



Press Release

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Farmers' incomes: Commission has "no adequate data", say EU Auditors

The European Commission's system for assessing how EU measures under the Common Agricultural Policy (CAP) support farmers' incomes is not well-enough designed and has significant limitations, according to a new report from the European Court of Auditors. As a result, there is no adequate data demonstrating that the support for farmers' incomes under the CAP makes an effective and efficient contribution to its objectives, say the auditors.

Between 2014 and 2020, about €270 billion – a third of the EU budget – will go directly or indirectly towards supporting farmers' incomes. This is intended contribute to viable food production throughout the EU and help farmers maintain fair living standards.

Under new CAP rules, the Commission has to assess the impact of farm subsidies in relation to their objectives. The auditors examined the design of the Commission's performance measurement system for farmers' incomes and whether the necessary statistical data was properly defined and of an appropriate quality. They found that the system was not sufficiently well-designed and that the data had significant limitations.

"These key indicators, on which the Commission has to base its assessments, are not sufficiently reliable and are not linked clearly enough to CAP measures," said Mrs Rasa Budbergytė, the Member of the European Court of Auditors responsible for the report. "As they stand, they are of no use in showing whether the subsidies have achieved their desired effect and reduced the income gap between farmers and others."

No representative data is available on the disposable income of farm households, say the auditors, and there is no reliable system for comparing agricultural incomes with those in other sectors in order to justify support for farmers. Nor did the Commission or the Member States always ensure that the data used was of an appropriate quality. Vague objectives for some CAP measures and the absence of a baseline make it difficult to assess whether they will achieve their objectives.

The auditors visited six Member States which, between them, account for more than half the gross value added of European agriculture and whose farmers receive more than half the EU budget for agriculture, primarily in the form of direct payments: Germany, Spain, France, the Netherlands, Poland and Romania.

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu

ECA Press

Mark Rogerson – Spokesperson T: (+352) 4398 47063

Damijan Fišer – Press Officer T: (+352) 4398 45410

12, rue Alcide De Gasperi - L-1615 Luxembourg

E: press@eca.europa.eu @EUAuditorsECA eca.europa.eu

M: (+352) 691 55 30 63

M: (+352) 621 55 22 24

The auditors recommend that the Commission:

- develop a more comprehensive framework for providing information on disposable income and for comparing farmers' incomes with incomes in other sectors of the economy;
- further develop the main farm income measurement tools so their potential can be better achieved;
- ensure that the analysis of farmers' incomes is based on indicators, taking account of the current situation of agriculture, and on sufficient and consistent data for all CAP beneficiaries. This could be done by developing synergies between existing administrative data or by developing other suitable statistical tools;
- enhance the present quality assurance arrangements for the farm income statistics established by the Member States.

From the outset of the next programming period, the Commission should:

- define appropriate operational objectives and baselines against which the performance of the CAP measures can be compared;
- complement its current framework of performance indicators for evaluations with other relevant and good-quality data in order to measure the results achieved;
- and assess the effectiveness and efficiency of the measures designed to support farmers' incomes.

Notes to Editors

The main tools currently available at EU-level for measuring farmers' incomes are the economic accounts for agriculture (EAAs) and the farm accountancy data network (FADN). The EAAs are the Commission's main statistical source for monitoring farmers' incomes at a macroeconomic level. However, their potential has not yet been fully exploited, and they are not sufficiently informative about important factors that are relevant for farmers' incomes and for the economic value of agriculture as a whole. The FADN provides income data for agricultural holdings, but has its limitations: the income information available is incomplete, and a significant number of recipients of EU payments are not included.

For both the EAAs and the FADN, the Court found weaknesses in the management by the Commission and the Member States, and found that quality assurance procedures for the data were not yet entirely effective. This limits the Commission's ability to show the extent to which EU measures aimed at supporting farmers' incomes have achieved their objectives.

Special Report No 1/2016 *"Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?"* is available in 23 EU languages.