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Delegations will find attached document COM(2025) 519 final.

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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

FINANCIAL REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE EUROPEAN AGRICULTURAL GUARANTEE FUND AND THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT

2024 FINANCIAL YEAR

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1. BUDGET PROCEDURE

The reformed CAP for the period 2023-2027 introduced a strategic approach and a new delivery model focused on performance and results. The new CAP consolidates largely the two existing funds – the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) - under the single umbrella of the CAP strategic plans covering funding for income support, rural development and support for certain sectors. However, there are still market measures, which continue to be implemented outside the CAP strategic plans under the new CAP. 2024 was the second year of implementation of the CAP strategic plans.

1.1. Financial Framework 2021-2027

Expenditure of the Common Agricultural Policy (CAP) is funded within the multiannual financial framework for the years 2021-2027 as provided for in Council Regulation (EU, Euratom) 2020/2093[1]. Specifically, CAP expenditure is part of the ceiling fixed for Heading 3 - Natural Resources and Environment. Within that overall ceiling, a specific sub-ceiling has been fixed for market related expenditure and direct payments financed by the EAGF.

The EAGF sub-ceiling was adjusted following the transfer of certain amounts from direct payments to rural development financed by the EAFRD, as well as the transfer from rural development to direct payments. In addition, some adjustments have been done in the framework of the MFF mid-term revision in 2024, as laid down in Council Regulation (EU, Euratom) 2024/765[2]. Therefore, on the basis of Commission Implementing Regulation (EU) 2021/128[3] setting the net balance available for EAGF expenditure and its subsequent amendments, the CAP amounts included in Heading 3 of the multiannual financial framework (2021-2027) are:

Table 1 *(in EUR million; current prices)*

Heading 3*	2021	2022	2023	2024	2025	2026	2027
Total	**55 713.0**	**53 365.9**	**53 626.9**	**53 757.9**	**53 890.9**	**54 021.9**	**54 155.9**
of which:							
- Market related expenditure and direct payments, a), b), c), d)	**40 368.0**	**40 638.2**	**40 692.2**	**40 602.1**	**40 528.9**	**40 541.2**	**40 495.8**
- Rural development a), b), c)	**15 345.0**	**12 727.7**	**12 934.7**	**13 155.8**	**13 226.0**	**13 331.7**	**13 505.1**
External Assigned Revenues	2021	2022	2023	2024	2025	2026	2027
NGEU e)	**2 387.70**	**5 682.80**					

* Natural Resources and Environment related to the CAP

a) After annual transfers from EAGF to EAFRD for the financial years 2021-2023 totalling EUR 3 463.1 million on the basis of article 14(1) of Regulation (EU) No 1307/2013, and for the financial years 2024-2027 totalling 7 123.8 million on the basis of Article 103(1)(a) and 103(2) of Regulation (EU) 2021/2115.

[1] OJ L 433I, 22.12.2020, p. 11.

[2] OJ L, 2024/765, 29.2.2024, *ELI:* http://data.europa.eu/eli/reg/2024/765/oj.

[3] OJ L 40, 4.2.2021, p. 8.

b) After annual transfers from EAFRD to EAGF for the financial years 2021-2023 totalling EUR 1 633.4 million on the basis of article 14(2) of Regulation (EU) No 1307/2013, and for the financial years 2024-2027 totalling 2 360.9 million on the basis of Article 103(1)(b) and 103(3) of Regulation (EU) 2021/2115.

c) After annual transfers from EAGF to EAFRD for the financial years 2021-2023 totalling EUR 171.9 million on the basis of Article 7(2) of Regulation (EU) No 1307/2013, and for the financial years 2024-2027 totalling 20 million on the basis of article Article 17(5) of Regulation (EU) 2021/2115.

d) After a reduction totalling EUR 440 million for years 2025-2027 following the MFF mid-term revision.

e) Article 58(a) Regulation (EU) No 1305/2013.

1.2. Draft Budget 2024, Amending Letter 1/2024 and adoption of the 2024 Budget

The initial Draft Budget 2024 was adopted by the European Commission and proposed to the Budgetary Authority on 5 July 2023. The Council adopted its position on the Draft Budget 2024 on 5 September 2023. The Commission presented the Letter of Amendment No 1/2024 to the draft general budget of the European Union on 9 October 2023, whereas the European Parliament adopted its position on 18 October 2023.

