EUROPEAN
COMMISSION

Brussels, 31.10.2019
COM(2019) 580 final

2019/0253 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1306/2013 as regards financial discipline as from financial year 2021 and Regulation (EU) No 1307/2013 as regards flexibility between pillars in respect of calendar year 2020

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

This proposal aims at providing certainty and continuity in the granting of support to European farmers in the year 2020 and ensuring the respect of budgetary ceilings for the EAGF by adapting two legislative acts of the Common Agricultural Policy (CAP).

In relation to the financing of the CAP, certain amendments of Regulation (EU) 1306/2013 on the financing, management and monitoring of the common agricultural policy (Horizontal Regulation) are needed to ensure that the financial discipline mechanism that makes it possible to respect the maximum ceiling set by the Regulation on the multi-annual financial framework can still operate for financial years post 2020.

In relation to Direct Payments, Regulation (EU) 2019/288 amended Regulation (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (Direct Payments Regulation) to extend the flexibility between pillars foreseen for calendar years 2015-2019 to calendar year 2020/financial year 2021. This regulation set up the amounts to transfer from the rural development to direct payments envelope as a percentage of the amount allocated to support financed under the EAFRD in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU. The relevant Union legislation may not be in place by the time the Member States need to notify their decision to transfer. To make it possible to apply the flexibility from rural development to direct payments, it is appropriate to establish the maximum amount that can be transferred based on a fixed amount and not a percentage. As a consequence, and because the amount available as direct payments has an impact on the choices by Member States on the Voluntary Coupled Support (VCS) communicated in August 2019, Member Sates should also be able to review the August decision on VCS.

• Consistency with existing policy provisions in the policy area

The proposed amendments are consistent with the Direct Payment Regulation as well as with the Regulation on the financing, management and monitoring of the common agricultural policy. Therefore, the proposal is consistent with the existing policy provisions of the CAP.

• Consistency with other Union policies

Not applicable

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

Article 43(2) TFEU

• Subsidiarity (for non-exclusive competence)

The Treaty on the Functioning of the European Union provides that the competence for agriculture is shared between the Union and the Member States. The Union exercises its competence through the adoption of various legislative acts, thereby defining and implementing an EU CAP as provided for in Article 38 to 44 TFEU. Regulation (EU) No 1307/2013 sets up a system for direct payments to farmers. According to Article 39 TFEU, an objective of the CAP is to ensure a fair standard of living for farmers. The proposed initiative addresses this objective. The added value of the proposal is to ensure certainty and stability of direct income support for European farmers in the year 2020

The respect of the EAGF net ceiling shall be ensured at EU level through application of the financial discipline mechanism where need be. These objectives can only be achieved through an amendment of Regulation (EU) No 1306/2013 and 1307/2013 by the EU co-legislators.

• **Proportionality**

The proposal does not entail any new policy developments compared to the legislative acts it intends to amend. The proposal modifies the existing Regulations only to the extent necessary to achieve the objectives outlined above.

• **Choice of the instrument**

Since the original legislative acts are Regulations of the European Parliament and the Council, the amendments must also be introduced as a European Parliament and Council regulation by means of the ordinary legislative procedure.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

The proposal deviates from standard practice as set out in the Better Regulation guidelines and in the Toolbox. A derogation to the standard practice is necessary for the following reasons:

- the proposal is highly technical in its scope;

- the initiative targets financial concerns related to the end of the current programming period;

- it does not introduce new political commitments.

An impact assessment, public consultation and a roadmap are therefore not suitable for this proposal. Moreover, as the legislation needs to be in place in December 2019, adoption by the co-legislators is urgent.

• **Ex-post evaluations/fitness checks of existing legislation**

Not applicable

• **Stakeholder consultations**

Not applicable

• **Collection and use of expertise**

Not applicable

• **Impact assessment**

Not applicable

• **Regulatory fitness and simplification**

Not applicable

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union.

4. BUDGETARY IMPLICATIONS

The amendments of Regulation (EU) No 1306/2013 ensure that a financial discipline adjustment rate can be determined in financial years 2021 and onwards where the expenditure forecasts for the measures financed under the EAGF net ceiling for a given financial year indicate that the applicable annual ceilings would be exceeded. Thereby, the amendment potentially decreases expenditure under EAGF to the maximum level agreed for the fund in the multiannual financial framework.

The amendment of the flexibility provision for calendar year 2020 (financial year 2021) is a technical adjustment to ensure applicability of the provision and does not have any financial implications compared to those intended for the existing provision. The review option for the voluntary coupled support may lead to financial reallocations between measures within the Member States but these will remain within the national ceiling and as such do not require additional financing.

