of the CAP reform proposals as regards CAP market-related expenditure

In million EUR (current prices)

BUDGET YEAR		Legal base	Estimated needs	Changes to 2013							TOTAL 2014-2020	
			2013 (1)	2014	2015	2016	2017	2018	2019	2020		
Exceptional measures: streamlined and extended scope of legal base		Art. 154, 155, 156	pm	pm	pm	pm	pm	pm	pm	pm	pm	pm
Removal of intervention for durum wheat and sorghum		ex Art.10	pm	-	-	-	-	-	-	-	-	-
Food programmes for most deprived	(2)	Ex-Art. 27 of Reg 1234/2007	500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-500.0	-3 500.0
Private storage (Flax fibre)		Art. 16	N.A.	pm	pm	pm	pm	pm	pm	pm	pm	Pm
Aid for cotton - Restructuring	(3)	ex Art. 5 of Reg. 637/2008	10.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-28.0
Setting-up aid for F&V producer groups		ex Art. 117	30.0	0.0	0.0	0.0	-15.0	-15.0	-30.0	-30.0	-90.0	
School fruit scheme		Art. 21	90.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	420.0	
Abolition hops PO		ex Art. 111	2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-15.9	
Optional private storage for skimmed-milk powder		Art. 16	N.A.	pm	pm	pm	pm	pm	pm	pm	pm	
Abolition aid for use of skimmed milk/SMP as feedingstuff/casein and use of casein		ex Art. 101, 102	pm	-	-	-	-	-	-	-	-	
Optional private storage for butter	(4)	Art. 16	14.0	[-1.0]	[-14.0]	[-14.0]	[-14.0]	[-14.0]	[-14.0]	[-14.0]	[-85.0]	
Abolition milk promotional levy		ex Art. 309	pm	-	-	-	-	-	-	-	-	
TOTAL 05 02												
Net effect of reform proposals (5) (6)				-446.3	-446.3	-446.3	-461.3	-461.3	-476.3	-476.3	-3 213.9	

Notes:

- (1) The 2013 needs are estimated based on the Commission's Draft Budget 2012, except for (a) the fruit & vegetables sectors where the needs are based on the financial statement of the respective reforms and (b) any legal changes already agreed.
- (2) The 2013 amount corresponds to the ceiling set by Regulation (EU) No 121/2012 . As from 2014, the measure will be financed within Heading 1.
- (3) The envelope for the cotton restructuring programme for Greece (4 million EUR/year) will be transferred to rural development as from 2014. The envelope for Spain (6.1 million EUR/year) will go to the Single Payment Scheme as from 2018 (already decided).
- (4) Estimated effect in case of non-application of the measure.
- (5) In addition to expenditure within chapters 05 02 and 05 03, it is anticipated that direct expenditure within chapters 05 01, 05 07 and 05 08 will be financed by revenue that will be assigned to the EAGF.
- (6) Table 4 shows the net effect of the reform proposals for affected market measures, whereas in table 3 the figures for "05 02 Markets" show the difference between the adjusted 2013 amount and the estimated amounts available for market-related expenditure during 2014-2020.

Table 5: Calculation of the financial impact of the CAP reform proposals as regards direct aids

In million EUR (current prices)

BUDGET YEAR	Legal base	Estimated needs		Changes to 2013							TOTAL 2014-2020
		2013 (1)	2013 adjusted (2)	2014	2015	2016	2017	2018	2019	2020	
Direct aids (3)		42 169.9	42 535.4	434.2	493.0	720.1	917.2	919.7	957.0	994.3	5 435.6
- Changes already decided:											
Phasing-in EU 12				875.0	1 133.9	1 392.8	1 651.6	1 651.6	1 651.6	1 651.6	10 008.1
Cotton restructuring				0.0	0.0	0.0	0.0	6.1	6.1	6.1	18.4
Health Check				-64.3	-64.3	-64.3	-90.0	-90.0	-90.0	-90.0	-552.8
Previous reforms				-9.9	-32.4	-32.4	-32.4	-32.4	-32.4	-32.4	-204.2
- Phasing-in Croatia (3)				93.3	111.9	130.6	149.2	186.5	223.8	261.1	1 156.3
- Changes due to new CAP reform proposals				-459.8	-656.1	-706.5	-761.3	-802.2	-802.2	-802.2	-4 990.3
Of which: capping (4)				0.0	-164.1	-172.1	-184.7	-185.6	-185.6	-185.6	-1 077.7
TOTAL 05 03											
Net effect of reform proposals				-459.8	-656.1	-706.5	-761.3	-802.2	-802.2	-802.2	-4 990.3
TOTAL EXPENDITURE		42 169.9	42 535.4	42 969.7	43 028.4	43 255.6	43 452.6	43 455.2	43 492.5	43 529.8	303 183.6

Notes:

- (1) The 2013 amount includes an estimate of wine grubbing-up 2012.
- (2) Taking into account legislative changes already agreed, i.e. voluntary modulation for the UK and Article 136 "unspent amounts" will cease to apply by the end of 2013.
- (3) It does not include the special reserve for de-mining for Croatia.
- (4) The product of capping was estimated based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once they have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.