The President of the Council convened the Conciliation Committee on 23 October 2023. The Conciliation Committee agreed on a joint text that was approved by the Council on 20 November 2023 and by the Parliament on 23 November 2023.

The voted budget's total commitment appropriations for the EAGF amounted to EUR 40 517.3 million and its payment appropriations amounted to EUR 40 505.5 million.

The voted budget's total commitment appropriations for the EAFRD amounted to EUR 13 155.8 million and its payment appropriations amounted to EUR 11 991.9 million.

Further details on the amounts related to the Commission's Draft Budget 2024 as well as the Council's and European Parliament's positions, the Amending Letter and the approved budget are provided in annex 1.

As regards assigned revenue, at the time of establishing the 2024 budget, the amount expected to be collected in the course of the 2024 budget year was estimated at EUR 400 million for the EAGF and EUR 200 million for the EAFRD.

The estimated assigned revenue from EAGF was taken into account for the financing needs of the basic income support for sustainability when the Budgetary Authority adopted the 2024 budget. For details on the cashing, use and eventual carryover of the assigned revenue please consult annexes 2 and 3.

2. IMPLEMENTATION OF THE 2024 BUDGET FOR EAGF AND EAFRD

2.1. European Agricultural Guarantee Fund (EAGF)

Article 21(1) of Regulation (EU) 2021/2116[4] states that monthly payments shall be made by the Commission for expenditure effected by Member States' accredited paying

[4] OJ L 435, 6.12.2021, p. 187.

agencies during the reference month. Monthly payments shall be made to each Member State at the latest on the third working day of the second month following that in which the expenditure is effected.

The monthly payments are a reimbursement of net expenditure (after deduction of revenue) which has already been carried out and are made available on the basis of the monthly declarations submitted by the Member States [5]. The monthly booking of expenditure and revenue is subject to checks and corrections on the basis of these declarations. Moreover, these payments become final following the Commission's verifications under the clearance of accounts procedure.

Payments made by the Member States from 16 October 2023 to 15 October 2024 are covered by the system for monthly payments.

For the whole financial year, the total of the decided amounts of monthly payments was EUR 40 437.6 million. Taking into account recovered amounts from clearance decisions, a total of EUR 40 011.7 million has effectively been paid to Member States.

2.1.1. Monthly payments

The Commission adopted a payment decision for each of the twelve periods of the financial year.

For details, see annex 4.

2.1.2. Reductions of monthly payments

For some measures financed by the EAGF, financial ceilings are determined in the Union legislation. Where it is established based on the declaration of expenditure that these financial ceilings have been exceeded, reductions to the monthly payments are applied for the part of the expenditure exceeding these ceilings which is considered as “non eligible expenditure”. In 2024, reductions for a net amount of EUR 5.8 million were made to the monthly payments effected to the Member States in relation to the overruns of financial ceilings.

2.1.3. Direct management expenditure by the Commission

The Commission makes payments under direct management for certain measures. These are mainly related to operational technical assistance and promotion measures implemented trough multi programmes and actions. For details, see tables 2 and 3. Details concerning voted appropriations implemented under direct management by the Commission during financial year 2024 for operational and administrative expenditures are presented in annexes 5 and 6.

[5] These monthly declarations of expenditure are transmitted by the Member States by the 7th of the month N+1.

Table 2 *(in EUR; current prices)*

Operational technical assistance EAGF	
Budget Item: 08.020603	
Description	
Farm Sustainability data Network (FSDN)	
Satellite imagery and data purchase	
Farm structure and agricultural surveys	
Information technology	
CAP information measures	
Corporate Communication	
Audit and Controls	
Studies and evaluations	
Total committed	**146 630 268.57**
Total paid	**120 339 755.99**

Table 3 *(in EUR; current prices)*

Promotion of agricultural products — Multi programmes and actions implemented by the Commission under direct management	
Budget Item: 08.020303	
Description	
Promotion programmes (multi), high level missions, technical assistance and experts	
Total committed voted appropriations	**77 773 000.00**
Total committed assigned revenue (C5 credits)	**3 066 568.32**
Total paid	**55 922 342.57**

2.2. European Agricultural Fund for Rural Development (EAFRD) and European Union Recovery Instrument (EURI)

Article 31(1) of Regulation (EU) 2021/2116 [6] states that following its implementing decision approving the CAP Strategic Plan, the Commission shall pay an initial prefinancing amount to the Member State for the entire duration of the CAP Strategic Plan. Article 32 of Regulation (EU) 2021/2116 also provides for interim payments to be made for each CAP Strategic Plan in order to reimburse the expenditure effected by the accredited paying agencies in implementing the CAP Strategic Plans.

