



TEXTS ADOPTED

Provisional edition

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Discharge 2014: EU general budget - European Commission and executive agencies

1. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the Commission's report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission communication of 3 June 2015 entitled 'Synthesis of the Commission's management achievements in 2014 (COM(2015)0279), and to the accompanying Annexes,
- having regard to the Commission's annual evaluation report on the Union's finances based on the results achieved (COM(2015)0313) and to the accompanying Commission staff working documents (SWD(2015)0124, SWD(2015)0125),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2014, together with the institutions' replies³, and to the Court of Auditors' special reports,

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 373, 10.11.2015, p. 1.

- having regard to the statement of assurance¹ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
 - having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2014 (05583/2016 – C8-0042/2016),
 - having regard to the Communication from the Commission of 8 October 2015 to the European Parliament, the Council and the Court of Auditors on Protection of the EU budget to end 2014 (COM(2015)0503),
 - having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Articles 62, 164, 165 and 166 thereof,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014¹;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ C 377, 13.11.2015, p. 146.

² OJ L 298, 26.10.2012, p. 1.

2. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014²,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)³,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2014⁴,
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors’ report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2014, together with the Agency’s reply⁵,
- having regard to the statement of assurance⁶ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general

¹ Texts adopted of that date, P8_TA-PROV(2016)0148.

² OJ L 51, 20.2.2014.

³ OJ C 377, 13.11.2015, p. 1.

⁴ OJ C 367, 5.11.2015, p. 2.

⁵ OJ C 409, 9.12.2015, p. 73.

⁶ OJ C 377, 13.11.2015, p. 146.

budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC⁴,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 343, 19.12.2013, p. 46.

⁵ Texts adopted of that date, P8_TA-PROV(2016)0148.

3. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2014³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2014, together with the Agency’s reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 367, 5.11.2015, p. 9.

⁴ OJ C 409, 9.12.2015, p. 90.

⁵ OJ C 377, 13.11.2015, p. 146.

budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC⁴,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) discharge in respect of the implementation of the Agency's budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation), the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 73.

⁵ Texts adopted of that date, P8_TA-PROV(2016)0148.

4. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Consumers, Health and Food Executive Agency) for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Consumers, Health and Food Executive Agency) for the financial year 2014³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors’ report on the annual accounts of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Consumers, Health and Food Executive Agency) for the financial year 2014, together with the Agency’s reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 367, 5.11.2015, p. 2.

⁴ OJ C 409, 9.12.2015, p. 56.

⁵ OJ C 377, 13.11.2015, p. 146.

budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/770/EU of 17 December 2003 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC⁴,
 - having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the ‘Consumers, Health and Food Executive Agency’ into the ‘Consumers, Health, Agriculture and Food Executive Agency’⁵,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Consumers, Health and Food Executive Agency) discharge in respect of the implementation of the Agency’s budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁶;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 69.

⁵ OJ L 363, 18.12.2014, p. 183.

⁶ Texts adopted of that date, P8_TA-PROV(2016)0148.

decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Consumers, Health and Food Executive Agency), the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

5. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2014³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors’ report on the annual accounts of the European Research Council Executive Agency for the financial year 2014, together with the Agency’s reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 367, 5.11.2015, p. 12.

⁴ OJ C 409, 9.12.2015, p. 247.

⁵ OJ C 377, 13.11.2015, p. 146.

budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC⁴,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 346, 20.12.2013, p. 58.

⁵ Texts adopted of that date, P8_TA-PROV(2016)0148.

6. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2014³,
- having regard to the Commission's report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors' report on the annual accounts of the Research Executive Agency for the financial year 2014, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 367, 5.11.2015, p. 10.

⁴ OJ C 409, 9.12.2015, p. 379.

⁵ OJ C 377, 13.11.2015, p. 146.

⁶ OJ L 298, 26.10.2012, p. 1.

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC³,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 346, 20.12.2013, p. 54.

⁴ Texts adopted of that date, P8_TA-PROV(2016)0148.

7. European Parliament decision of 28 April 2016 on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2014 (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the final annual accounts of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2014³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors’ report on the annual accounts of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2014, together with the Agency’s reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 367, 5.11.2015, p. 10.

⁴ OJ C 409, 9.12.2015, p. 362.

⁵ OJ C 377, 13.11.2015, p. 146.

- budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC⁴,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) discharge in respect of the implementation of the Agency's budget for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency), the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 352, 24.12.2013, p. 65.

⁵ Texts adopted of that date, P8_TA-PROV(2016)0148.

8. European Parliament decision of 28 April 2016 on the closure of the accounts of the general budget of the European Union for the financial year 2014, Section III – Commission (2015/2154(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0199/2015)²,
- having regard to the Commission's report on the follow-up to the discharge for the 2013 financial year (COM(2015)0505), and to the accompanying Commission staff working documents (SWD(2015)0194, SWD(2015)0195),
- having regard to the Commission communication of 3 June 2015 entitled 'Synthesis of the Commission's management achievements in 2014 (COM(2015)0279), and to the accompanying Annexes,
- having regard to the Commission's annual evaluation report on the Union's finances based on the results achieved (COM(2015)0313) and to the accompanying Commission staff working documents (SWD(2015)0124, SWD(2015)0125),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2014 (COM(2015)0441), and to the accompanying Commission staff working document (SWD(2015)0170),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2014, together with the institutions' replies³, and to the Court of Auditors' special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2014 (05583/2016 – C8-0042/2016),
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2014 (05585/2016 – C8-0040/2016),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 373, 10.11.2015, p. 1.

⁴ OJ C 377, 13.11.2015, p. 146.

- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Articles 62, 164, 165 and 166 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2014;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies, and in its resolution of 28 April 2016 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2014⁴;
 3. Instructs its President to forward this decision to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 298, 26.10.2012, p. 1.

³ OJ L 11, 16.1.2003, p. 1.

⁴ Texts adopted of that date, P8_TA-PROV(2016)0148.

9. European Parliament resolution of 28 April 2016 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies (2015/2154(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission,
 - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2014,
 - having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0140/2016),
- A. whereas Union spending contributes significantly to achieving policy objectives and represents on average 1,9 % of Union Member States' public expenditures, however in some particular cases well over 10 %;
- B. whereas when the Parliament grants discharge to the Commission it verifies, on the one hand, whether funds have been spent legally and regularly, and on the other hand, whether policy goals have been achieved, appropriate results reached and the principles of sound financial management and a “performance culture” respected;
- C. whereas the 2014 discharge procedure covers a year in which two programming periods coincide and that in many cases recorded spending is related to 2007-2013 programming period;
- D. whereas the main 2014 Commission discharge priorities are the following ones:
- (a) adoption of a strengthened performance-based and result-oriented approach to contribute to a balance between its traditional way and implementation of new elements reflecting the current and future needs for Union finance;
 - (b) focus on 2014 as the first year of a new programming period introduced with important results-orientated elements;
 - (c) outline some improvement in data availability and disposability to assess real benefits;
 - (d) include in the discharge process some evaluation of the quality of the regulatory framework for the allocation of Union budget expenditure;
 - (e) approach the discharge process not exclusively as it is related to the particular year, but as a continuous process; of which follow-up constitutes a substantial part;

- (f) approach the discharge process from the perspective of the close relationship between the Union budget and the new Union macroeconomic policy paradigm¹, keeping in mind the genuine aim of the Union budget to contribute to achievement of Union sectoral policy goals;
 - (g) approach the discharge process as an important platform for policy recommendations to be applied and implemented in Union financing;
- E. whereas the new aspects of the 2014-2020 new Multiannual Financial Framework (MFF) that are relevant for the 2014 Commission discharge are:
- (a) thematic concentration - Union funding should support only priority areas, not everything; priorities should be precisely defined and backed by quantitative analysis and feasible plans to achieve them, where appropriate; the set of priorities should be sharply limited; priorities should be covered by substantial funding to reach real results and benefits;
 - (b) an integrated and place-based approach and synergies - programmes and projects should bring not only their own results and benefits, but the results and benefits should complement those of other programmes and projects through synergies while respecting the subsidiarity and proportionality principle; synergies should be achieved within a given territorial area; for that system to function, it is important to create a management matrix to create appropriate conditions for integrated projects;
 - (c) conditionalities and performance reserve - sound financial management principles are based on the fact that Union funding is allocated in appropriate national fiscal, macroeconomic and institutional circumstances that serve as a precondition for funding itself; on the other hand, as a bonus for good performers, a performance reserve has been introduced;
 - (d) simplification - the system of Union funding is extraordinarily complicated in several ways, which presents an impediment to effective management and to measuring real results and benefits;
 - (e) better quantified results - it is important to measure effectively the results that have been achieved and to draw policy lessons from these observations; it is therefore crucial to improve benchmarking and systems for data analysis and also for management to focus on such data and on other indicators of improvement;
- F. whereas the Commission is ultimately responsible for the implementation of the Union budget while the Member States have a duty of sincere cooperation with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management; whereas Member States, especially in the context of a shared management of funds, have a special responsibility for implementing the Union budget;
- G. whereas it is crucial that, where a shared management of funds is concerned, the data communicated by the Member States are fair and accurate; whereas it is crucial that

¹ Europe 2020 Strategy; European Semester; Six-Pack, Two-Pack; Country Specific Recommendations (CSRs) among others; close compliance with the CSRs as a benchmark for effective EU budget expenditure allocation could be the way.