The broader financial impact of the transitional provisions are set out in the financial statement accompanying the present proposal.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Not applicable

- **Explanatory documents (for directives)**

Not applicable

- **Detailed explanation of the specific provisions of the proposal**

- Update of the reference for determining a financial discipline rate.

Expenditure under the EAGF within a given financial year shall respect the maximum ceiling set by the Regulation of the multiannual financial framework adopted by the Council pursuant to Article 312(2) TFEU. For that purpose, Article 26 of Regulation (EU) No 1306/2013 provides for the determination of a financial discipline adjustment rate. However, currently the relevant provisions refer to Regulation (EU, Euratom) No 1311/2013 which only sets the relevant ceilings for the period 2014 – 2020. To ensure that the ceiling for the financing of market related expenditure and direct payments post 2020 will also be respected, the legal reference of Articles 16 and 26 should be amended to include the regulation to be adopted by the Council pursuant to Article 312(2) TFEU for financial year 2021 onwards.

- Change of the basis for notifying the transfer from rural development to direct payments

Member States have to notify by 31 December 2019, the percentage of their direct payments envelope they propose to transfer to the rural development envelope for calendar year 2020 (i.e. financial year 2021). They will have to notify shortly thereafter the percentage of their rural development envelope they propose to transfer to direct payments envelope for calendar year 2020. The direct payments' envelopes for calendar year 2020 are already set in Regulation (EU) No 1307/2013. However, the corresponding rural development envelopes for financial year 2021 may not yet be fixed by the end of 2019.

Member States would therefore have no basis to notify the percentage of transfer from rural development to direct payments and Article 2 (3)(b) of Regulation (EU) 2019/288 amending Regulation (EU) No 1307/2013 would become "void". To ensure continuity in the possibility for Member States to transfer funds between the two pillars, already decided by the co-legislators in Regulation (EU) 2019/288, it is proposed to replace the percentage of transfer by maximum absolute amounts based on the current maximum percentages provided for in Article 14(2) Regulation of (EU) No 1307/2013 and the rural development envelope proposed in the Commission proposal COM(2018)392.

- Possibility to review the decisions concerning the Voluntary Coupled Support

Member States had the possibility to review by 1 August 2019 the percentage of their national ceiling for direct payments, which they want to allocate to Voluntary Coupled Support (VCS), as well as their detailed support decisions (i.e. list of support measures and their envelopes, targeting, etc.). This review, if any, will apply from claim year 2020.

On the other hand, they will have to notify only by 31 December 2019 or shortly thereafter their transfers between pillars affecting their national ceiling for direct payments for calendar year 2020. Therefore, Member States applying flexibility between pillars did not yet know by 1 August 2019 (i.e. at the time of their VCS review) their final national ceiling for direct payments for the calendar year concerned. This may result in inconsistencies within the VCS decision, and may also give rise to the disrespect of the budgetary ceiling. Member States should thus be given the possibility to review and notify their VCS decision at the time of deciding on flexibility between pillars, i.e. by the end of 2019or shortly thereafter. However, this second VCS review with regard to calendar year 2020 should be limited to the extent necessary to adjust to the decision on the flexibility between pillars.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

Having regard to the opinion of the Committee of the Regions[2],

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Article 16 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council[3] provides that the annual ceiling for expenditure under the European Agricultural Guarantee Fund (EAGF) is to be constituted by the maximum amounts set for it under Council Regulation (EU, Euratom) No 1311/2013[4]. Pursuant to Article 26 of Regulation (EU) No 1306/2013 an adjustment rate of financial discipline is to be determined, when necessary, in order to ensure the respect of the annual ceilings set out in Regulation (EU, Euratom) No 1311/2013 for the financing of the market related expenditure and direct payments for the period 2014-2020. Regulation (EU) No 1311/2013 does not provide for ceilings for financial years after 2020. In order to ensure that the ceiling for the financing of the market related expenditure and direct payments is also respected in financial years after 2020, Articles 16 and 26 of Regulation (EU) No 1306/2013 need to refer, for those financial years, to the amounts set under the EAGF in the Regulation to be adopted by the Council pursuant to Article 312(2) of the Treaty on the functioning of the European Union (TFEU) for the years 2021 to 2027.