Referring to the completion of Rural Development Programs approved under Regulation (EU) No 1306/2013, Article 34 of the said Regulation states that the combined total of prefinancing and interim payments cannot exceed 95% of the EAFRD's contribution to each Rural Development Program. Subject to the availability of resources, the Commission shall, taking account of reductions or suspensions applied under Article 41, make interim payments in order to reimburse the expenditure effected by accredited paying agencies in implementing the programmes.

As mentioned in Article 37 of Regulation (EU) No 1306/2013, after receiving the last annual progress report on the implementation of a rural development programme, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force, of the annual accounts for the last execution year for the relevant Rural Development Program and of the corresponding clearance decision.

2.2.1. Payments

The Commission proceeds with reimbursement for each quarterly declaration of expenditure of the financial year.

For details, see annex 7.

2.2.2. Reductions of payments

In 2024, reductions for a net amount of EUR 285.2 million were made to the payments effected to the Member States based on the quarterly declarations of expenditure 2024. For measures financed by the EAFRD, financial ceilings are determined in accordance with the legislation. Expenditure exceeding these ceilings is considered as "non eligible expenditure" and leads to reductions of the payments.

2.2.3. Expenditure under direct management by the Commission

The Commission makes payments under direct management for certain measures and actions, mainly related to operational technical assistance. For details, please see tables 4 and 5. Details concerning voted appropriations implemented under direct management by

[6] OJ L 435, 6.12.2021, p. 187.

the Commission during financial year 2024 for operational expenditure are presented in annexes 5 and 6.

Table 4 *(in EUR; current prices)*

Technical assistance EAFRD Implementation of commitment appropriations	
Budget Item: 08.030200	*(in EUR)*
Description	
Networking Activities in Support of the Common Agricultural Policy (CAP)	
Information technology	
Technical Advisory Platform for Financial Instruments	
Corporate Communication	
Studies and evaluations	
Audit and Controls	
European Evaluation Network	
Organic agriculture database	
Total committed	**27 989 102.58**
Total paid	**21 483 103.23**

Table 5 *(in EUR; current prices)*

Technical assistance EURI Implementation of commitment appropriations	
Budget Item: 08.030300	*(in EUR)*
Description	
Long-term vision for the EU's rural areas	
Information technology	
Total committed	**-**
Total paid	**926 542.00**

3. THE UPTAKE OF THE EAGF AND EAFRD APPROPRIATIONS

3.1. European Agricultural Guarantee Fund (EAGF)

The implementation of the EAGF appropriations amounted to EUR 40 810.0 million. This expenditure was funded by the budget's initial appropriations and by using revenue assigned to the EAGF. From the EUR 568.8 million revenue assigned to the EAGF, collected in 2024 (of which EUR 555.8 million from shared management), EUR 1.9 million was used to cover payment needs.

Within chapter 08 01, the EAGF commitments for administrative support expenditure under article 08 01 01, amounted to EUR 4.3 million.

Within chapter 08 02, the overall EAGF expenditure for market-related interventions, under the CAP plans (budget article 08 02 02) and outside the CAP plans (budget article 08 02 03) amounted to EUR 2 739.5 million. Additionally, EUR 3 million in assigned revenue was spent for promotion through multi programmes[7].

Direct payments in financial year 2024 were implemented under the CAP plans (budget article 08 02 04) in accordance with the rules provided for in Regulation (EU) 2021/2115, and outside the CAP plans (budget article 08 02 05), in accordance with the rules provided for in Regulation (EU) No 1307/2013[8]. The related expenditure amounted to EUR 37 427.3 million.

Additionally, EUR 465.5 million was used from the agricultural reserve to finance various exceptional support measures.

Finally, EUR 169.6 million were committed under articles 08 02 06 – Policy strategy, coordination and audit (of which EUR 146.6 million for technical assistance) and EUR 0.7 million under 08 02 99 – Completion of previous programmes and activities.

