



22.11.2024

BUDGETARY ASSESSMENT

of the Committee on Budgets

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2020/2220 as regards specific measures under the European Agricultural Fund for Rural Development (EAFRD) to provide additional assistance to Member States affected by natural disasters (COM(2024)0495 – C10-0148/2024 – 2024/0274(COD))

Rapporteur for budgetary assessment: Hélder Sousa Silva

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The Committee on Budgets has carried out a budgetary assessment of the proposal under Rule 58 of the Rules of Procedure and has reached the following conclusions:

- having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union¹,
 - having regard to Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027²,
 - having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources³,
- A. whereas the recent natural disasters in the EU linked to climate change have had a devastating effect on the rural populations living and working in the regions concerned, destroying a considerable amount of agricultural and forestry production potential, resulting in significant losses of income for farmers, forest holders and rural businesses in those regions, aggravating vulnerabilities in the European food system as a consequence of these disasters and posing a risk to EU food security and the availability of traditional products;
- B. whereas the budgetary assessment examines the immediate impact as well as the more indirect implications of an initiative or legislative proposal from a budgetary angle;
- C. whereas according to the Rules of Procedure, the budgetary assessment shall examine whether the proposal for a legally binding act provides for sufficient financial and human resources, and shall evaluate the potential impact of the financing proposed on other Union programmes or policies; whereas it is also to determine whether the proposal is compatible with the multiannual financial framework, the system of own resources and the corresponding interinstitutional agreement, as well as the budgetary principles laid down in Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the

¹ OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

² OJ L 433I, 22.12.2020, p. 11, ELI: <http://data.europa.eu/eli/reg/2020/2093/oj>.

³ OJ L 433I, 22.12.2020, p. 28, ELI: http://data.europa.eu/eli/agree_interinstit/2020/1222/oj.

Council⁴;

- D. whereas Parliament strives to align its legislative and budgetary competences in order to strengthen its institutional role in the decision-making process;
 - E. whereas Parliament has called for and supported previous initiatives to enhance the EU budget's crisis-response capacity by modifying the eligibility criteria, in view of the repurposing of allocations under shared management funds; whereas it was understood that such modifications should not impact national pre-allocations of the cohesion policy and common agricultural policy funds;
 - F. whereas part of the EAFRD's operational programme commitments, including those funded by assigned revenue under the NextGenerationEU borrowing scheme, are spread across 10 Member States and, as of October 2024, are at risk of de-commitment under the N+3 rule of the applicable 2014-2022 EAFRD legal framework;
 - G. whereas the legislative amendment is meant to allow for greater budgetary flexibility in reallocating funding for new measures under the EAFRD, in order to provide additional targeted assistance and flexibility to Member States affected by natural disasters which have occurred since 1 January 2024;
 - H. whereas the main purpose of the amending regulation is to help farmers, forest holders and specific small and medium-sized enterprises (SMEs) most affected by natural disasters by providing targeted liquidity, including in the form of lump sum payments of up to EUR 42 000 per beneficiary;
1. Notes that the Commission claims that the proposal is overall budget neutral in terms of commitments; observes, nevertheless, a series of budgetary implications;
 2. Recalls that Parliament has repeatedly called for more resources for the EU Solidarity Fund, in view of the increasing number and intensity of natural disasters and the need to speed up and simplify procedures so that support reaches Member States and regions hit by natural disasters more quickly; highlights the need for administrative simplification to allow swift deployment of the funds and the use of lump sums for farmers, traditional product producers, foresters and SMEs;
 3. Recalls that Parliament has repeatedly criticised the use of previously planned funding as an emergency response tool and maintains that this approach risks undermining the longer-term policy and investment objectives as set out in the EAFRD legal framework; acknowledges, however, that the present proposal offers a pragmatic solution for dealing with insufficient budgetary flexibility and crisis-response capacity in the EU budget, in order to provide a rapid response to the needs of the affected populations;
 4. Acknowledges that, in the context of slow take-up of rural development funds in certain Member States and implementation rates of less than 75 % on several lines, flexibility measures can be justified;
 5. Regrets that there is no legislative financial statement, nor any reference in the Amending

⁴ OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

Letter 1/2025 comparable to the legislative financial statement annexed to the RESTORE proposal⁵, which would clarify and quantify the implications for the payment profile; recalls that this has direct consequences for the Member States' national contributions to the EU budget; requests that the Commission provide such information;