(2) Flexibility between pillars is an optional transfer of funds between direct payments and rural development. Under Article 14 of Regulation (EU) No 1307/2013 of the European Parliament

1 OJ C […], […], p. […].

2 OJ C […], […], p. […].

3 Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

4 Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

and of the Council[5], Member States may make use of this flexibility as regards the calendar years 2014 to 2019. In order to ensure that Member States are able to keep their own strategy, Regulation (EU) 2019/288 of the European Parliament and of the Council[6] extended the flexibility between pillars to calendar year 2020, i.e. financial year 2021. Article 14 of Regulation (EU) No 1307/2013 currently provides for the transfer from rural development to direct payments as a percentage of the amount allocated to support financed under the European Agricultural Fund for Rural Development (EAFRD) in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU. Since the relevant Union legislation will not be adopted by the time the Member States need to notify their decision to transfer, it is appropriate to provide for the possibility to continue to apply that flexibility and to establish the maximum amount that may be transferred. The maximum absolute amount per Member States is calculated on the basis of the maximum percentages provided for in Article 14(2) of Regulation (EU) No 1307/2013 to be applied to the amounts to be allocated to support for types of interventions for rural development under the proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council[7].

(3) In accordance with Article 53(6) of Regulation (EU) No 1307/2013, Member States currently have the option to review by 1 August 2019 the percentage of their national ceiling for direct payments that they allocate to voluntary coupled support (VCS), as well as their detailed support decisions from year 2020. Member States will only notify their decision on transfer from their direct payments envelope to the rural development envelope, if any, by 31 December 2019, and on transfer from their rural development envelope to the direct payments envelope shortly thereafter. However, such decision will affect their national ceiling for direct payments for calendar year 2020. In order to maintain consistency between the detailed support decisions and the VCS budgetary ceiling, it is appropriate to allow Member States to review, to the extent necessary to adjust to their decision relating to flexibility between pillars, the percentage allocated to VCS, as well as the detailed support decisions. Consequently, the relevant notification deadline should also be shortly after 31 December 2019. As that review is limited to the extent necessary for Member States to adjust to their decision relating to flexibility between pillars, Member States should explain in their notification the link between the review and that decision.

(4) Regulations (EU) No 1306/2013 and (EU) No 1307/2013 should therefore be amended accordingly.

(5) In order to enable the amendments provided for in this Regulation to be applied as soon as possible, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union,

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[5] Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

[6] Regulation (EU) 2019/288 of the European Parliament and of the Council of 13 February 2019 amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 (OJ L 53, 22.2.2019, p. 14).

[7] COM(2018)392.

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 1306/2013

Regulation (EU) No 1306/2013 is amended as follows:

(1) in Article 16, paragraph 1 is replaced by the following:

‘1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom) No 1311/2013 and under the Regulation adopted by the Council pursuant to Article 312(2) TFEU for the years 2021 to 2027.’;

(2) in Article 26, paragraph 1 is replaced by the following:

‘1. In order to ensure that the annual ceilings referred to in Article 16 for the financing of the market related expenditure and direct payments are respected, an adjustment rate for direct payments ("the adjustment rate") shall be determined when the forecasts for the financing of the measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded.’.

Article 2

Amendments to Regulation (EU) No 1307/2013

Regulation (EU) No 1307/2013 is amended as follows:

(1) in Article 14(2), the sixth subparagraph is replaced by the following:

‘By [OPOCE: 7 days after entry into force of this Regulation], Member States may decide to make available for calendar year 2020 as direct payments an amount not higher than the amount set out in Annex VIa. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD for financial year 2021. That decision shall be notified to the Commission by [OPOCE: 7 days after entry into force of this Regulation] and shall set out the amount to be transferred.’;

(2) in Article 53, paragraph 6 is replaced by the following:

‘6. Member States may, by 1 August of any given year, review their decision pursuant to this Chapter.

By [OPOCE: 7 days after entry into force of this Regulation], Member States may also review their decision pursuant to this Chapter to the extent necessary to adjust to the decision on flexibility between pillars for calendar year 2020 taken in accordance with Article 14.

By way of a review pursuant to the first and second subparagraphs, Member States may decide with effect from the following year:

(a) to leave unchanged, increase or decrease the percentage fixed pursuant to paragraphs 1, 2 and 3, within the limits laid down therein where applicable, or to leave unchanged or decrease the percentage fixed pursuant to paragraph 4;

(b) to modify the conditions for granting the support;

(c) to cease granting the support under this Chapter.