Member States understand their own responsibility for the management of Union funds under shared management;

A. GENERAL CHAPTERS

Commission commitments with regard to discharge priorities

1. Recalls that pursuant to Article 319(3) of the Treaty on the Functioning of the European Union: "The Commission shall take all appropriate steps to act on the observations in the decisions giving discharge and on other observations by the European Parliament relating to the execution of expenditure, as well as on comments accompanying the recommendations on discharge adopted by the Council";
2. Regrets that the Commission's answers remain ambiguous in a number of respects;
3. Notes the Commission proposal amending Regulation (EU, Euratom) No 883/2013, as regards the secretariat of the Supervisory Committee of the European Anti-Fraud Office (OLAF);
4. Calls again on the Commission to submit a communication to the Parliament in time for the mid-term review of the MFF with proposals on how the new and potential challenges requiring Union budgetary support could be met and explaining how it will in future reconcile long-term political objectives (such as the Europe 2020 Strategy) with the future, post-2020, MFF;
5. Reminds the Commission that the Court of Auditors ("the Court") has been asking for the establishment of a long-term cash flow plan for several years; calls on the Commission to submit such a plan before the end of 2016;
6. Calls on the Commission to revise the Code of Conduct for Commissioners in light of demands made in the 2014 Commission discharge resolution in time for the 2015 Commission discharge procedure;
7. Urges the Commission not to adopt the new framework for Commission expert groups until a meeting of Vice-President Timmermans, the European Ombudsman, key Members of Parliament and civil society has taken place to discuss the final issues concerning both the contents of the new horizontal rules and their implementation;
8. Calls on the Commission to instruct its directorates general to publish all country specific recommendations they have issued in the context of the European semester in their respective annual activity reports;

Strategy and mission: continuity and innovation

9. Notes the need to respect the existing discharge principles and new aspects and principles in the latest MFF; notes therefore the need for an innovative approach to evaluate the first year of the MFF and to adjust the approach to the discharge better to the changed needs and requirements in the Union budget;
10. Considers that the main innovation in the discharge's content should consist in striking an improved balance between on the one hand the formal and procedural matters of the Union budget's utilisation, and on the other performance-based and results-oriented approaches, while taking into account absorption capacity utilisation;

11. Underlines that in the past, the discharge procedure primarily verified the legality and regularity of financial transactions; believes, in the context of the Commission initiative 'An EU Budget Focused on Results', that more emphasis should also be given in future, beyond the above verifications, to examining whether the results achieved by projects and programmes match the intended objectives;
12. Notes that the discharge strives to create a common approach to the particular elements of Union budgetary policy, especially those that have been newly introduced, namely the performance aspects and the aspects related to the preventive and corrective capacity of supervisory and control systems;
13. Considers that a results-oriented budget requires strong, solid and commonly agreed indicators; notes, however, that these indicators still need to be agreed with the co-legislators, the Commission and through extensive consultation with Member States' authorities and other stakeholders. Welcomes in this sense the establishment of the inter-institutional working group on performance-based budgeting of results-oriented budget that has only recently started its work; encourages all parties involved to accelerate its work while ensuring that a high quality set of indicators is agreed;
14. Underlines that the main objective of the Union budget is to benefit Union citizens and, in parallel, to protect the Union's financial interests and comply with the obligations and objectives laid down in the Treaties; the benefits consist in support oriented towards development and current priorities compatible with the economic policy context and economic performance, also taking into account the necessary flexibility to cope with new situations that may arise and with emergencies; the protection of Union financial interests requires the correct utilisation of expenditures in line with rules and without errors or fraud. The discharge approach should contribute to reaching a balance between these elements;
15. Further underlines the Commission's obligation to ensure the correct application of Union law pursuant to Article 17 (1) TEU and asks the Court to prepare a special report on whether the Commission has made good use of its powers in supporting and controlling Member States when implementing Union law;

Getting results from the Union budget

16. Notes that the key principle for the 2014 Commission discharge is the soundness of financial flows and real programmes and projects behind them, in light of an assessment of the optimal utilisation of Union funds in all respects;
17. Welcomes the fact that the structure and content of the Court 2014 annual report follows the headings of the MFF and places greater emphasis on performance and results; appreciates that the shared management chapters of the report include, as a pilot exercise, the preliminary results of performance assessments of programmes;
18. Is aware that the move to an increased level of performance auditing cannot be done in a single step, as it is only once the basic legal acts and the budget are drafted with the intention to align policy objectives with qualitative indicators or to produce measurable results that performance audits can move forward;

19. Believes in this context that the MFF represents an important step forward by introducing ex-ante conditionalities, performance reserves, and more possibilities for simplification and synergies between funds;
20. Points out that since the periods covered by the Union's ten year strategy and its seven-year budgetary period are not aligned, the Commission's ability to monitor the contribution of the Union budget to the Europe 2020 Strategy is limited for the first half of the strategy period, albeit that all the data necessary for performing annual checks are available;
21. Points out, nevertheless, that the objectives and the budget for results must be geared to the objectives laid down in the Treaties, the Europe 2020 Strategy and sectoral and cohesion policies and must be sufficiently flexible so that it can be adapted to emergency situations that may arise, such as the economic crisis and/or the refugee crisis;
22. Notes that 2014 was a zero year of absorption for some programmes, funds and instruments of the 2014-2020 MFF due to the late adoption of the relevant regulations and the resulting late approval of secondary legislation and programming documents;
23. Recalls that the 2014-2020 MFF is the first to make fewer budgetary means available than its predecessors and that pressure on the payment ceilings is much greater than in previous MFFs;
24. Recalls that in its resolutions¹ accompanying the discharge decisions, the Parliament has since 2013 asked the Commission to focus its implementation of Article 318 of the Treaty on the Functioning of the European Union (TFEU) – concerning its evaluation report – on the implementation of the Union's ten-year growth and jobs strategy and its real performance and results; welcomes the fact that the Court has chosen to focus chapter 3 of its 2014 annual report on the Europe 2020 Strategy and asks the Court to continue and to develop this performance- and results-oriented approach;
25. Stresses that the architecture of the Europe 2020 Strategy is extremely complex (comprising five headline targets, seven flagship initiatives and 11 thematic objectives for the European Structural and Investment Funds (ESIFs)); notes that those various tools are not designed to translate the political objectives of the strategy into practical operational objectives, by means of synergies;
26. Regrets that despite some progress mentioned by the Court in its 2014 annual report², the Commission has so far only reported on the contribution of the Union budget to achieving the objectives of the Europe 2020 Strategy (in accordance with Article 318 TFEU) in an evaluation report in a limited way; points out that the 2007 – 2013 MFF

¹ European Parliament Resolution of 17 April 2013 with observations forming an integral part of the decisions on Discharge in respect of the implementation of the general budget of the Union for the financial year 2011, section III Commission and executive agencies (OJ L 308, 16.11.2013, p. 27), paragraph 328; European Parliament Resolution of 3 April 2014 concerning discharge for the financial year 2012 (OJ L 266, 5.9.2014, p. 32) paragraphs 314 and 315; European Parliament Resolution of 29 April 2015 concerning discharge for the financial year 2013 (OJ L 255, 30.9.2015, p. 27) paragraph 305.

² 2014 Court's Annual Report, point 3.10.

does not require comprehensive reporting on the Union budget contribution to the Europe 2020 Strategy objectives as was intended prior its adoption;

27. Welcomes the fact that some elements of an effective monitoring and reporting system are in place, in particular as regards the statistical tools created by Eurostat, but regrets that the Commission's review of the Europe 2020 Strategy has been delayed until early 2016 and that the results of public consultation on the Europe 2020 Strategy do not provide any substantial feedback for the role of Union funding;
28. Deplores the fact that high-level Europe 2020 Strategy targets are not systematically translated into operational objectives in partnership agreements and programmes; notes that current legislation does not require the European Agricultural Funds for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF) to be structured around thematic objectives;
29. Points out, as acknowledged by the Commission in its replies to the remarks made by the Court¹, that the Union's objectives are defined in the treaties and have to be pursued and respected (e.g. the common agricultural policy), and within this framework, the Union budget is allocated to the various activities and aligned as much as possible with the changing headline Union priorities (i.e. Lisbon strategy, Europe 2020 strategy);
30. Regrets that the potential benefits from achieving synergies between the five ESIFs by placing them under one umbrella of regulatory and management framework and one partnership agreement per Member State have not yet been realised and that different rules continue to apply at fund and thus at programme level; stresses that only carefully considered partnership agreements and programmes should be adopted in order to ensure an effective implementation of ESIFs;
31. Expects the Commission to report on the contribution of the Union budget to the achievement of Europe 2020 Strategy objectives; agrees that it is a challenging task to report consistently on the thematic objectives for all five ESIFs and hence on the contribution of these funds to the Europe 2020 Strategy; notes that the Commission must in 2017 deliver the first strategic report on the contribution to the Europe 2020 Strategy;
32. Underlines however that 3/4 of structural funds projects achieved their policy goals entirely or in parts and that only in 2 % of the cases none of the objectives set up in the operational programme or on the grant agreement were attained;
33. Observes that the Court has focused mainly on analysing consistency of Member States' partnership agreements with the Europe 2020 Strategy targets as a prerequisite for better performance; asks the Court to present information in its next annual report about translation of the Europe 2020 Strategy targets into expected achievements under other programmes and funds directly managed by the Commission;
34. Points out that the introduction of common performance indicators for each fund would be an important step, while regretting that:
 - (a) Member States are not required to include common indicators in their programmes, with the exception of the Youth Employment Initiative and EAFRD,

¹ 2014 annual report of the Court, point 3.5.

and results-based assessments do not form part of the initial control stage in the Member States;

- (b) except for two funds (the European Regional Development Fund (ERDF)) and the Cohesion Fund (CF), common indicators are not shared between different funds;
 - (c) milestones only exist for the performance framework whilst targets may lack ambition;
 - (d) the Commission continues to have limited capacity for performance monitoring and evaluation;
35. Takes note that according to the Court, there are inherent weaknesses in the performance framework of the common provisions regulation on ESIF¹, as poor results do not lead to the loss of the performance reserve for Member States and as the financial sanctions available to the Commission are limited; however, considers that before asking for sanctions a better system for performance measurement should be in place and potential sanctions should be preceded by a process of assisting Member States to improve performance;
36. Calls on the Commission to make fuller use of the scope afforded by existing legislation with regard to the performance reserve so as genuinely to create a financial incentive to improve financial management in practice; calls furthermore for greater use to be made of the performance reserve as an instrument to increase the element which is conditional on performance when the legislation is next revised²;
37. Takes note that the guidance given by the Commission's central services has improved in the annual reporting on performance by the directorates general (DGs), but reiterates that the DGs' objectives are not fit for management purposes and that difficulties remain with indicators for monitoring performance; notes also that all the indicators put in place in the preceding years to measure the progress of the Europe 2020 Strategy reforms at both Union and national levels have been removed from the annual activity report of the Secretary General of the Commission in 2014 and been included instead in the management plans and annual activity reports of operational DGs;
38. Requests that the Commission consider making proposals with a view to:
- (a) better aligning the MFF to the Europe 2020 strategy and proposing its revision if needed to better match the Europe 2020 Strategy;
 - (b) reflecting the high-level political goals of the Europe 2020 Strategy in Union-level objectives;
 - (c) making sure that partnership agreements and programmes translate the Union-level objectives into thematic objectives that can be linked to operational

¹ Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) and laying down general provisions on the ERDF, ESF, CF, EAFRD and EMFF and repealing Council Regulation (EC) No 1083/2006.