6. Welcomes the tangible financial support to farmers, including small, low-income farmers and traditional product producers, foresters and SMEs who are victims of natural disasters such as severe floods, droughts and wildfires, as a concrete expression of European solidarity; acknowledges the need to swiftly address the income losses that EU farmers, foresters as well as SMEs active in the processing, marketing or development of agricultural and forestry products are facing due to recent devastating climate-related disasters; welcomes the fact that the financial support provided through the present proposal should prioritise support measures based on the 'build back better' principle, paving the way for more comprehensive and preventive EU support for fostering preparedness and resilience in the EU's rural areas; stresses the need for additional financial support for subsistence agriculture, low-income farmers and traditional product producers; highlights that additional funding for rural areas could be made available under the EU Civil Protection Mechanism of the 2025 EU annual budget;
7. Recalls the general observation that, for most types of EU grant funding, a 100 % EU co-financing rate, while delivering effective results, raises questions in terms of lower overall available amounts for policy and programme implementation as well as in terms of national, regional and local ownership; is convinced, however, that in cases of disaster relief and the need for urgent liquidity support, it is eminently justifiable; highlights the need to consult affected farmers, foresters, SMEs and stakeholders in order to provide realistic and targeted support;
8. Recalls that a voluntary reduction of the non-regression threshold could result in a lower level of expenditure eligible to be counted against the pertinent 'mainstreaming targets' of the EU budget's horizontal priorities, while acknowledging the need for such flexibilities in order to reallocate funding for the new measure and the existing sub-measure for the restoration of agricultural production potential, particularly in a manner that enhances resilience;
9. Observes that a secondary purpose of the measure is the prevention of imminent de-commitments of not-yet-consumed budgetary commitments made in the years 2021 and 2022; considers that this has consequences for the level of availabilities under Step 3a of the Cascade mechanism (de-commitment compartment of the EURI special instrument) which is anchored in the recently revised multiannual financial framework regulation;
10. Considers that, in the longer term, more developed and genuine budgetary flexibility should allow, in comparable cases, budget transfers to be made in order to use the money under a dedicated expenditure instrument with a budget line, legal base and governance framework which are better suited to emergency response and liquidity support;
11. Concludes that the proposal for a regulation of the European Parliament and of the

⁵ Proposal for a regulation of the European Parliament and of the Council of 21 October 2024 entitled 'RESTORE – Regional Emergency Support to Reconstruction amending Regulation (EU) 2021/1058 and Regulation (EU) 2021/105 (COM(2024)0496).

Council amending Regulation (EU) 2020/2220 as regards specific measures under the European Agricultural Fund for Rural Development (EAFRD) to provide additional assistance to Member States affected by natural disasters is compatible with the elements referred to in Rule 58(3) of the Rules of Procedure.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPOREUR FOR BUDGETARY ASSESSMENT HAS
RECEIVED INPUT**

The rapporteur for budgetary assessment declares under his exclusive responsibility that he did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

PROCEDURE – COMMITTEE ASKED FOR BUDGETARY ASSESSMENT

Title	Specific measures under the European Agricultural Fund for Rural Development (EAFRD) to provide additional assistance to Member States affected by natural disasters
References	COM(2024)0495 – C10-0148/2024 – 2024/0274(COD)
Committee(s) responsible	AGRI
Date announced in plenary	BUDG 13.11.2024
Rapporteur for budgetary assessment Date appointed	Hélder Sousa Silva 13.11.2024
Discussed in committee	21.11.2024
Date adopted	21.11.2024
Result of final vote	+: 31 –: 0 0: 0
Members present for the final vote	Georgios Aftias, Isabel Benjumea Benjumea, Tomasz Buczek, Tamás Deutsch, Angéline Furet, Thomas Geisel, Jean-Marc Germain, Sandra Gómez López, Fabienne Keller, Janusz Lewandowski, Giuseppe Lupo, Ignazio Roberto Marino, Fernando Navarrete Rojas, Matjaž Nemeč, Danuše Nerudová, Ruggero Razza, Bogdan Rzońca, Hélder Sousa Silva, Nicolae Ștefănuță, Joachim Streit, Carla Tavares, Nils Ušakovs, Auke Zijlstra
Substitutes present for the final vote	Moritz Körner, Tiago Moreira de Sá
Members under Rule 216(7) present for the final vote	Christophe Bay, Udo Bullmann, Andrzej Buła, Gheorghe Falcă, Ștefan Mușoiu, Jan-Christoph Oetjen

**FINAL VOTE BY ROLL CALL
IN COMMITTEE ASKED FOR BUDGETARY ASSESSMENT**

31	+
ECR	Ruggero Razza, Bogdan Rzońca
NI	Thomas Geisel
PPE	Georgios Aftias, Isabel Benjumea Benjumea, Andrzej Buła, Gheorghe Falcă, Janusz Lewandowski, Fernando Navarrete Rojas, Danuše Nerudová, Hélder Sousa Silva
PfE	Christophe Bay, Tomasz Buczek, Tamás Deutsch, Angéline Furet, Tiago Moreira de Sá, Auke Zijlstra
Renew	Fabienne Keller, Moritz Körner, Jan-Christoph Oetjen, Joachim Streit
S&D	Udo Bullmann, Jean-Marc Germain, Sandra Gómez López, Giuseppe Lupo, Ștefan Mușoiu, Matjaž Nemeč, Carla Tavares, Nils Ušakovs
Verts/ALE	Ignazio Roberto Marino, Nicolae Ștefănuță

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0	0

Key to symbols:

+ : in favour

- : against

0 : abstention