Member States shall notify the Commission of any decision relating to a review pursuant to the first and second subparagraphs by the respective dates referred to in those subparagraphs. The notification of the decision relating to a review pursuant to the second subparagraph shall explain the link between the review and the decision on flexibility between pillars for calendar year 2020 taken in accordance with Article 14.';

(3) Annex VIa is inserted, the text of which is set out in the Annex to this Regulation.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament *The President*	*For the Council* *The President*

<u>LEGISLATIVE FINANCIAL STATEMENT</u>

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

A) Proposal for a Regulation of the European Parliament and of the Council laying down transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013 (EU), (EU) No 229/2013 (EU) and No 1308/2013 as regards resources and their distribution in the year 2021 and amending No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and applicability in the year 2021

B) Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1306/2013 as regards financial discipline as from financial year 2021 and Regulation (EU) No 1307/2013 as regards flexibility between pillars in respect of the year 2020

1.2. Policy area(s) concerned *(Programme cluster)*

Programme cluster 8 - Agriculture & Maritime Policy under Heading 3 of the Multiannual Financial Framework (MFF) 2021-2027 – Natural Resources and Environment

1.3. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project/preparatory action[8]

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.4. Grounds for the proposal/initiative

1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The present proposal aims at ensuring continuity of certain elements of the Common Agricultural Policy (CAP) for a one-year transitional period from the 2014-2020 period until the application of the rules for the CAP strategic plans further to the Commission proposal (COM(2018) 392 final). Further explanations are part of the explanatory memorandum to the present proposals and in point 1.4.1 of the legislative financial statement that accompanied the Commission proposal for the period post 2020 COM(2018) 392 final).

1.4.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

See point 1.4.1 of the legislative financial statement to COM(2018) 392 final.

8 As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

1.4.3. Lessons learned from similar experiences in the past

N/A

1.4.4. Compatibility and possible synergy with other appropriate instruments

N/A

1.5. Duration and financial impact

☒ **limited duration**

– ☒ in effect from 01/01/2021 to 31/12/2021

– ☒ Financial impact in 2021 for commitment appropriations (2022 for direct payments) and for 2021 and beyond for payment appropriations.

☐ **unlimited duration**

Implementation with a start-up period from YYYY to YYYY, followed by full-scale operation.

1.6. Management mode(s) planned[9]

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☒ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– ☐ international organisations and their agencies (to be specified);

– ☐the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;

– ☐ public law bodies;

– ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

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

9 Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

No substantive change compared to the existing legislation

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

With a view to ensuring smooth continuity in the necessary transition to the CAP strategic plans, this proposal maintains existing management modes through shared management as well as payment and control modalities for the necessary period. As such it builds on the well-functionning systems already set up by the Member States.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The steady low error rate levels under the CAP in the most recent years show that the management and control systems set up by the Member States function properly and provide reasonable assurance. The transitional provisions provide for status quo as regards control systems.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)

The proposals maintains status quo as regards controls.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

No changes proposed to the existing measures.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

The amounts included in the transitional proposal are in line with amounts proposed for the CAP under Heading 3 in the proposal covering the Multiannual financial framework for the period 2021-2027 for the relevant financial years in COM (2018) 322 final/2.

Therefore, for market-related expenditure financed by the EAGF, allocations under Regulation (EU) No 1308/2013 will be adjusted to the level which were proposed for the same sectors in the proposal on support for the CAP strategic plans (COM (2018) 392 final), for financial year 2021. Also the allocations for the outermost regions and the Aegean islands in Regulations (EU) No 228/2013 and (EU) No 229/2013 are adjusted to the level already proposed for the year 2021 (cf. COM(2018) 394 final).

The proposed direct payments allocations for calendar year 2021, which are financed in financial year 2022, equals the allocations proposed for direct payments types of interventions for calendar year 2021 in COM (2018) 392 final.

For the sake of ensuring continuity of rural development, the proposal adds allocations for 2021. These equal the amounts which were proposed for rural development types of interventions for the same year in COM (2018) 392 final. In case where the Member States decide not to extend their 2014-2020 rural development programmes, the unused allocations for 2021 are to be reprogrammed to the 2022-2025 allocations for the CAP Strategic plan.

The reserve for agricultural crises referred to in Article 25 of Regulation (EU) No 1306/2013 as existing in the 2014-2020 period is proposed to be maintained for the transitional period.

Overall, this proposal means that, as regards commitment appropriations, the proposal has no financial impact for the period 2021-2027 compared to what was proposed and described in the financial statement that accompanied the Commission proposal for the CAP for the period post 2020 (COM (2018) 392 final). As regards payment appropriations, the estimated potential impact is explained below but will depend on Member States' decision as regards the extension of the 2014-2020 rural development programmes.

The financial implications given below reflect the estimated changes compared to the implications set out in the legislative financial statement that accompanied the Commission proposal for the CAP for the period post 2020 (COM (2018) 392 final).