² Court's annual report for 2014, point 3.65.

objectives at the level of the Member States or in the programmes directly managed by the Commission;

39. Asks the Commission to propose to the legislator that:
- (a) Member States include in their partnership agreements and programmes a statement of the quantifiable results that the funding is intended to achieve, where appropriate;
 - (b) all partnership agreements and programmes include common results indicators, where possible shared by different funds, designed to monitor progress at the local, Member-State and Union level;
 - (c) the performance framework be based as far as possible on these common results indicators;
40. Asks the Commission to include in the next evaluation reports provided for in Article 318 TFEU an analysis of the efficiency, the effectiveness and the results achieved in terms of growth and jobs by the investment plan of EUR 315 billion announced by the President of the Commission Jean-Claude Juncker, on 26 November 2014 in the plenary session of the Parliament;

Follow-up of the 2013 Commission's discharge

41. Regrets that the overall error rate remained at almost the same level and that payments remained materially affected by error;

Chapter	2013		2014	
	Transactions	Error rate	Transactions / EUR	Error rate
Revenue	55	0,0 %	55	0,0 %
Competitiveness, Research, Education, Transport, Other Programmes	160	4,0 %	166 / 13 billion	5,6 %
Cohesion	343	5,3 %	331 / 55,7 billion	5,7 %
Regional and urban policy area	168	6,4 %	161	6,1 %

¹ The figures for 2013 have been recalculated to match the structure of annual report 2014 and thus to enable a comparison between the two years.

Employment and social affairs policy	175	3,1 %	170	3,7 %
Natural resources	360	4,4 %	359 / 57.5 billion	3,6 %
EAGF - market and direct support	180	3,6 %	183	2,9 %
Rural development, environment, climate action and fisheries	180	7,0 %	176	6,2 %
Global Europe	182	2,1 %	172 / 7,4 billion	2,7 %
Administration	135	1,1 %	129 / 8,8 billion	0,5 %
Total	1,180	4,5 %	1,157 / 142,4 billion	4,4 %

42. Regrets that a lack of reliability of the first-level checks performed by the Member States in shared management and weaknesses in excluding ineligible land from the Land Parcel Identification System (LPIS) still persist; points out that according to the Court's annual report for 2014 both the shared management areas and all other operational expenditure (which is mostly directly managed by the Commission) have an estimated error rate of 4,6 %; notes however that considerable remedial work had been carried out;
43. Notes with concern that implementation of the following recommendations and requirements in the 2013 Commission discharge is still pending:
- (a) a sanction system if Member States transmit incorrect programme information and declarations and in the case of false or incorrect reporting by paying agencies including the three following dimensions, namely inspection statistics, statements by the paying agencies, and the work carried out by the certification bodies;
 - (b) publishing, where they have voluntarily decided to present them, not only the national declarations but also the annual summaries and management declarations, as "confidential documents" where applicable, in order to give more insight into and achieve a real improvement in financial management; however it is still not clear how effective these measures will be considering the differences in Member's State structures and the political accountability of the different national authorities;
 - (c) analysis and information on the preliminary results achieved by the investment plan for Europe as announced by the President of the European Commission Jean-Claude Juncker in November 2014 to the Parliament;
44. Notes with concern that only 20 recommendations were implemented fully, 26 recommendations are being implemented in most respects and 19 are being implemented in some respects out of 65 of the Court's recommendations made in years 2011-2012; calls on the Commission to adopt Parliament's recommendations and requirements and to continue implementing the Court's recommendations;

45. Stresses that from the point of view of the Parliament it is unsatisfactory when adversarial procedures end with the Commission and the Court drawing different conclusions; calls therefore on both institutions to avoid such an outcome;
46. Requests an action plan from the Commission with deadlines and objectives to strengthen the prevention of these recurrent errors;

Position of the Court: The Court's statement of assurance

47. Welcomes the fact that the Court gives a clean opinion on the reliability of the accounts for 2014, as it has done since 2007, and that the Court concluded that revenue was free from material error in 2014; notes also with satisfaction that the commitments underlying the accounts for the year ended 31 December 2014 are legal and regular in all material respects;
48. Notes that the overall results correspond generally with the Court's previous observations;
49. Deplores the fact that for 21 years in a row, payments have been materially affected by error due to the partial effectiveness of the supervisory and control systems;
50. Regrets that payments are affected by an error rate of most likely 4,4 %; recalls that the most likely error rate for payments was estimated in the financial year 2013 at 4,7 %, in the financial year 2012 at 4,8 % and in the financial year 2011 at 3,9 %¹; among particular items, the highest levels of error were identified in spending in favour of economic, social and territorial cohesion (5,7 %) and competitiveness for growth and jobs (5,6 %); on the other hand, administrative expenditures are connected with the lowest estimates of identified error (0,5 %);
51. Wonders whether the error rate for particular transactions is based on a comparable basis and therefore should serve as a comparable benchmark; notes that the error rate for cost reimbursement schemes (5,5 %) is based on cost eligibility in comparison with entitlement programmes (2,7 %), where it is based only on a necessity to meet a set of conditions;
52. Notes that if the corrective measures taken by the Member States and the Commission had not been applied to the payments audited by the Court, the overall estimated level of error would have been 5,5 % rather than 4,4 %; urges therefore the Commission, authorities in the Member States or independent auditors to use all information available to prevent, detect and correct possible errors;
53. Stresses that for the operational expenditure the estimated level of error for spending under shared management with the Member States amounts to 4,6 % (2013: 4,9 %) which remains at an very high level; is worried that for the other forms of operational spending where the Commission has a leading role, the estimated level of error has rocketed up to 4,6 % (2013: 3,7 %);
54. Notes that the Commission recognises that spending is affected by a material level of error, as it presents in its 2014 synthesis report the amount at risk as a range from EUR

¹ According to the Court's annual report for 2014 the comparable estimated level of error for 2013 and 2012 are 0.2 and 0.3 percentage points lower because the Court has updated the way it quantifies serious infringement of public procurement rules.

3,7 to 5 billion which represents between 2,6 % and 3,5 % of payments; notes that the Commission estimates that it will in future years identify and correct errors for a total of approximately EUR 2,7 billion;

55. Endorses the Court's view that despite improvements in its analysis of the impact of corrective action, the Commission has not eliminated the risk that the impact of corrective actions is overstated or of limited relevance¹;
56. Is of the opinion that for more than three quarters of 2014 expenditure, Commission DGs base their estimates of the amount at risk on data provided by national authorities; notes that the Commission states in its synthesis report that the reliability of Member States control reports remains a challenge;
57. Notes the fact that for 12 Commission DGs, the estimated corrective capacity is higher than the estimated amount at risk, which reflects the multi-annual nature of corrective systems;
58. Calls on the Commission to revise the method for calculating the corrective capacity in time for the 2015 discharge procedure;
59. Remarks that whenever the Commission has evidence of reduced absorption capacity in Member States, the Commission should assess all flexibility provisions of the MFF Regulation and in the first instance propose measures for overcoming insufficient absorption capacity before taking other actions;
60. Points out that more than two thirds of financial corrections recorded for cohesion in 2014 are cases where authorities in the Member States withdrew declared expenditure and replaced it with new expenditure; welcomes that such procedures are limited in the 2014-2020 programming period;
61. Asks the Commission in cooperation with the Member States to assess for each policy domain and for the Union budget as a whole, the level of error remaining after all corrective measures, taking into account the multi-annual nature of programmes;
62. Calls on the Commission to apply strictly Article 32(5) of the new Financial Regulation if the level of error is persistently high, and consequently to identify the weaknesses in the control systems, analyse the costs and benefits of possible corrective measures and take or propose appropriate action in terms of simplification, improvement of control systems and redesign of programmes or delivery systems before the mid-term review of the 2014-2020 programming period;
63. Underscores the Court's observation that if the Commission, authorities in the Member States or independent audits had made use of all the information available to them, they should have been able to prevent, detect, or correct a significant proportion of the errors before these were made; expresses concern at the fact that the Commission has admitted that it takes at least ten years to correct errors; points out that using all the information available might have reduced the level of error by 3,3 percentage points for both expenditure under regional and urban policy (6,1 %) and for rural development, the environment, climate action and fisheries (6,2 %); stresses that using all the information

¹ Court's annual report 1.54 and 1.65.

available might have reduced the level of error by 2,8 percentage points for competitiveness for growth and jobs, which are directly managed by the Commission;

64. Notes that in 2014, new emphasis was laid on results-oriented budgeting and analysis accompanied with a change in methodological approaches; in this context, underlines the need for a clear and transparent survey of the 2014 Union budget contribution to results achieved in connection with the Europe 2020 Strategy and sectoral policy objectives;
65. Notes also that the practice of the annual activity reports aims at allowing identification of the results brought by interventions, but it still looks rather to output than to results;
66. Endorses the reservations issued by the Director-General of DG REGIO in its annual activity report concerning the ERDF/Cohesion Fund management and control systems for the 2007-2013 programming period in 12 Member States (77 programmes) and ETC programmes; is of the opinion that those reservations demonstrate that the control procedures put in place in the Commission and the Member States cannot give the necessary guarantees concerning the legality and regularity of all the underlying transactions in the corresponding policy areas;
67. Endorses the reservations issued by the Director-General of DG AGRI in its annual activity report concerning the following items of expenditure:
 - ABB02 – Expenditure on Market Measures: where there are EUR 77, 7 million at risk and eight elements of reservation; involving four aid schemes in seven Member States: Austria, France (where two aid measures are concerned), the Netherlands, Poland, Spain, Romania and the United Kingdom;
 - ABB03 – Direct payments: where there are EUR 831,6 million at risk, involving 15 paying agencies in six Member States: Spain (where 10 paying agencies are concerned), France, the United Kingdom (the Rural Payments Agency in England), Greece, Hungary and Portugal;
 - ABB04 – Rural development expenditure: where there are EUR 532,5 million at risk, involving 28 paying agencies in 16 Member States: Bulgaria, Germany (where three paying agencies are concerned), Denmark, Spain (six paying agencies), France (two paying agencies), the United Kingdom (two paying agencies), Hungary, Greece, Italy (where four paying agencies are concerned), Lithuania, Latvia, Netherlands, Poland, Portugal, Romania and Sweden;
 - ABB05 – IPARD expenditure for Turkey: where there are EUR 5, 07 million at risk;

is of the opinion that those reservations demonstrate that the control procedures put in place in the Commission and the Member States cannot give the necessary guarantees concerning the legality and regularity of all the underlying transactions in the corresponding policy areas;