Table 6: Components of direct aids

In million EUR (current prices)

BUDGET YEAR	2015	2016	2017	2018	2019	2020	TOTAL 2015-2020
Annex II	42 519.1	42 754.0	42 963.3	42 966.8	43 004.1	43 041.4	257 248.6
Payment for agricultural practices beneficial for the climate and environment (30%)	12 900.1	12 894.5	12 889.0	12 890.0	12 901.2	12 912.4	77 387.2
Maximum that can be allocated to the Payment for young farmers (2%)	860.0	859.6	859.3	859.3	860.1	860.8	5 159.1
Basic Payment Scheme, Payment for areas with Natural Constraints, Voluntary Coupled Support	28 759.0	28 999.9	29 215.1	29 217.4	29 242.8	29 268.1	174 702.2
Maximum that can be taken from the above lines to finance the Small Farmer Scheme (10%)	4 300.0	4 298.2	4 296.3	4 296.7	4 300.4	4 304.1	25 795.7
Wine transfers included in Annex II (1)	159.9	159.9	159.9	159.9	159.9	159.9	959.1
Capping (2)	-164.1	-172.1	-184.7	-185.6	-185.6	-185.6	-1 077.7
Cotton	256.0	256.3	256.5	256.6	256.6	256.6	1 538.6
POSEI/Small Aegean Islands	417.4	417.4	417.4	417.4	417.4	417.4	2 504.4

- (1) Direct aids for the period 2014-2020 include an estimate of the wine transfers to SPS based on the decisions taken by the Member States for 2013. For Croatia, it was not possible to estimate as the wine national programme will not be implemented in 2013 and Croatia has not notified any transfer at this stage.
- (2) The product of capping was estimated based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once they have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.

Table 7: Calculation of the financial impact of the CAP reform proposals as regards transitional measures for granting direct aids in 2014

In million EUR (current prices)

BUDGET YEAR	Legal base	Estimated needs		Changes to 2013
		2013 (1)	2013 adjusted	2014 (2)
Annex IV to Council Regulation (EC) No 73/2009		40 165.0	40 530.5	541.9
Phasing-in EU 10				616.1
Health Check				-64.3
Previous reforms				-9.9
TOTAL 05 03				
TOTAL EXPENDITURE		40 165.0	40 530.5	41 072.4

Notes:

- (1) The 2013 amount includes an estimate of wine grubbing-up 2012.
(2) The extended net ceilings include an estimate of the wine transfers to SPS based on the decisions taken by the Member States for 2013.

Table 8: Calculation of the financial impact of the CAP reform proposals as regards rural development

In million EUR (current prices)

BUDGET YEAR		Legal base	Rural development allocation		Changes to 2013							TOTAL 2014-2020	
			2013	2013 adjusted (1)	2014	2015	2016	2017	2018	2019	2020		
Rural development programmes			14 788.9	14 423.4									
Aid for cotton - Restructuring	(2)				4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	28.0
Product of capping of direct aids	(3)					164.1	172.1	184.7	185.6	185.6	185.6	185.6	1 077.7
RD envelope excluding technical assistance	(4)				-9.3	-9.3	-9.3	-9.3	-9.3	-9.3	-9.3	-9.3	-65.2
Technical assistance	(4)		27.6	27.6	9.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	35.2
Prize for local innovative co-operation projects	(5)		N.A.	N.A.	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	30.0
Additional RD amount (in line with COM(2012)388)			N.A.	N.A.	333.0	333.0	333.0	333.0	333.0	333.0	333.0	333.0	2 331.0
TOTAL 05 04													
Net effect of reform proposals					4.0	168.1	176.1	188.7	189.6	189.6	189.6	189.6	1 105.7
TOTAL EXPENDITURE (before capping)			14 816.6	14 451.1	14 788.1	103 516.5							
TOTAL EXPENDITURE (after capping)			14 816.6	14 451.1	14 788.1	14 952.2	14 960.2	14 972.8	14 973.7	14 973.7	14 973.7	14 973.7	104 594.2