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

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Heading 3: Natural Ressources and Environment	Diff./Non-diff.[10]	from EFTA countries[11]	from candidate countries[12]	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
3		Non-diff.	NO	NO	NO	NO

[10] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

[11] EFTA: European Free Trade Association.

[12] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework	**3**	Natural ressources and environment

For **EAGF,** the proposal has no impact on overall expenditure compared to the estimates described in the financial statement that accompanied the Commission proposal for the CAP for the period post 2020 (COM (2018) 392 final). The transitional proposal, ensuring continuity of a number of sectoral aid programmes under Regulation (EU) No 1308/2013 (i.e. fruit and vegetables, olive oil, apiculture, wine and hops) until the integration of these programmes under the CAP Plan, implies that the commitments estimated for the sectoral types of interventions under the CAP Plan will remain as market related expenditure outside the CAP Plan for the transitional period. The same applies for direct payments where commitments foreseen under the CAP Plan will remain as direct payments outside the CAP Plan for the transitional period. These changes, as well as the financing of the crisis reserve proposed to be maintained in the transitional period, are neutral as regards overall commitments within each year and for the period and therefore coherent with the Commission proposal as regards the EAGF subceiling for the 2021 – 2027 period.

As regards the **EAFRD**, the proposal remains neutral in terms of commitment appropriations for the period. The decision of Member States as regards the extension of the 2014-2020 rural development programmes will affect the timing of commitments given that the 2021 EAFRD allocations are to transferred to the 2022-2025 EAFRD allocations where no extention is requested by the Member States.

The net impact on the timing of payment appropriations cannot be quantified at present as it will depend on Member States' decisions which can either delay or accelerate the implementation of payments compared to the timing estimated in the legislative financial statement that accompanied the Commission proposal for the CAP for the period post 2020 (COM (2018) 392 final): extensions of the 2014-2020 rural development programmes are expected to accelerate the payment profile for the given Member States/programmes whereas transfers of the unused 2021 allocations to the 2022-2025 allocations will delay the payments. Overall, payment appropriations remain unchanged for the period.

			2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	***Post 2027***	**TOTAL**
SUBTOTAL EAGF	Commitments	(1)									
	Payments	(2)									

SUBTOTAL EAFRD	Commitments	(3)									
	Payments	(4)									
TOTAL appropriations for the CAP	Commitments	(5)=(1+3)									
	Payments	(6)=(2+4)									

Heading of multiannual financial framework	7	'Administrative expenditure'

EUR million (to three decimal places)

		2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	***Post 2027***	**TOTAL**
Human resources										
Other administrative expenditure										
TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)									

EUR million (to three decimal places)

		2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	***Post 2027***	**TOTAL**
TOTAL appropriations across HEADINGS of the multiannual financial framework	Commitments									
	Payments									

3.2.2. *Summary of estimated impact on appropriations of an administrative nature*

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

The proposal does not modify the impact estimated in the legislative financial statement accompanying the Commission proposal for the period post 2020 (cf. COM(2018) 392).

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
HEADING 7 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 7 of the multiannual financial framework								
Outside HEADING 7[13] of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 7 of the multiannual financial framework								
TOTAL								

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that 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.

13 Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.2.1. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources.

– ☒ The proposal/initiative requires the use of human resources, as explained below:

The proposal does not modify the requirements estimated in the legislative financial statement accompanying the Commission proposal for the period post 2020 (cf. COM(2018) 392).

Estimate to be expressed in full time equivalent units

Years		**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
• Establishment plan posts (officials and temporary staff)								
Headquarters and Commission's Representation Offices								
Delegations								
Research								
• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED [14] Heading 7								
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters							
	- in Delegations							
Financed from the envelope of the programme [15]	- at Headquarters							
	- in Delegations							
Research								
Other (specify)								
TOTAL								

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 staff	
External staff	

[14] AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

[15] Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.3. *Third-party contributions*

The proposal/initiative:

– ☒ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

☐ on own resources

☒ on other revenue

please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative[16]						
	2021	2022	2023	2024	2025	2026	2027
67 01 & 67 02[17]							

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

In addition to the lines mentioned in the legislative financial statement that accompanied the Commission proposal for the CAP for the period post 2020 (COM (2018) 392 final), the following budget line will be affected in the transitional period

08 02 YY Direct payments outside the CAP Plan

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[16] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.

[17] The impact on revenue cannot be quantified at present. An initial estimate will be made in the frame of the Draft Budget 2021.