The under-execution for the EAGF was EUR 566.9 million in assigned revenue appropriations, which were carried over to year 2025. Furthermore, the unused appropriations from the agricultural reserve amounted to EUR 366.5 million. The full amount was carried over to the 2025 agricultural reserve, in line with the provisions of Article 16(2) of Regulation 2021/2116, partially for financing the remaining expenditure related to the 2024 exceptional measures.

For details of the budget implementation by policy area as well as on the use of the assigned revenue please consult annex 8, annex 9, annex 10, annex 11 and annex 12.

3.2. European Agricultural Fund for Rural Development (EAFRD) and European Union Recovery Instrument (EURI)

The implementation of the EAFRD commitment appropriations amounted to EUR 13 155.9 million (annex 13). This commitment was funded by the voted budget's initial appropriations and by using the EAFRD internal assigned revenues.

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[7] The total expenditure for promotion multi-programmes (direct management) amounted to EUR 80.8 million.

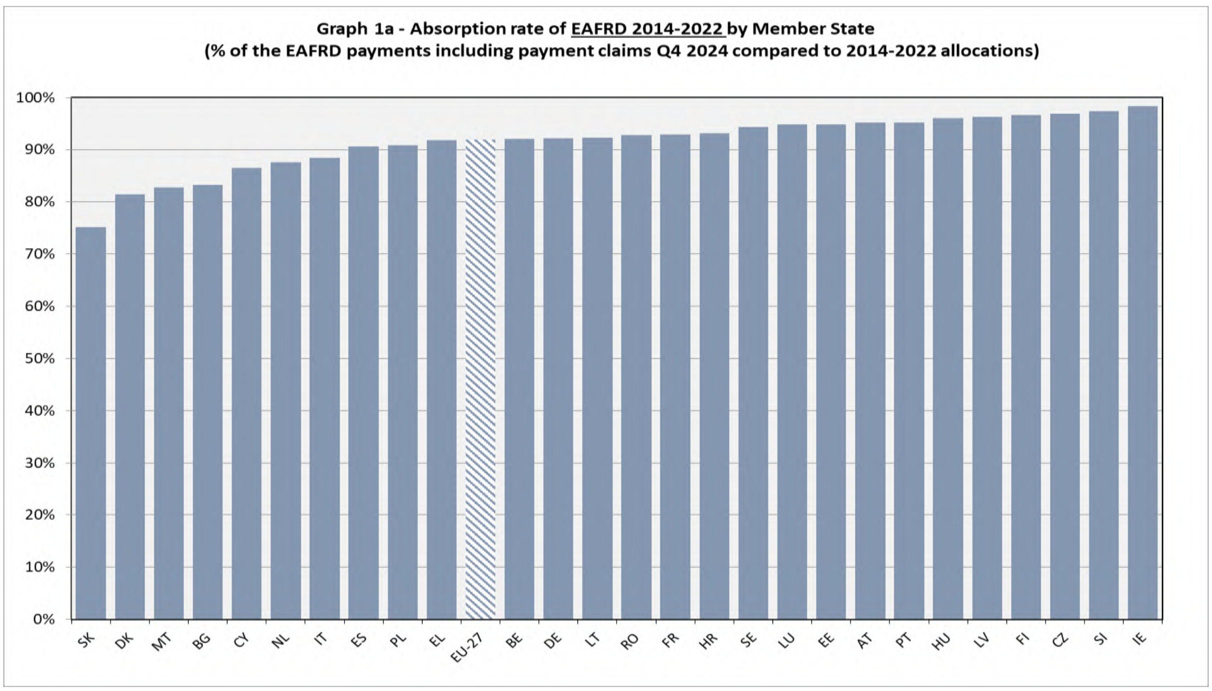
[8] OJ L 347, 20.12.2013, p. 608.