Notes:

- (1) Adjustments in line with the existing legislation only applicable until the end of financial year 2013.
- (2) The amounts in table 1 (section 3.1) are in line with those in the Commission communication "A Budget for Europe 2020" (COM(2011)500 final) and the Commission's amended proposal for the MFF 2014-2020 (COM(2012)388 of 6 July 2012). However, it remains to be decided if the MFF will reflect the transfer that is proposed for the envelope of one Member State of the cotton national restructuring programme to rural development as from 2014, implying an adjustment (4 million EUR per year) of the amounts for respectively the EAGF sub-ceiling and for pillar 2. In table 8 above, the amounts have been transferred, irrespective of them being reflected in the MFF.
- (3) The product of capping was estimated based on assumptions as concerns the implementation of direct payments by Member States and will therefore be revised once they have notified their decisions on the implementation. Moreover, for Croatia, it is not possible to estimate the product of capping at this stage due to unavailability of data. A first rough estimate, based on preliminary information, showed that the product of capping would be null for Croatia. It will be revised once data are available.
- (4) The 2013 amount for technical assistance was fixed based on the initial rural development envelope (transfers from pillar 1 not included). Technical assistance for 2014-2020 is fixed at 0.25% of the total rural development envelope.
- (5) Covered by the amount available for technical assistance.

Heading of multiannual financial framework:	5	" Administrative expenditure "
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EUR million (to 3 decimal places)

Note: It is estimated that the legislative proposals will have no impact on appropriations of an administrative nature, i.e. it is the intention that the legislative framework can be implemented with the present level of human resources and administrative expenditure. The impact of Croatia's accession has not yet been taken into account in the figures indicated below.

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL	
DG: AGRI										
• Human resources		136.998	136.998	136.998	136.998	136.998	136.998	136.998	958.986	
• Other administrative expenditure		9.704	9.704	9.704	9.704	9.704	9.704	9.704	67.928	
TOTAL DG AGRI		146.702	146.702	146.702	146.702	146.702	146.702	146.702	1 026.914	
		Appropriations								
TOTAL appropriations under HEADING 5 of the multiannual financial framework		(Total commitments = Total payments)	146.702	146.702	146.702	146.702	146.702	146.702	1 026.914	

EUR million (to 3 decimal places)

		Year N ¹⁰	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework		Commitments							
		Payments							

¹⁰ Year N is the year in which implementation of the proposal/initiative starts.

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- x The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
HEADING 5 of the multiannual financial framework								
Human resources ¹¹	136.998	136.998	136.998	136.998	136.998	136.998	136.998	958.986
Other administrative expenditure	9.704	9.704	9.704	9.704	9.704	9.704	9.704	67.928
Subtotal HEADING 5 of the multiannual financial framework								
Outside HEADING 5 of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								
TOTAL	146.702	1 026.914						

¹¹ Based on an average cost of 127 000 EUR for establishment plan post of officials and temporary agents.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- x The proposal/initiative requires the use of human resources, as explained below:

Note: It is estimated that the legislative proposals will have no impact on appropriations of an administrative nature, i.e. it is the intention that the legislative framework can be implemented with the present level of human resources and administrative expenditure. The figures for the period 2014-2020 are based on the situation for 2011. The impact of Croatia's accession has not yet been taken into account in the figures indicated below.

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
• Establishment plan posts (officials and temporary agents)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)	1 034	1 034	1 034	1 034	1 034	1 034	1 034
XX 01 01 02 (Delegations)	3	3	3	3	3	3	3
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)¹²							
XX 01 02 01 (CA, INT, SNE from the "global envelope")	78	78	78	78	78	78	78
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy	- at Headquarters						
	- in delegations						
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL¹³	1 115	1 115	1 115	1 115	1 115	1 115	1 115

¹² CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

¹³ This does not include the sub-ceiling on budget line 05.010404.

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary agents	
External personnel	

3.2.4. Compatibility with the current multiannual financial framework

- Proposal/initiative is compatible with the **PROPOSALS FOR THE 2014-2020** multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

3.2.5. Third-party contributions

- The proposal/initiative does not provide for co-financing by third parties
- The proposal regarding rural development (EAFRD) provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)								
	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Specify the co-financing body	MS							
TOTAL appropriations cofinanced ¹⁴	To be determined							

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

		EUR million (to 3 decimal places)						
Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ¹⁵						
		Year N	Year N+1	Year N+2	Year N+3	... insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)		

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

See tables 2 and 3 in section 3.2.1.

¹⁴ This will be set out in the rural development programmes to be submitted by the Member States.

¹⁵ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.