68. Endorses the reservations issued by the Director-General of DG EMPL in its annual activity report; notes that its annual activity report contains a reservation relating to payments made for the 2007-2013 programming period for an amount at risk of EUR 169,4 million in 2014, involving expenditure on management and control systems for 36 specific European Social Fund's (ESF) operational programmes in Belgium, Czech

Republic, France, Germany, Greece, Hungary, Italy, Romania, Slovakia, Spain and the United Kingdom for the programming period 2007-2013; is of the opinion that those reservations demonstrate that the control procedures put in place in the Commission and the Member States cannot give the necessary guarantees concerning the legality and regularity of all the underlying transactions in the corresponding policy areas;

69. Requests the director general of DG DEVCO to provide a more risk differentiated assurance in his annual activity report and to subsequently direct more of their control resources towards areas covered by specific reservations;
70. Calls on the Council to adopt a more vigilant position on the discharge and welcomes the critical stance taken by Sweden and the United Kingdom in asking the Commission and the Court to:
 - focus on areas and recipients with a high risk of errors instead of adding more controls for all;
 - focus on ex-ante controls rather than ex-post controls;
 - preserve the unanimously agreed payment ceilings, in particular by maintaining fiscal discipline in relation to commitments, effectively de-committing unused appropriations in order to make room for new priorities and programmes, increasing transparency by providing long-term forecasts, ensuring a balance between commitments and payments and reducing excessive cash balances in financial instruments, given that more than €4 bn in unutilised funds remains locked within such instruments, which could be used for more urgent needs and priorities;

welcomes also Sweden's and the United Kingdom's exhortation to Member States authorities to make better use of the available information to prevent, detect and correct errors before declaring expenditure to the Commission;

Summary

71. Concludes that the discharge:
 - (a) priorities include a balanced approach between traditional methods and a strengthened focus on performance and results, taking account in every case of the obligations arising from the Treaties, the sectoral policies and the flexibility necessary to deal with unforeseen events;
 - (b) requires improvement in data availability and management to declare the performance and results;
 - (c) appreciates a strengthened linkage of the Union budget with key Union policy strategies and concepts (as the Europe 2020 Strategy) and their correlation with key sectoral policies;
 - (d) respects improved management and control methods in line with sound financial management principles;
 - (e) provides room to develop the observations from the previous discharges in the form of regular follow-up;

- (f) regrets the significant increase in errors in operational expenditure directly managed by the Commission, which have risen to a point where they now match the level of error for spending under shared management with the Member States for the first time;

B. SPECIFIC CHAPTERS

General budgetary and financial management

72. Points out that sound financial management is about the real results of Union budget interventions, provided of course that they respect legality and regularity rules and contribute to the Union budget's added-value from a Union perspective; stresses that minimising the error rates and cases of fraud are a necessary precondition to following sound financial management principles;
73. Underlines that the level of error rate does not necessarily mean a case of fraud, inefficiency, or waste, but an estimate of financial flows that should not have been paid out as they were not used in line with rules and regulations; emphasises, however, that the sharp increase of serious errors in the context of public procurement procedures is a matter of grave concern, as Member States have had years of experience with the existing procurement rules, and that if they already face difficulties with these rules, this does not bode well for when they have to adapt national legislation and procedures to the new directives on procurement and concessions; recognises that the error rate is not well understood by Union citizens and asks the Court in this context to launch a debate with the Commission with a view to identifying potential methodological shortcomings and agreeing on common standards in reporting the error rate;
74. Recommends that the rules and regulations be verified via a regulatory impact assessment (RIA)¹ process to test their compatibility and compliance with Union needs and targets, as in the case of cost reimbursement schemes, while the most typical example of errors include payments for ineligible costs (41 %) and errors in public procurement (27 %); notes that those errors can differ from a fraud or an act of deliberate deception to gain benefit;
75. Draws attention in this regard to the fact that implementation of the 2014 Union budget was exercised under differing regulatory frameworks, due to the fact that in that year there were two frameworks in force for the periods 2007-2013 and 2014-2020;
76. Points out therefore that it is correct and substantial to distinguish between different types of error rate related to the different types of Union budgetary expenditure, as they are allocated under different criteria and therefore it is very difficult to compare them;
77. Notes that in its effort to support a reinforced performance culture, the Court's 2014 annual report pays strong attention to Union budget performance issues, having tested as a pilot the real complementarity between Union funding and the Europe 2020 Strategy; notes that the Court underlined and identified a low and weak interconnection between partnership agreements/operational programmes and the Europe 2020 Strategy; however, draws attention to the fact that such complementarity should be considered

¹ As the RIA represents a very effective instrument for making the financial management really sound.

within the overall context of the fund-specific missions pursuant to their Treaty-based objectives, including economic, social and territorial cohesion;

78. Expresses concern at the rate of absorption of funds in Member States, which varies between 50 % and 92 %; calls on the Commission to present a thorough analysis of why it is that some regions still exhibit low rates of absorption and to assess specific ways of remedying the structural problems underlying those imbalances;
79. Appreciates the innovative nature of the Court's 2014 annual report which included a results- and performance- based approach, assessing the application and orientation of Union budgetary interventions against the Europe 2020 Strategy priorities; considers that a results- and performance- based approach should be applied in the coming years, when drafting country-specific recommendations (CSRs) in the context of the European Semester;
80. Underlines that the Court's observations on achievements highlight the need to apply measures to improve budgetary performance and shared management standards;

Budgetary performance

81. Notes that budgetary performance means an appropriate focus of Union budget expenditures on real Union priorities for the particular period;
82. Points out that the performance culture is based on three key pillars: strategy, simplification, and the budgetary procedure;
83. Recommends a continuation of the process of simplification of both procedures and budgetary content leading to a reduction of excessive administrative burdens and to limitations on gold-plating in particular Member States; stresses that the process of simplification should not lead to deregulation and should not mean forgetting about control mechanisms and procedures i.e. *ex ante* audits; underlines that simplification should not cause overly frequent changes in the regulatory framework, leading to additional burdens for administration and beneficiaries, thus undermining intended positive developments of simplification; welcomes the existence of the high-level group created by the Commission and is expecting results;
84. Recommends an improvement in the budgetary procedure in terms of providing performance information and management, including the cost effectiveness of controls, declaration of assurance and discharge, project databases and communication;
85. Calls on the Commission to improve communication and cooperation between actors involved in budget planning, implementation and discharge, and with the wider public, by aligning expectations, sharing experiences on implementation and reporting on the attainment of results;
86. Calls on the Commission to consider using tools such as social media, surveys and focus groups to measure public awareness and assess ways to improve their communications strategy in future regarding the results of the projects to the citizens;
87. Welcomes the new inter-institutional working group on performance-based budgeting in order to reach a common understanding of performance-based and results-oriented budgeting principles;

88. Recommends corresponding improvements in areas such as the alignment of control intensity with risk, mapping performance reporting or the reliability of control results reported by Member States;
89. Notes that the Commission has created enormous analytical capacity, focused mostly on sectors relevant for individual DGs, without analysing horizontal, multi-disciplinary issues and the real results of its policies (co-)financed by the Union budget;
90. Recommends focusing on the performance-based approach and on the issue of market imperfections/failures, as this approach helps focus Union funding interventions on areas where criteria of economy, efficiency and effectiveness are best accommodated; points out that the design should be tailored to a set of different market imperfection/failure types, one connected with information asymmetry and the other related to commercial assessments of return that broadly do not include all positive externalities and wider social benefits whereas both are justifiably supported by Union funding;
91. Suggests that the Commission adopt a criterion based on what would likely have occurred if the project or activity concerned had taken place or had not received Union funding, when evaluating Union added-value;
92. Calls urgently for clarification as to how much money was paid from Union funds to media undertakings in each Member State, which undertakings have received payments and whether the reason was to publicise the funds or another reason;

Shared management

93. Recalls that a large responsibility for correct allocation of the Union budget lies with the Member States, as 76 % of expenditure is spent under shared management; stresses that Member States have an important responsibility for correctly and lawfully implementing the Union budget when they are responsible for the management of Union funds;
94. Stresses that a key to correct allocation is a correct definition of Union needs combined with the Member States' development priorities;
95. Underlines that the better Member States strive to fulfil the national and quantified Europe 2020 Strategy targets, the more Union budgetary spending can be targeted, and the more those targets will reflect the real Union economic, social, territorial and environmental needs, the better the Union will ensure an environment for sound financial management; in this context, recommends the creation of a permanent platform composed of the Commission, national governments' representations, including the permanent representations to the Union, regional governments and authorities;
96. Shares the Court's finding that the Commission, national authorities and independent auditors must use all the available relevant information to prevent, or detect and correct errors before reimbursement; firmly states that when data are available there should be no reason for the Commission, the national authorities and the independent auditors not to take the appropriate measures to prevent, detect and correct errors;

97. Calls on the Court to develop a system, together with national audit authorities, which will allow the Court to evaluate the follow-up Member States have given to its recommendations;
98. Calls on the Commission to provide guidance to the Member States so that partnership agreements and operational programmes transpose more fully the Europe 2020 Strategy and also implement the concept of common results indicators as proposed in the Court's 2014 annual report;
99. Deems it useful that the Parliament and the Council find together a way how to address the issue of Member States' spending under the shared management;
100. Endorses the inclusion of CSRs in partnership agreements;
101. Urges the Commission to strengthen the negotiations with the Member States regarding the necessity of publishing national declarations and annual summaries;