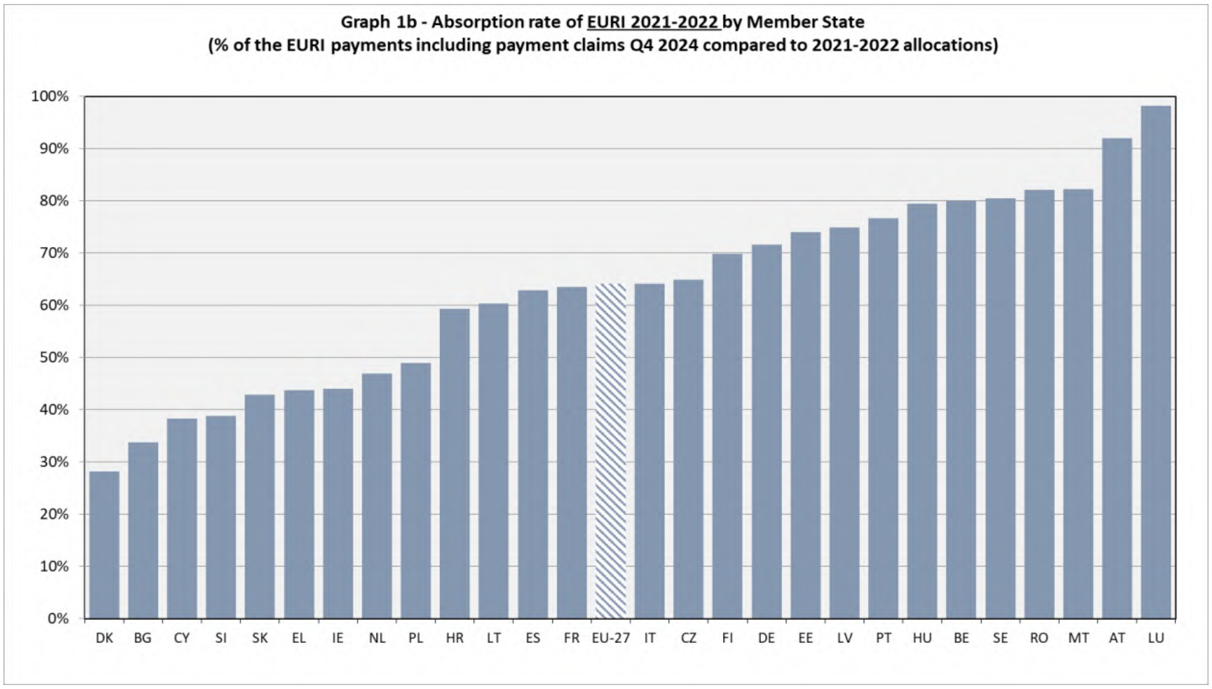
Within chapter 08 01, the EAFRD committed amount was EUR 2.2 million for administrative support to the program.

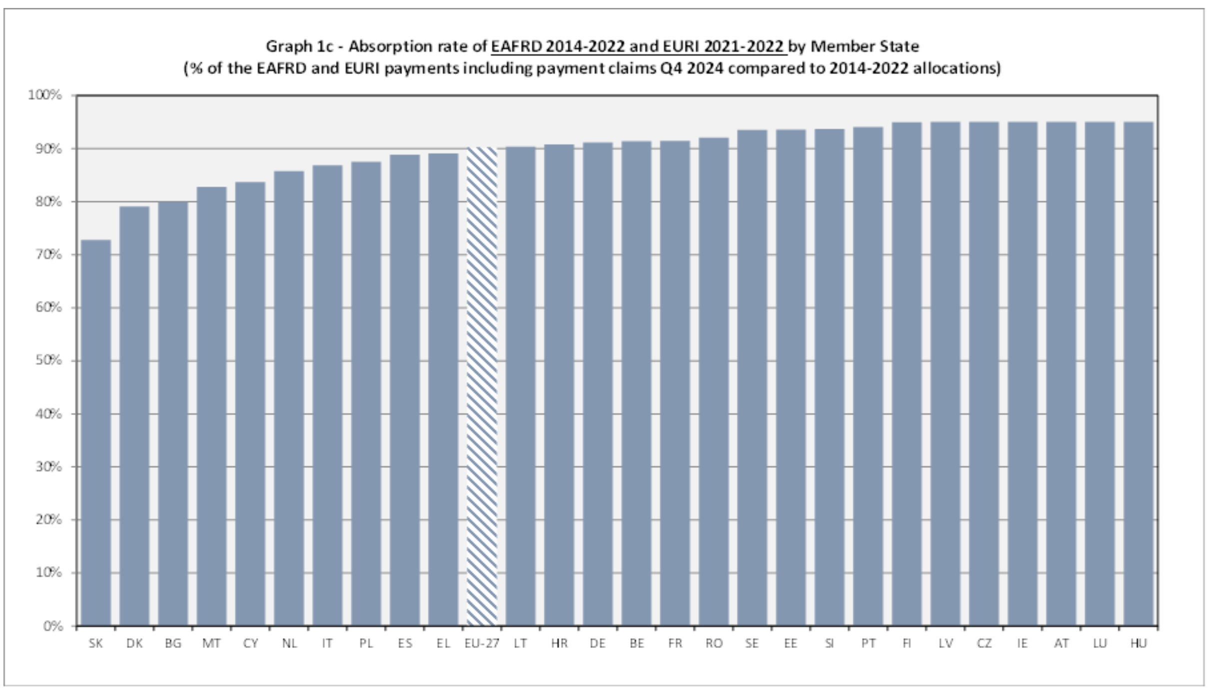
Within chapter 08 03, beside the committed amount related to the implementation of types of intervention under the CAP Strategic Plans (EUR 13 125.5 million) there was:

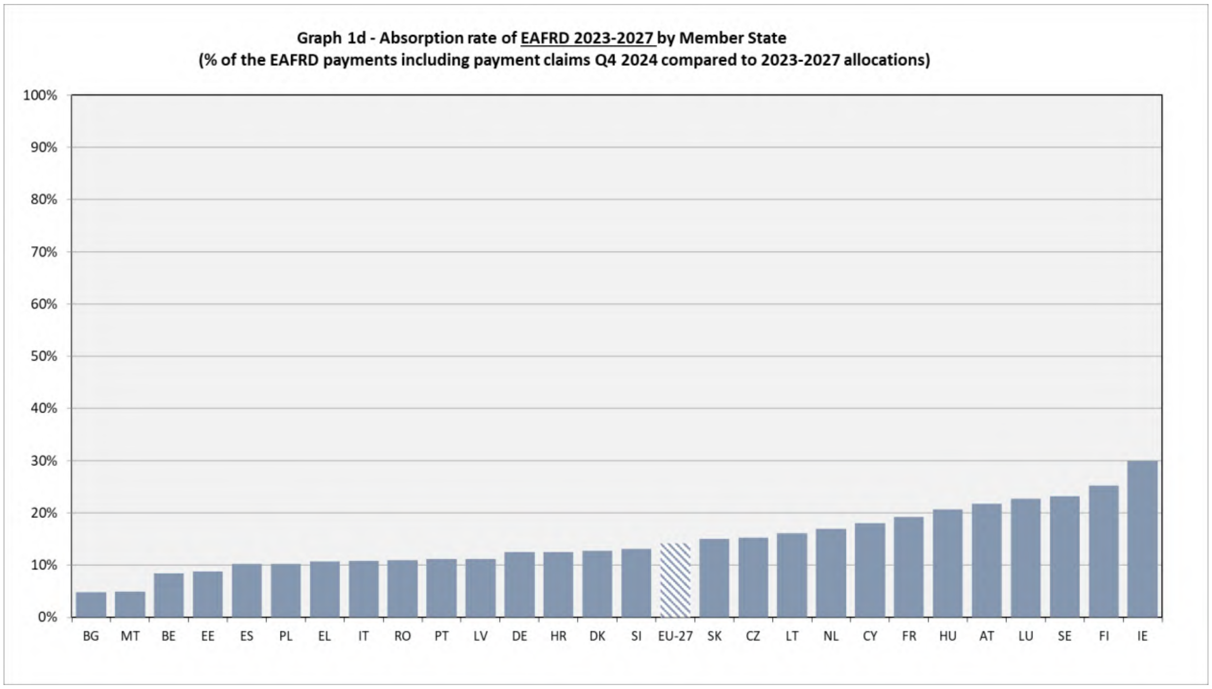
- EUR 28.0 million committed amount for operational technical assistance
- EUR 0.2 million committed amount for payback operations for Rural development Programmes in the previous periods (prior to 2023).

Absorption rate of EAFRD 2014-2022 and EAFRD 2023-2027 by Member State (Graphs 1a-d):




Graph 1b - Absorption rate of EURI 2021-2022 by Member State
(% of the EURI payments including payment claims Q4 2024 compared to 2021-2022 allocations)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
DK BG CY SI SK EL IE NL PL HR LT ES FR EU-27 IT CZ FI DE EE LV PT HU BE SE RO MT AT LU


Graph 1c - Absorption rate of EAFRD 2014-2022 and EURI 2021-2022 by Member State
(% of the EAFRD and EURI payments including payment claims Q4 2024 compared to 2014-2022 allocations)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
SK DK BG MT CY NL IT PL ES EL EU-27 LT HR DE BE FR RO SE EE SI PT FI LV CZ IE AT LU HU



For details of the budget implementation by Member State and by policy area as well as on the use of the assigned revenue please consult annexes 14 to 17.

