



Northern Ireland
Assembly

Research and Information Service Briefing Note

Paper 166/11

21st November 2011

NIAR 836-11

Mark Allen

European Commission Disallowance relating to the CAP and Single Farm Payment system

1 European Commission Disallowance – background and data

As the EU's external auditor, the European Court of Auditors has a responsibility to check *"...that EU funds are correctly accounted for and spent in compliance with the rules and legislation, with due consideration for achieving best value for money, irrespective of where the funds are spent."*¹

In performing this function the European Court of Auditors delivers reports that are used by the European Commission, Parliament, Council and individual member states to improve financial management across the EU.

¹ [European Court of Auditors website, 21st November 2011](#)

In relation to the auditing of the Common Agricultural Policy the European Court of Auditors have visited Northern Ireland in 2006, 2008 and 2009 and accordingly made recommendations to the European Commission in terms of areas of concern that could lead to disallowance.

Table 1 below contains data provided by the European Commission on the total levels of CAP disallowance between 2005-2011. This period was selected as the Single Farm Payment (SFP) model was introduced in 1995.

The UK (NI included) was one of the first member states to introduce the SFP in 2005 and this may be one of the reasons why the UK has such a high level of disallowance (4th highest total disallowance in Europe and 2nd highest for area aids disallowance).

By way of explanation, disallowances for Area Aid Corrections include problems with Land Parcel Information System/GIS ie how field boundaries are determined to enable drawdown of Single Farm Payments – which have been the main cause of disallowance for NI between 2005 and 2011.

Country	Total Corrections 2005-2011	Area Aid Corrections 2005-2011	Area Aid Disallowance as % of total corrections
Greece	-1,486,850,776.74	-472,199,413.38	32%
Italy	-834,400,248.98	-181,521,771.95	22%
Spain	-826,110,851.94	-27,082,009.91	3%
UK	-613,394,374.59	-300,812,080.17	49%
France	-513,556,225.94	-158,374,025.38	31%
Netherlands	-148,700,342.89	-18,873,463.95	13%
Denmark	-141,335,126.06	-126,857,704.71	90%
Romania	-121,265,422.24	-80,985,338.42	67%
Poland	-113,079,026.86	-53,415,348.87	47%
Sweden	-96,494,426.77	-78,070,986.16	81%
Portugal	-80,409,862.59	-32,906,382.24	41%
Germany	-56,960,321.14	-9,302,549.32	16%
Bulgaria	-44,755,849.56	-37,477,367.89	84%
Hungary	-23,787,041.06	-12,608,255.64	53%
Belgium	-16,487,608.42	-	-
Ireland	-14,574,475.41	-714,928.24	5%
Cyprus	-12,652,451.29	-8,723,828.44	69%
Finland	-12,436,837.04	-1,401,525.78	11%
Austria	-6,265,759.47	-1,512,160.82	24%
Slovenia	-5,749,685.82	-1,052,201.42	18%
Luxembourg	-4,309,115.02	-1,427,329.24	33%
Slovakia	-3,080,766.00	-	-
Lithuania	-2,414,510.90	-1,635,684.69	68%
Czech Republic	-956,815.98	-	-

Malta	-366,755.01	-38,516.65	11%
Estonia	-91,645.35	-61,403.11	67%
Latvia	-11,272.55	-11,272.55	100%

Table 1: Financial Corrections in conformity clearance decisions adopted 2005-2011- figures in € and provided by the European Commission

According to the Ministerial statement made by the DARD Minister on the 21st November 2011, NI's total disallowance up to and including 2009 has been calculated as £80.6 (equating to €93.7m - exchange rate on 21/11/11) and this works out as 15% of the UK total corrections between 2005 and 2011.

NI's population is 1,799,400 which equates as 2.9% of the total UK population².

² Mid year population estimates for the UK at 30 June 2010, Office of National Statistics, published on 26th September 2011.