Financial corrections and recoveries

102. Is concerned that for the financial corrections implemented in 2014 (as compared to Union payments received) some Member States' rates lay three times above the average percentage of 2,3 % (Slovakia 8,7 %, Czech Republic 8,1 %, Greece 4,7 %);
103. Notes that for the 2007 - 2013 programming period, EUR 209 million of financial corrections under ESF have been confirmed and EUR 156 million implemented, out of which EUR 95 million were confirmed in 2014; remarks that Member States with the highest level of corrections are Spain (EUR 56 million), Romania (EUR 43 million); Poland (EUR 32 million) and France (EUR 20 million);
104. States that the cumulative amounts corrected for cohesion policy in 2007-2013 represent 0,9% of the budget allocations; shares the Commission's view that financial corrections for the 2007-2013 period are expected to continue to increase in the coming years as its programmes start to close;
105. Notes that for ERDF/CF programmes, the Commission has imposed around EUR 2 billion of financial corrections cumulatively since the beginning of the 2007-2013 programming period, which includes EUR 782 million of financial corrections applied by the Member States before or at the same time as declaring the expenditure to the Commission; observes with concern that the principal Member States concerned are Czech Republic (EUR 719 million), Hungary (EUR 298 million), Greece (EUR 257 million), Spain (EUR 237 million), Slovakia (EUR 152 million), Romania (EUR 146 million) and Italy (EUR 105 million);
106. Notes that for ESF, the Member States with the highest level of cumulative financial correction figures are Romania (EUR 355 million), Spain (EUR 213 million) and Poland (EUR 152 million);
107. Considers financial corrections and recoveries are effective means to protect the Union's budget; regrets however that due to the legal framework for protecting Union financial interests, the complexity of the related procedures and the number of control layers involved in many areas, errors can only be corrected several years after they have occurred;

Protection of financial interests

108. Underlines that corruption and fraud erode trust in public institutions and democracy, and undermine the functioning of the Union's internal market; notes that an integrated approach whereby Union institutions (and Member States) work together is necessary; regrets that several Union institutions (Commission and agencies, European Anti-Fraud Office, the Court) report on fraud in different ways;
109. Recommends that the Commission fit all reporting arrangements into a single coherent system to protect the financial interests of the Union, thereby making the fight against fraud and corruption more effective; recalls the importance of a coherent legislation inside the Union to efficiently fight against organised crime operating at a transnational level;
110. Points out that transparency is the most effective instrument for combating abuse and fraud; calls on the Commission to improve legislation in this regard, making it compulsory to publish data relating to all the beneficiaries of Union funding, including data on subcontracts;
111. Urges the Commission to join the Criminal Law Convention on Corruption (ETS No. 173) of the Council of Europe and to speed up the negotiations on the participation of the Union in the Group of States against Corruption (GRECO), in order to contribute to more co-ordinated anti-corruption policies in Europe;
112. Calls on the Commission to assume full responsibility for the recovery of funds unduly paid into the Union's budget and to establish uniform reporting principles in all Member States with a view to ensuring comparable, reliable and adequate data collection;
113. Welcomes the Commission's statement in its 2014 Annual Protection of Financial Interest Report (PIF), which reminds that both the PIF directive and the European Public Prosecutor's Office regulation (EPPO regulation) "would complement and strengthen the legal framework and would considerably reinforce the fight against fraud"; reiterates its views that there is an urgent need to adopt the PIF Directive, with VAT included in its scope and with a clear definition of PIF offences, minimum rules for maximum applicable imprisonment penalties, and minimum rules on the statute of limitations as soon as possible; recalls the Taricco Case, in which the Court of Justice of the European Union draws attention to the fact that VAT fraud is indeed included in the 1995 PIF Convention's definition of PIF fraud; calls on the Commission to clarify the relations between Eurojust, the European Public Prosecutor's Office (EPPO) and European Anti-Fraud Office (OLAF) and to examine the possibility of a stronger integrated approach of these agencies in order to make investigations more effective¹;
114. Welcomes the Commission's decision to increase transparency by improving its system of expert groups, particularly as regards the procedure for selecting experts, through the development of a new conflict-of-interest policy for experts appointed in a personal capacity, implying the possibility for Parliament to exercise direct control over such appointments; takes note of the requirement for experts to be registered in the transparency register where relevant; urges the Commission, however, to take into account the recommendations both of the European Ombudsman concerning the composition of the expert groups and of the study 'Composition of the Commission's

¹ See COM(2013)0534 - 2013/0255(APP), point 29.

expert groups and the status of the register of expert groups' when drafting amendments to the current horizontal rules governing expert groups, in order to create a more systematic and transparent approach; requests that the Commission engage in a dialogue with Parliament before the rules are formally adopted, especially in relation to the upcoming report of the Committee on Budgetary Control and the Committee on Legal Affairs on this matter; encourages the European agencies to consider reforms in a similar sense;

115. Stresses that Member States are not following up alleged cases of fraud affecting the financial interests of the Union as submitted to them by OLAF; calls on the Commission to take appropriate measures and on OLAF to continue to support the Member States in improving their performance in the prevention and detection of fraud against European funds;
116. Invites the Commission to develop a system of strict indicators and uniform criteria; is concerned about the reliability and quality of data coming from the Member States; calls on the Commission, therefore, to work closely with Member States to guarantee comprehensive, exact and reliable data keeping in mind the goal of full implementation of the Single Audit Scheme;
117. Reiterates its request that the Commission report biannually to Parliament and to the Council on the implementation by the Union institutions of their internal anti-corruption policies, and is looking forward to reading the next report in early 2016; asks the Commission to add a chapter on the performance of the Union institutions in fighting corruption and is of the opinion that the Commission's future anti-corruption reports should always cover all the Union institutions and bodies;
118. Expresses concern about the data provided by Eurodad on money laundering, in which Luxembourg and Germany rank top for the risk of money laundering; regards it as essential that the Member States should transpose in full the Union directive on money laundering and introduce a public register of the ownership of companies, including trusts;
119. Calls for switching from a voluntary to a mandatory Union register for all lobbyists performing their activities towards the Commission;
120. Considers the Commission's first biennial anti-corruption report to be a promising attempt to better understand corruption in all its dimensions, to develop effective responses with a view to tackling it, and to pave the way for enhanced accountability of the public sphere to Union citizens; reaffirms, in this context, the importance of the Union's zero-tolerance policy on fraud, corruption and collusion; considers it regrettable, however, that this report did not include the anti-corruption policies of the Union institutions themselves;
121. Demands that in its second anti-corruption report, at the latest, the Commission carries out further analysis at the level of both the Union institutions and the Member States of the environment in which policies are implemented, in order to identify inherent critical factors, vulnerable areas and risk factors conducive to corruption;
122. Calls upon the Commission to fulfil without delay its reporting obligations under the UN Convention against Corruption;

Error rate in general

123. Notes with concern that the most common types of errors detected are ineligible costs included in cost claims (41 %), serious errors in public procurement (27 %) and incorrect declarations of area by farmers (20 %);
124. Notes however that the percentage of serious errors by Member States in public procurement was significantly reduced from 45 % in 2013 in the regional policy area to 25 % of all qualified errors for the combined policy area economic, social and territorial cohesion in 2014;
125. Finds it alarming that in many cases of quantifiable errors, the Commission, national authorities or independent auditors had sufficient information to prevent or detect and correct the errors before accepting the expenditure; if all this information had been used to correct errors, the estimated level of error could have been significantly lower;
126. Notes that for entitlement programmes the estimated level of error is 2,7 % (3 % in 2013), thus significantly lower than in reimbursement expenditures where the estimated level of error is 5,5 % (5,6 % in 2013); asks the Commission to evaluate switching from a reimbursement scheme to an entitlement scheme where appropriate, as a means of simplification;

Best practice

127. Urges Member States to take their obligations to reach Union 2020 Strategy targets as seriously as they do in the case of CSRs and the European Semester procedure; this would reflect a visible change in performance understanding, which should be further followed by implementing evaluating processes with impact, such as the performance reserve for responsible beneficiaries, and sanctions and limitations for the others;

Evaluation and analysis of the main results of 2014 Union budget

128. Notes that a total of about EUR 142,5 billion in 2014 represent almost 2 % of total public expenditure in Union Member States, or 1 % of Union GDP;
129. Requests that identifying the real effects of the Union budget utilisation on Union macroeconomic indicators becomes a subject of discharge procedures;
130. Regrets that only 47 % of the contributions to the financial engineering instruments (FEI) were paid out to the final recipients by the end of 2013 in shared management (37 % paid out at the end of 2012) and that cash held in FEI under indirect management remain high (EUR 1,3 billion in 2014; EUR 1,4 billion in 2013);
131. Notes the Court's recommendation to the Commission to submit a legislative proposal to amend the applicable regulation concerning the extension of the eligibility period for FEI under Regulation (EC) 1083/2006 and of the Commission's reply thereto;
132. Following the Court's recommendation, calls upon the Commission to consider in its budgetary and financial management the capacity constraints in some Member States, in order to avoid the under-utilisation of funds and to increase the absorption rates, especially in the area of the ESIFs; while acknowledging the actions taken so far, such as the setup of the Task Force for Better Implementation, which has already generated improvements;

133. Requests that the Commission take measures to reduce outstanding commitments, including a timely closure of the 2007-2013 programmes and a reduction of cash held by fiduciaries;
134. Reiterates that the Commission should establish annually a long-term cash-flow forecast covering budgetary ceilings, payments needs, capacity constraints and potential withdrawal of commitments in order to better match payments needs and funds available¹;
135. Is of the opinion that the MFF mid-term revision, to be presented by the Commission by the end of 2016, is the first and best opportunity to structurally tackle the high level of RAL; urges the Commission to come up with a proposal to revise the MFF regulation in order to fix, among other matters, the RAL;

Outstanding payments

136. Stresses that commitments made amounted in 2014 to EUR 109,3 billion i.e. 76,6 % of commitment appropriations available and that as result a very high level of appropriations for commitments is available in 2015 (with carry-over EUR 12,1 billion, the ceiling being increased by EUR 16,5 billion);
137. Regrets that despite the level of payments continuing to be higher than the MFF ceiling, use of the contingency margin unpaid payments claims rose by EUR 1,4 billion to EUR 25,8 billion; stresses the importance of fully respecting the joint statement on a payment plan 2015-2016 agreed between Parliament, Council and Commission, following the shared commitment to reduce the backlog of outstanding payment claims for the 2007-2013 cohesion programmes to around EUR 2 billion by the end of 2016; takes the view that in de facto terms this state of affairs constitutes a breach of Article 310 TFEU, which states that the revenue and expenditure shown in the budget must be in balance;
138. Stresses that the reduction in the level of outstanding commitments is forecasted to be temporary because of the requested increase in the MFF ceiling for 2015 and subsequent years;
139. Points out in particular that by the end of 2014, payments to Member States for the multiannual ESIFs for 2007-2013² had reached EUR 309,5 billion; i.e. 77 % of the EUR 403 billion for all the operational programmes, where five Member States, (namely Czech Republic, Spain, Italy, Poland and Romania account for more than the half of the unused commitments of multiannual ESIFs;
140. Regrets that the backlog in the absorption of multiannual funds is significant and may create a real problem for some Member States³; supports and recognises, in this connection, the usefulness of applying flexibility options, given the delays in launching all the programmes;

¹ The payment plan adopted by the Commission in March 2015 presenting short term measures to reduce the level of unpaid bill is not the right tool; the high level of outstanding commitments requires a longer term perspective.