4. CONTROL MEASURES

4.1. Introduction

In accordance with the EU legislation and as in previous years, the 2024 agricultural expenditure was submitted to a comprehensive system of control measures.

The controls are carried out by the paying agencies or by delegated bodies operating under their supervision and effective, dissuasive and proportionate sanctions are imposed if the controls reveal non-compliance with EU rules. In addition, for most regimes which are not subject to the Integrated Administration and Control System, on top of the primary and secondary control levels, ex-post controls must be carried out.

4.2. Integrated Administration and Control System (IACS)

Regulation (EU) No 1306/2013, Commission Delegated Regulation (EU) No 640/2014[9] and Commission Implementing Regulation (EU) No 809/2014[10] as well as Regulation (EU) 2021/2116, Commission Delegated Regulation (EU) 2022/1172[11] and Commission Implementing Regulation (EU) 2022/1173[12] contain the rules on the IACS.

9 OJ L 181, 20.6.2014, p. 48.
10 OJ L 227, 31.7.2014, p. 69.
11 OJ L 183, 8.7.2022, p. 12.
12 OJ L 183, 8.7.2022, p. 23.

The DG AGRI Annual Activity Report[13] (AAR) for 2024 contains detailed information on expenditure covered by IACS in Annex 7, Part 2, A.2.3.a) (pages 144-148). The relevant components of the IACS are also applicable to the rural development measures that are based on area or number of animals. Such measures include, inter alia, agri-environment and animal welfare measures, less-favoured areas and areas with environmental restrictions, and afforestation of agricultural land.

4.3. Application of Chapter III of Title V of Regulation (EU) No 1306/2013 and Chapter III of Title IV of Regulation (EU) 2021/2116 (scrutiny of transactions)

In 2024, the scrutiny of transactions control system provided for under Chapter III of Title V of Regulation (EU) No 1306/2013 and Chapter III of Title IV of Regulation (EU) 2021/2116 applied. It comprised an ex-post control system complementing the sectorial control systems described above.

In 2024, Member States’ scrutiny services completed controls in respect of operations to which payments were made in financial year 2022. The annual reports in respect of the respective scrutiny period (July 2023 - June 2024) show that Member States completed 89 % of the planned scrutinies at the end of the scrutiny reporting period. The rate of irregularities from those completed scrutinies is 1.1 %.

5. CLEARANCE OF ACCOUNTS

5.1. Conformity clearance

It is primarily the Member States' responsibility to ensure that transactions are carried out and executed correctly via a system of control and dissuasive sanctions. Where Member States fail to meet this requirement, the Commission applies financial corrections to protect the financial interests of the EU.

The conformity clearance under the CAP applicable in financial year 2024 relates to the legality and regularity of transactions. It is designed to exclude expenditure from EU financing which has not been effected in compliance with EU rules.

Details on audits carried out in 2024 can be found in the AAR, table 2.1.2a).1-2 (page 37).

Conformity clearance decisions adopted in 2024, including financial corrections in a number of sectors, are listed in the AAR, table Annex 7 – Part 3 A.b.1)-1 (page 176).

The following conformity clearance decisions had a financial impact on the 2024 budget:

- Decision (EU) 2023/2494 of 15 November 2023 – ad hoc decision 72 MS, with a net decided amount of EUR 89.6 million in favour of the EAGF and EUR 50.6 million in favour of the EAFRD.

[13] The DG AGRI Annual Activity Reports can be found at: https://commission.europa.eu/publications/annual-activity-report-2024-agriculture-and-rural-development_en

- Decision (EU) EU 2023/2492 of 15 November 2023 – ad hoc decision 72 UK, with a net decided amount of EUR 0.9 million in favour of the EAFRD.
- Decision (EU) EU 2024/1690 of 12 June 2024 – ad-hoc decision 73, with a net decided amount of EUR 130.5 million in favour of the EAGF and EUR 78.8 in favour of the EAFRD.

