



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 17 October 2012

15025/12

**AGRIFIN 127
FIN 505**

NOTE

from: Cyprus delegation

to: Council

Subject: Conclusions from the 32nd Conference of Directors of Paying Agencies
- Information from the Cyprus delegation

Delegations will find attached a note from the Cyprus delegation to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 22 - 23 October 2012.

Conclusions from the 32nd Conference of Directors of Paying Agencies

The 32nd conference of the Directors of EU Paying Agencies was held in Paphos, Cyprus from 11-13 September 2012. All the Member States were represented together with representatives of the Commission Services, Court of Auditors and OLAF. Representatives of Croatia were also present. The conference was organized by the Cyprus Agricultural Payments Organization (CAPO) and the main theme of the conference was the proposed by the Commission Council Regulations and the new programming period of 2014-2020.

Two workshops took place with the following subjects:

1. Implementation of the new CAP – Infrastructure development: Experiences, needs, weaknesses, proposals.
2. Experiences from the RDP2007-2013 implementation: Lessons learned for the 2014-2020 period.

Conclusions from Workshops

Workshop 1 considered the main risks to the successful delivery of CAP reform and the steps that could be taken to mitigate these risks under the following headings:-

1. ICT, business processes and data
2. Compliance and audit
3. Relationship with beneficiaries
4. Financial and human resources

The workshop concluded that there were significant risks to the successful implementation of CAP reform, particularly in respect of direct payments. The risks include the lack of time to specify and procure new systems, complexity of requirements, unavailability of the draft implementing acts, shortage of resources and uncertainty amongst farmers. These risks need to be actively managed at national and EU level. It is essential that implementation issues are taken into account during the negotiations and that the risks are mitigated via simplification of the requirements and appropriate transitional measures. There is also a scope to enhance co-operation between the Commission and Member States with regard to implementation issues.

The Commission should finalize the implementing regulations as soon as possible, so as the Member States and Paying Agencies will know exactly what their obligations will be for the next programming period (2014 – 2020) and which changes will have to be implemented and how. To this respect, the Commission should also prepare detailed working documents and guidelines that will provide examples of how certain elements of the new CAP should be implemented.

Commission Audit findings are a great source of information for the Paying Agencies and the Commission should find a way to share key audit findings between the Member States. The experiences of other Member States and their mistakes can provide a lot of feedback and lessons to other Member States. The information that the Commission can provide for all Member States should be anonymous so as to protect confidential information of Member States.

Workshop 2 underlined the main experiences gained from the implementation of the Rural Development Program 2007-2013 as well as their importance towards implementing the corresponding program of the 2014-2020 period:

- Clear roles between Management Authorities, Paying Agencies and Delegated bodies needed and Paying Agencies must be more involved in the Management Authorities decision making process.
- Simple and understandable legislation without any ambiguities on implementing matters
- Changes on legislation and implementing processes should kept at a minimum possible level
- Unified Information System to handle all the measures and sub measures of Rural Development
- Clear and adequate sanction system
- Regular meetings between institutions (involved in support administration) and round tables with social partners on various problematic questions and sharing good practices.
- E-services are the future of support administration and it must be simple, understandable, fast, affordable, high quality and surpassing farmers expectations.
- Same administration schemes for similar measures, requirements, that can be checked in registers and use of standard unit cost reduces administrative burden both for the farmer and Paying Agency.

Other Conclusions through the presentations and discussion developed

The Greening entails high administrative cost, both from the part of Paying Agencies and Farmers (new additional information into the LPIS is required, and should periodically updated). Introducing new greening practices suitable to the specific needs of the various European regions, adjusting the various thresholds on the proposed greening practices and in some cases introducing new thresholds, extending the exemptions from complying with the greening measure and lowering the allocated National Ceiling to the Greening as well as isolating the sanction system not to affect the other DP measures, can bring more flexibility, simplification and cost cuttings on implementing the Greening. The ultimate results on environment and climate might be better as well.

Extensive areas of traditional pastoral systems that never received support under CAP could now be eligible, diluting disproportionately the amount of direct payment per hectare in some Member States. To avoid that, the Commission has proposed in its “Concept paper on greening”, the application of a reduction coefficient to transform those new areas into eligible hectares, as it is applied in the current legal framework in some Member States. However, this reduction coefficient cannot avoid that marginal land of different types that has never been declared by farmers can enter into the CAP, so the coefficient approach should be changed in favor of a more effective tool to achieve the same objective.

Young and Small farmers Schemes are better to turn to volunteer.

Overlaps with some measures as outlined in the EAFRD and in the DP Regulation, namely support for Natural constraints Areas and top ups for Young Farmers should be eliminated.

Capping, Active Farmer definitions bring complexity on S/W implementation systems while the end result of their application might not overcome their administrative cost that they introduce. Thus, the abolishment or the fundamental repositioning is a need.

The article 76 of the Horizontal Regulation should be changed to allow the payment of Agro Environmental applicants of the year 2014 until the year 2016 because of the unusual high workload that MSs will have on implementing the CAP during the year 2014 as well as because S/W and LPIS are foreseen to need major changes that might not be implemented during the 2013 year. Furthermore a volunteer year extension on implementing the DP proposed regulation should be given to MS as well as a gradual mode of implementation should be decided.

The reduction of on-the-spot controls is a step forward to reducing the administrative burden of Paying Agencies. We hope that a procedure will be implemented, which will not dramatically increase the cost of the Certifying Body.

Regarding the process of finalizing the Member States' Rural Development Programs, the need for a formal consultation from the Paying Agencies, as being the implementing bodies, towards the Managing Authorities, should be established before Programs are sent to the Commission for approval.

The creation of a common technical database for the Director's Meeting was also discussed and it seems that the best solution will be to utilize the existing database of the Panta Rhei.