² The European Social Fund (ESF), the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), source Court's annual report 2014.

³ Absorption rate ranges from 50 % to 92 % in the Member States.

Revenue

141. Notes that the revenue flows are based on a multi-channel principle:
- (a) the largest proportion is still contributed by Member States depending on their gross national income (GNI), in 2014 this contribution amounted to EUR 94,9 billion;
 - (b) other sources include payments based on the VAT collected in individual Member States, which amount in total to EUR 17,7 billion;
 - (c) customs and agricultural duties represent the third substantial source, at EUR 16,4 billion;
142. Welcomes the fact that two recommendations are being implemented in most respects and one recommendation is being implemented in some respects out of the Court's three recommendations made in 2011-2012;

GNI

143. Underlines that, until changes are made to the Union's own-resources system, a GNI parameter is a key factor behind the revenue issue of the Union budget and stresses that a correct and objective measure of that is therefore a key issue, the only serious one regarding the revenue topic under the current Union budget's architecture and that it is very important to have reliable and flexible databases for calculating Member States' contributions;
144. Calls therefore on the Commission to declare that GNI data submitted by Member States are reliable and their contributions therefore correct;
145. Recalls that in 2014, updates to GNI data led to adjustments to Member States' contributions of an unprecedented size, amounting to EUR 9,813 million;
146. Stresses that the impact of these major revisions to the GNI balances could have been smaller if a common Union revision policy harmonising the timetable for major revisions had been in place;
147. Regrets that VAT fraud, and in particular the so-called carousel or missing-trader fraud, distorts competition and deprives national budgets from significant resources and is detrimental to the Union budget; points out that the VAT gap and the estimated losses on VAT collection amounted to EUR 168 billion in 2013; is concerned that the Commission has no reliable data on VAT and carousel fraud; notes, that the current VAT system remains fragmented and creates significant administrative burdens, especially for SMEs and online companies; is concerned that the new system of accountability for VAT as an own resource could not totally achieve its goal of simplification and stresses the responsibility of Member States to address the weaknesses in EUROFISC and better coordinate their policies on reverse charges, to facilitate the exchange of information and help combat irregularities and frauds; asks the Commission to propose legislative amendments enabling effective cross-checks between customs and tax data and to focus its monitoring of Member States on improving the timeliness of their replies to information requests and the reliability of the VAT Information Exchange System;

Measures to be taken

148. Asks the Commission to provide analysis regarding the future of Union funding evaluating the adequacy of the own resource base;
149. Regrets that proposals put forward by the Commission in 2013 to introduce a common Union revision policy are still outstanding, with no further action having been taken by the Commission despite the fact that 19 Member States indicated that they would at least partly align themselves with the Union revision policy by September 2014;
150. Is pleased at the establishment of the High-Level Group on own Resources; welcomes the first evaluation report that it submitted at the end of 2014 and agrees that the system has gradually become dominated by national contributions, with a leftover portion of independent, genuinely European own resources; considers that the current system of own resources should move forward from the current national debate on net contributors and recipients, which is remote from the Union's citizens, towards a system that is recognisably in the general interest of the Union and its policies;
151. Points out that changes resulting from the work on reservations would have been mitigated if the Commission's verification cycle had been shorter and recalls that the Parliament urged the Commission in its resolution of 29 April 2015 concerning discharge for the financial year 2013:
 - (a) to shorten the duration of its verification cycle of GNI;
 - (b) to limit the use of general reservations to exceptional cases;
152. Notes with deep concern that the Commission announced that the next verification cycle will be completed only in 2019 and that the reservations will cover at least nine years, as the previous one did;
153. Points out that according to the Court, the quality of the checks made by the Member States customs has not improved; regrets that the updated version of the Customs Audit Guide issued by the Commission in 2014 does not cover some of the shortcomings identified by the Court, in particular for the issues related to how to deal with imports cleared in other Member States;
154. Asks the Commission to:
 - (a) take measures to reduce the number of years covered by reservations at the end of next verification cycle for GNI-based contributions;
 - (b) put in place the arrangements needed to reduce the impact of revisions of methods and sources presented by Member States for the compilation of their GNI;
 - (c) improve the existing guidance given to Member States' customs authorities as to the checks they make (in particular the post clearance audits); and
 - (d) ensure that Member states have the appropriate systems in place for preparing and managing their statements of customs duties and sugar levies;
 - (e) extend the risk assessment capacity of Eurofisc to cover the VIES system (transnational VAT information exchange system);

Best practice

155. The revenue side is not affected by material errors, which is a kind of best practice itself, as well as the current practice of Member States' contributions based on the GNI principle that so far has sense; however, to keep this model functioning requires a permanent assessment of economic performance in Member States; an alternative to increase the own resource base still remains a topical issue for the future;

Competitiveness for growth and jobs

General issues

156. Welcomes the fact that the structure of the Court's annual report follows, for the first time, the headings of the MFF which entered into force on 1 January 2014; in 2013 the chapter was called "Research and other internal policies"; notes, however, that this structural change limits the comparability of the Court's findings with those of previous years;
157. Notes also that research and innovation accounts for 61 % (EUR 8,1 billion) of spending, through the Seventh Framework Programme for Research and Technical Development 2007-2013 (FP7) and Horizon 2020 — the Framework Programme for Research and Innovation 2014-2020 in education, training, youth and sport programmes (EUR 1,5 billion), space programmes (EUR 1,4 billion), transport (EUR 0,8 billion) and other actions and programmes (EUR 1,5 billion) account for the remaining 39 %;
158. Recalls that heading 1a of the MFF has been sharply reduced during the MFF negotiation (- 24 % compare to the initial Commission's proposal); is aware that the heading 1a includes spending in favour of improving research and innovation, enhancing education systems and promoting employment, ensuring a digital single market, promoting renewable energy and energy efficiency, modernising the transport sector and improving the business environment, especially for SMEs;
159. Stresses that 90 % of spending within this area represent grants to private and public beneficiaries;
160. Welcomes that three recommendations were implemented fully and six recommendations are being implemented in most respects out of nine of the Court's recommendations made in years 2011-2012;

Europe 2020

161. Is aware that the cumulative total of grant agreements for the whole FP7 stands at 26,078 (of which a total of 9,627 have been closed); at the same time the Commission launched the 2014-2015 work programme of Horizon 2020, which was a great success with 46,097 proposals being received by 25 February 2015: for 79 concluded calls, 25,903 proposals were eligible, 3,765 were retained for funding and 1,410 grant agreements were signed;
162. Is pleased that the Commission was able to meet most targets of the key performance indicators (KPI); doubts however, that the target of investing, by 2020, 3 % of the Union GDP in research and development can be met; calls on all Member States to rise to the challenge; notes that the situation seems to be particularly difficult for Croatia, Finland, Luxembourg Portugal, Romania, Spain and Sweden; calls upon the

Commission to draw the necessary conclusion for the forthcoming mid-term revision of the MFF to be presented by the end of 2016;

163. Welcomes the impact of European research (networks) on fighting Ebola, improving cancer treatments, creating a single European area for clinical research, fighting floods, increasing food safety and improving the safety of cruise ships, to name just a few;
164. Welcomes the fact that the ex-post evaluation of the 7FP became available in November 2015; expects that its findings and recommendations can still be considered for the work programmes of Horizon 2020;
165. Notes with interest the first available information about the "State of the Innovative Union 2015 Report"¹ which provides an update on the state of implementation of the 34 commitments made under the Europe 2020 Strategy's Innovation Union Flagship Initiative;
166. Recalls that 'Societal Challenge 6 (SC6)', in particular, the social sciences and humanities, was a priority of Parliament, which it introduced during the development of Horizon 2020; recalls the importance of this component in the domains in which the Union is facing particular challenges, such as tackling unemployment, radicalisation, terrorism, supporting migrants, economic and monetary governance, and the fight against inequality; is concerned, therefore, that during the implementation phase of the programme, the social sciences and humanities have been downgraded as a priority through the loss of their dedicated leadership and the reduction in their commitment appropriations by 40 % at a time when the overall envelope for Horizon 2020 under the 2014-2020 MFF has increased;

Management issues

167. Points out that:
 - (a) general conclusions and observations for shared management practice are valid for competitiveness;
 - (b) synergy and an integrated approach between different types of instruments to support research, development and innovations (R&D&I) exist, however should be further improved;
 - (c) Horizon 2020 has implemented simpler rules in comparison with the 7FP; on the other hand, within Horizon 2020, there are supported areas that are more potentially risky, such as business-oriented projects with SME participation and utilising new innovative instruments, including financial ones;
168. Calls on beneficiaries to make maximum use of audit certificates, as audit certificates reduce error rates by 50 % compared with uncertified cost claims; considers, however, that the error rate found by external audits should be substantially improved given the highly specialised support received from the Commission; welcomes in this context all the guidance, seminars, templates and the list of the most common errors which the Commission put at the disposal of beneficiaries and audit bodies, but calls on the Commission to take more incisive measures to ensure that external audit certificates more accurately reflect the error rate;

¹ Replies to additional written question to Commissioner Moedas, question 3.