After accounting for the execution of a number of judgements of the Court of Justice of the European Union in favour of Member States and the release of payment suspensions, the overall financial impact of those decisions for the funds was EUR 220.1 million in favour of the EAGF and EUR 115.9 million in favour of the EAFRD.

The financial corrections in conformity clearance decisions up to 2024 are detailed in Annex 18.

For Commission Implementing Decision (EU) 2023/2494 and Commission Implementing Decision (EU) 2024/1690, due to the relative magnitude of corrections compared to certain Member States' gross domestic product, upon requests of the Member States concerned, the Commission decided that the following corrections could be paid in 3 equal annual instalments.

Table 6 *(in EUR million; current prices)*

Decision number	**Member State**	**Amount to be paid in instalments**	
		EAGF	**EAFRD**
72	Bulgaria	2.8	18.0
73	Bulgaria	17.8	1.7
73	Romania	10.6	30.7
73	Slovakia	0.0	14.5

On 15 February 2024, Member States reported the information from outstanding amounts to be recovered at the end of financial year 2023. These amount to EUR 410.4 million for the EAGF, EAFRD, and the Temporary Rural Development Instrument (TRDI), and they are presented in the AAR, table Annex 7 – Part 3 A.b.2)-1 (page 179).

The outstanding amount still to be recovered from beneficiaries at the end of the financial year 2024 was EUR 2 014 million for all the funds. The financial consequences for Member States for non-recovery of EAGF, EAFRD and TRDI cases within 4 years from the date of the recovery request (for new cases[14]) or Primary administrative or judicial

[14] Irregularities cases for which primary administrative or juridical finding (PACA) was not established before the 16 October 2014. In case the PACA was established before that date, the cases are to be classified as "old cases"

finding – PACA - (for old cases), or within 8 years where recovery is taken to the national courts, amounted to EUR 31.1 million. During financial year 2024, around EUR 11.6 million was borne at 100% by the EU budget[15] for EAGF, EAFRD and TRDI.

5.2. Financial clearance

An overview of the financial clearance decisions adopted in 2024 can be found in table 7.

Table 7 *(in EUR million; current prices)*

Fund	Decision Number	Adoption Date	Financial Year	Declared expenditure cleared	PA concerned
EAGF	Decision (EU) 2024/1458	24.5.2024	2023	40 774,46	All MS PAs
EAGF	Decision (EU) 2024/2849	11.11.2024	2023	-1.49	4 UK PAs
EAFRD 2014-2022	Decision (EU) 2024/1431	24.5.2024	2023	15 780, 10	All MS PAs
EAFRD 2023-2027	Decision (EU) 2024/1433	24.5.2024	2023	-10 845,47	ALL MS PAs
EAFRD	Decision (EU) 2024/2851	11.11.2024	2023	278.90	4 UK PAs

5.3. Appeals brought before the Court of Justice of the European Union against clearance decisions

A summary of cases lodged to the General Court and the Court of Justice can be found in Annex 19.

15 Cases declared irrecoverable as per provision of Article 54(3) of Regulation (EU) No 1306/2013.

6. RELATIONS WITH PARLIAMENT AND WITH THE EUROPEAN COURT OF AUDITORS

6.1. Relations with Parliament

The European Parliament (EP) is, together with the Council, part of the EU's Budgetary Authority. It is, thus, one of the most important discussion partners of the Commission on budgetary matters and, therefore, on the EAGF and EAFRD.

Three EP committees are involved in the discussions and the preparation for the plenary on agricultural budgetary matters. These are the Committee on Agriculture and Rural Development, the Committee on Budgets and the Committee on Budgetary Control.

Since 2014 the Committee on Agriculture and Rural Development provides an opinion on the discharge procedure to the Committee on Budgetary Control.

The Committee on Budgetary Control (CONT) controls the correct implementation of the budget and drafts the report proposing to the Parliament to grant the discharge and making recommendations to the Commission or to Member States.

The European Parliament granted discharge to the Commission, in respect to the implementation of the general budget of the European Union for the 2023 financial year, by a vote in plenary on a Parliamentary Decision, which took place on 7 May 2025.

6.2. Relations with the European Court of Auditors

The European Court of Auditors (ECA) is the external independent auditor of the European Union. A summary of the findings and conclusions of the ECA for financial year 2023 is provided in the AAR, point 2.2 (page 52).