169. Supports the Commission's endeavour to develop further risk management in the research area; welcomes in this context that for ex-post audits the selection of participants to be audited is already largely risk-driven: the Commission expects that 83 % of the audits undertaken over the 2012-2016 period will be selected according to risk criteria;
170. Welcomes the creation of a common support centre which provides assistance for all research services in the area of legal support, audit, business process, IT, and information and data;
171. Recognises that significant support for research and innovation is included in the ESIF partnerships agreements and operational programmes of the Member States and regions, thereby creating more synergies; the support amounts to more than EUR 42 billion for core research and innovation and EUR 118 billion for research and innovation in the broader sense;

Legality and regularity; error issues

172. Is deeply concerned that the Court analysed 166 transactions out of which 79 were affected by error; notes that based on 53 quantified errors the estimated level of error is 5,6 %;
173. Finds it alarming that in 27 cases of quantifiable errors, the Commission, national authorities or independent auditors had sufficient information to prevent or detect and correct the errors before accepting the expenditure; if all this information had been used to correct errors, the estimated level of error for this chapter would have been 2,8 percentage points lower; this situation, which remained unchanged for some years now, proves a lack of diligence;
174. Considers it intolerable that the error rate for FP7 has not improved on FP6, and that, according to the statements by the Director-General of DG RTD it will be even worse; takes the view the error rate for FP7 should have improved given the greater experience acquired in project management; deplores the fact that the dramatic rise in the error rate in the area of 'competitiveness for growth and employment' in 2014 only serves to highlight the sound management of the programme in recent years;
175. Deplores the fact that the area of expenditure 'competitiveness for growth and employment' saw the steepest rise in error rates in the Union between 2013 and 2014;
176. Regrets that the sources of errors have remained the same:
- (a) in the research area (Research): incorrectly calculated personnel costs, other ineligible direct costs such as unsubstantiated costs for travel or equipment; ineligible indirect costs based on erroneous overhead rates or including ineligible cost categories not linked to the project;
 - (b) for other spending instruments (Other): unsubstantiated and ineligible costs, as well as cases of non-compliance with the rules on public procurement;

Contribution by type of error	Research	Other
Incorrectly calculated personnel costs	30,5 %	2,5 %
Other ineligible direct costs	17,5 %	13,5 %
Ineligible indirect costs	20 %	

Non-compliance with the rules on public procurement		14 %
Ineligible subcontracting	2 %	
Total	70 %	30 %

177. Remains convinced that the Commission must continue to strive for an acceptable balance between the attractiveness of programmes to participants and the legitimate necessity of accountability and financial control; recalls, in this connection, the statement of the Director General in 2012 that a procedure designed to attain a residual error rate of 2 % under all circumstances is not a viable option¹;
178. Takes note that the director general of Directorate-General for Research and Innovation, as in previous years, has issued a horizontal reservation concerning the rate of the residual error within cost claims in the FP7, implemented directly by DG RTD, and in the payments to the Innovative Medicines Initiative Joint Undertaking, where the estimated residual risk is 3 % and the estimated impact is EUR 111,39 million;
179. Acknowledges that certain parts of FP7 expenditure were not covered by a reserve where there was evidence that the risks (and so the residual error rates) were significantly lower than for all expenditure; within RTD this applies to expenditure given to Fusion for Energy Joint Undertaking, Clean Sky and Fusion Cells and Hydrogen Joint Undertaking; outside DG RTD this also applies to expenditure by the Research Executive Agency under the Marie Curie programme, and all expenditure from the European Research Council Executive Agency;
180. Concludes that, whereas the horizontal reservation may be legally necessary, such a reservation sheds a negative light on the Commission's financial management, in particular as the Directorate-General for Research and Innovation can give full assurance of 97 % of this expenditure;
181. Takes note that in the area of research, the Commission has issued recovery orders, in 2014 and 2015, worth EUR 42 million; EUR 31 million has already been retrieved, the rest is not yet recovered, either because of bankruptcy or pending enforced recovery;
182. Deplores the recent press reports casting doubt on DG RTD's ability to protect the financial interests of the Union in an effective manner; calls on the Commission to clarify the circumstances that have been well documented in the media and point to a clear case of maladministration and unequivocal damage to the Union's financial interests and reputation; calls on the Ombudsman to open an investigation into the matter;
183. Deplores the fact that the simplification has done away with *ex ante* audits (there is now no *ex ante* certification for spending of over EUR 375 000, for instance), giving rise to cumulative mistakes that lead to a widespread, ever growing error rate that seems unlikely to be reduced in the case of Horizon 2020, given the increase in bodies responsible for managing expenses in relation to FP7;

Data reliability issues

¹ annual activity report 2012, DG Research and Innovation, p. 45 et seq.

184. Regrets that there is a problem with the secondary data analysis necessary for performance-based evaluations; considers that this should be considered as a challenge for the short-term future; recalls the need to improve information management;

Performance- and result based approach

185. Notes that the real effects and results of R&D&I from the point of view of commercialisation and value-added contribution are absolutely substantial;
186. Welcomes the positive outcomes estimated by the High-level Expert Group carrying out the ex-post evaluation of FP7, namely: that the programme created directly over 1,3 million job years (through projects funded over a period of 10 years) and indirectly 4 million job years over a period of 25 years; that each euro spent by FP7 generated approximately 11 euros of direct and indirect economic effects through innovations, new technologies and products and that its financial contribution to SMEs exceeded the target of 15 % and reached 17 % (5 billion euro);
187. Points out that for strengthening the performance approach, the Court provided a pioneering test on the Europe 2020 Strategy indicators, where R&D expenditures play an important role;
188. Asks the Commission to transmit to the Parliament the action plan presented to the ITER Council in November;
189. . Insists to receive from the Commission, by June 2016, an update on a long term project schedule and associated costs for ITER in preparation of budgetary decisions for the following year; recalls that for 2016 payment appropriation at a level of almost EUR 475 million have been set aside for ITER;

Financial instruments

190. Notes that especially for Horizon 2020, very advanced innovative financial instruments represent one of the key areas for practical implementation; welcomes in this regard the launch in 2014 of a new range of products under "InnovFin - EU finance for Innovators" as a joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the Commission;
191. Asks the Commission to present information in future discharge procedures about the implementation of the InnovFin which covers the Union budget share taking part in this financial instrument;
192. Points out that certain sectors and policy fields, such as railway infrastructure or theoretical or basic research, are less suited to financing via financial instruments, and thus risk being excluded from the scope of Union activities;

Best practice

193. Notes that the audit activities in this area were intensified and coordination by the Common Audit Service improved, while it is provided as a shared management service for all the DGs, executive agencies and joint undertakings involved in research and innovation spending;

194. Considers a potential good practice to be a specific kind of out-sourcing, utilised the management of big programmes in this area through special agencies; as such a practice has only been in place for a short period, it is not possible to declare hard results, however, as a method and model, it seems to be very innovative;

Measures to be taken

195. Concludes that the Commission should:
- (a) adopt a set of measures to reduce the relatively high error rate in this area, improve data and information management to analyse also very advanced R&D&I projects and test their real impact against the potential of Horizon 2020;
 - (b) present a report evaluating the current experience with a new practice to utilise special agencies in this segment¹ from the budgetary point of view as well as to introduce on a regular basis reporting on compliance with the relevant Europe 2020 Strategy indicators;
196. Calls on the DG RTD to improve information management, especially in line with a performance culture to include all stakeholders, especially new ones, and to improve information management with beneficiaries in Member States; recommends more inclusion of independent auditors focusing not only on errors, but also on the performance cycle, including an appropriate evaluation of risks; additionally, regulatory rules should undergo an impact assessment;
197. Calls on DG RTD to publish, in its respective annual activity reports, its contribution to the CSR in a comprehensive and detailed way, as these recommendations should demonstrate how the DG facilitates Member States' progress towards the EU 2020 Strategy objectives;
198. Notes that the Commission launched a stakeholder consultation on additional simplifications that should be introduced in Horizon 2020; requests information on how additional simplifications will be implemented;
199. Emphasises that simplification and participation in Horizon 2020 should be also the guiding principle of the Annotated Grant Agreement; stresses that unlike FP7 internally invoiced costs need to be divided up and reported according to different costs categories, including personnel costs, under Horizon 2020; calls therefore on the Commission to revise the annotations and allow internally invoiced costs to be eligible as other direct costs without splitting into cost categories and without time records for services;

Economic, social and territorial cohesion

General issues

200. Welcomes the fact that the structure of the Court's annual report follows, for the first time, the headings of the MFF which entered into force on 1 January 2014; in 2013 the Court's annual report contained two distinct chapters: one on "Regional policy, transport and energy" and the other one on "Employment and social affairs"; considers, however,

¹ Like INEA.

that this policy change limits the comparability of the Court's findings with those of previous years;

201. Notes that economic, social and territorial cohesion redistributes a substantial part of the Union budget, which amounted in 2014 to EUR 54,4 billion; 80 % of this amount was allocated in favour of regional and urban policy, mainly through the ERDF and CF, 20 % then represented mainly by the ESF for the purpose of employment and social affairs;
202. Points out that ERDF and CF in the particular period mainly supported areas including infrastructure projects, the creation or preservation of jobs, regional economic development initiatives and SME activities (ERDF) and investments in infrastructure in the fields of environment and transport (CF);
203. Points out that the ESF supports investments in human capital and actions aimed at improving the adaptability of workers and enterprises to the changes in working patterns, increasing access to employment, reinforcing the social inclusion of disadvantaged persons and strengthening the capacity and efficiency of administrations and public services; considers that despite the existence of performance indicators, the results of ESF investments are, therefore, more difficult to quantify;
204. Welcomes the fact that eight recommendations were implemented fully, seven recommendations are being implemented in most respects and one recommendation is being implemented in some respects out of the Court's 16 recommendations made in years 2011-2012;

Europe 2020

205. Notes that in the area of regional and urban policy, the four most important KPI include: number of jobs created, number of enterprises cooperating with supported research institutions, number of enterprises receiving support, and additional capacity for renewable energy production; whereas global achievements reported in Member States' implementation reports progressed on average by 29 % compared to the previous year, not all targets will be met due to the economic crisis, according to the Commission; calls upon the Commission to draw the necessary conclusion for the forthcoming mid-term revision of the MFF to be presented by the end of 2016;
206. Welcomes the Commission's efforts to further enhance the contribution of the cohesion policy to Union economic governance screening all the 2014-2020 partnership agreements and operational programmes so as to ensure that the relevant CSRs adopted by the end of June 2014 were adequately reflected in Member States' development and competitiveness strategies;
207. Notes that by the end of 2015, on average 89 % of funds for the 2007-2013 programming period were used (considering the absorption rate) with Italy (79 %), Romania (70 %) and Croatia (59 %) trailing behind;
208. Points out that two of the most important performance indicators in the area of employment and social affairs are the unemployment rate and the number of jobs created and/or maintained; welcomes the fact that the preliminary findings of the ex post evaluation of the programming period 2007-2013 show that 8,8 million ESF participants gained (or maintained) employment as a result of ESF interventions during

this period by the end of 2013; welcomes also the fact that more than 300 000 people supported by the ESF became self-employed and more than 50 000 start-ups were supported;

209. Attaches particular importance to the Youth Guarantee; notes therefore with satisfaction that 110 300 unemployed young people participated in actions financed by the Youth Employment Initiative (YEI) in 2014; EUR 1,3 billion are already allocated to projects on the ground; in this context is grateful for the guidance provided in the Court's Special Report 3/2015 and the Commission's constructive reaction to the findings; however stresses that in some Member States there still are some difficulties in implementing the Youth Guarantee and in ensuring a sufficient project pipeline for the Youth Employment Initiative (YEI);
210. Notes the findings of the Commission report on the European Globalisation Adjustment Fund (EGF), indicating that for the two years combined (2014-2015), 7 636 workers (44,9 % of the beneficiaries) had found a new job at the end of the EGF implementation period;
211. Shares the Commission's opinion that unemployment rates (especially long-term unemployment) and the percentage of young persons not in employment, education or training (NEETs), are indications of mismatch in the labour market; notes that the five countries with the highest level of long-term unemployment (as share of the active population) in the Union are Greece (19,5 %), Spain (12,9 %), Croatia (10,1 %), Slovakia (9,3 %) and Portugal (8,4 %) against the Union average of 5,1 %; and that the countries with the highest rate of NEETs are Cyprus (33,7 %), Bulgaria (30,9 %), Hungary (30,3 %), Greece (30,0 %) and Romania (26,9 %), compared with an Union average of 16,37 %;
212. Welcomes the achievements from the implementation of 2007-2013 ERDF/CF programmes, illustrated by some core indicators annually reported by the Member States and results from preliminary assessment of latest available data showing that approximately 950 000 jobs were created, 36 000 enterprises cooperated with research institutions, more than 270 000 enterprises received support and the additional capacity of renewable energy production was more than 4 000 megawatts;
213. Welcomes the fact that the Court, for the first time, also tried to evaluate the performance of programmes in a pilot project exercise, and that the audit concludes that 89 of the 186 projects (48 %) reached (or exceeded) all targets that had been specified to measure the project performance; notes that for 56 projects (30 %) the Court found that one or several indicators specified for the project did not attain the intended target value, and that in 17 cases (9 %) the deadline to attain the targets was reached for some, but not all targets by the time of the audit; encourages the Court to continue to refine this exercise in particular for programmes under the new financial period 2014-2020;

Management issues

214. Emphasises that expenditure under MFF heading 1b falls under shared management; in this area, Member States bear primary responsibility for implementing the OP and for preventing, detecting and correcting irregular expenditure;
215. Stresses strongly that especially for cohesion, the extent of shared management is substantial and specific for two reasons: the programmes are implemented in Member

States and their regions according to common Union rules, but respecting their specific needs; and second, there is also a shared financing when projects are co-financed by Member States and beneficiaries in many cases as well;

216. Finds it unacceptable that in 21 cases of quantifiable errors made by beneficiaries, national authorities had sufficient information to prevent or detect and correct the errors before declaring the expenditure to the Commission; had all this information been used to correct errors, the estimated level of error for this chapter would have been 1,6 percentage points lower; in addition, the Court found that for 13 cases, the error that it detected was made by national authorities; these errors contributed 1,7 percentage points to the estimated level of error; this situation, which remained unchanged for some years now, proves a lack of diligence;
217. Stresses that under the ESF the most common types of eligibility issues detected are the following: expenditure declared outside the eligibility period (Czech Republic, Germany), overcharged salaries (Germany, Finland, Poland Portugal), costs not related to the project (the Netherlands, Poland, Portugal), non-compliance with national eligibility rules (Poland) and revenue not deducted (Austria); the most common examples of failures to comply with public procurement rules are the following: unjustified direct award (Germany, Italy), unjustified direct award of additional works/services, unlawful exclusion of bidders, conflict of interest and discriminatory selection criteria (Finland);
218. Observes that the Court analysed 161 transactions in the regional and urban area (101 concerned ERDF, 55 concerned CF and 5 concerned financial instruments) and 170 transactions of the ESF; and that 135 of 331 transactions were affected by errors; notes that the Court estimates the error rate to be 5, 7 % (ERDF and CF error rate estimated to be 6,1 %, ESF error rate estimated to be 3,7 %);
219. Calls on the Commission to create an effective tool to contribute to the improvement of the reliability of controlling and auditing activities provided by the national authorities; recalls the importance of extending transparency on data regarding the public procurement in order to improve accessibility and controls, by publishing details of contractors and their subcontractors;
220. Takes note that, according to all available audit results at end of November 2015, 90 % of ERDF/cohesion fund programmes management verifications were functioning well or subject to small improvements; recalls that the root cause of errors made by Member States is complex management structures and the loss of expertise as a consequence of high staff turnover or insufficient staff allocation due to budgetary constraints;
221. Calls on the Commission to provide the Member States with stronger incentives to boost the use of innovative financial instruments in their regional policy, while taking into consideration lessons learnt from the period 2007-2013 in order to avoid blocking funds in financial instruments;
222. Draws attention to the recommendations in the Court's Special Report 10/2015 "Efforts to address problems with public procurement in Union cohesion expenditure should be intensified" and welcomes the Commission's positive reaction to the Court's findings;
223. Is pleased that the Commission published a document entitled "Public Procurement - Guidance for practitioners on the avoidance of the most common errors in projects

funded by the European Structural and Investment Funds" in October 2015; criticises, nonetheless, the fact that the main source of expenditure-related errors under the heading 'Economic, social and territorial cohesion' continues to be breaches of the rules on public procurement, which account for almost half the estimated error rate; points out that the serious breaches of the rules on public procurement include the direct award of additional contracts or additional works or services for which no justification is given, the illegal exclusion of bidders, conflicts of interest and discriminatory selection criteria; regards as essential a policy of complete transparency in respect of information concerning contractors and subcontractors, with a view to addressing errors and abuses of the rules;

224. Welcomes the fact that the Commission set up, in November 2014, a task force for better implementation for Bulgaria, Croatia, the Czech Republic, Hungary, Italy (South), Romania, Slovakia and Slovenia in order to avoid a de-commitment of funds;
225. Recalls that the legal framework for European Structural and Investment Funds (ESIF) 2014-2020 has also introduced *ex ante* conditionalities for the effective and efficient use of Union funds, which cover inter alia Member States' public procurement systems; in that context, actions plans have been adopted for 12 countries (Bulgaria, Czech republic, Greece, Hungary, Croatia, Italy, Latvia, Malta, Poland, Romania, Slovenia, and Slovakia) and will be assessed by 2016; recalls that fulfilling the *ex-ante* conditionalities is a precondition for funding; asks for the necessary full transparency on the financing of infrastructural projects, including publication of *ex ante* and *ex post* assessments of the economic, environmental and social sustainability of projects;
226. Calls on the Commission to publish all the documents concerning the project to build the Lyon-Turin high-speed rail line and the funding arrangements for the project;
227. Welcomes the fact that the DG REGIO has carried out 265 audit missions since 2009; DG REGIO concluded that the work of 42 audit authorities in charge of auditing around 91 % of ERDF/CF allocations for the 2007-2013 period can in general be relied upon; concerning DG EMPL at the end of 2014, 87 audit authorities out of 92 have been assessed (94,6 %); they cover 113 out of 118 OPs, representing 99,1 % of the financial programming of the 2007-2013 programming period;
228. Notes that interruptions and pre-suspension procedures concerned 121 ERDF/CF programmes and almost EUR 7,9 billion of payment claims submitted by the Member States; notes also that for the ESF, the Commission sent 11 warning letters and 18 pre-suspension letters, that it instituted 31 interruptions of payments and suspended 11 operational programmes, and that in total, EUR 1,3 billion of payment claims were interrupted;
229. Takes note that in 2014 as a result of the strict supervision and interruption policy of DG REGIO and DG EMPL and growing number of action plans, EUR 840 million of financial corrections were confirmed and EUR 854 million were implemented for ERDF/CF for all programming periods (decided in 2014 and in previous years); and that for ESF 2007-2013 period EUR 209 million of financial corrections were accepted/decided and EUR 155,9 million were implemented (decided in 2014 and in previous years);
230. Observes with satisfaction that in 2014, and thanks to the Commission's supervisory role, certifying authorities applied financial corrections of EUR 782 million before

declaring expenditures to the Commission concerning ERDF/CF which has preserved the EU budget from payments of incorrect expenditures;

231. Is concerned that, according to the Court, the Europe 2020 Strategy is not systematically translated through thematic objectives into operational targets in partnership agreements and programmes; notes, however, that it is transposed into operational objectives at ESIF programme level through specific objectives aligned with the 11 thematic objectives; considers that results can only be meaningfully evaluated when thematic objectives and operational programmes are aligned and performance indicators and benchmarks make it possible to measure progress;
232. Observes that partnership agreements and general regulation on one hand create common rules that should encourage an integrated approach, but that on the other hand, each of the funds is managed by a specific regulation and procedures;
233. Notes with interest that the Court will present, in the near future, a special audit of the partnership agreements and the performance-focused framework in cohesion policy;
234. Regrets that the number of OPs subject to reservation increased from 73 to 77 for ERDF/CF OPs in 2014 and remained unchanged to 36 OPs for ESF; the estimated financial impact of these reservations decreased from EUR 423 million in 2013 to EUR 224 million in 2014 for ERDF/CF and increased from EUR 123,2 million in 2013 to EUR 169,4 million in 2014 for ESF;
235. Agrees with the outline of the joint audit strategy for the 2014-2020 period where priority for thematic audits will be given to two areas: the reliability of systems for reporting performance data (a new feature linked to the result orientation of the policy) and financial instruments;
236. Regrets that Member States have not yet fully embraced the simplified cost options (SCO) under the ESF; welcomes the report "Simplified Cost Options in the European Social Fund" where DG EMPL expects that under the programming period 2014-2020, on average 35% of expenditure will be claimed under the SCO, some Member States (Italy, the Netherlands, Spain and Sweden) will be significantly above, other Member States (Bulgaria, Hungary, Latvia and Slovakia) will be significantly below; supports DG EMPL's efforts to promote the use of SCO by Member States and urges the Member States to fully embrace the potential of SCO;
237. Appreciates, in this context, that the Commission has created a high-level group on simplification for beneficiaries of ESIFs; wishes to receive copies of the reports which the group will publish as of February 2016;
238. Welcomes the Commission's effort in encouraging Member States to take over the IT tool ARACHNE for data mining, with the view to preventing fraudulent activities; reminds Member States that this IT tool is provided for free;
239. Welcomes the fact that in 2014, the Commission, launched a first series of four studies to assess the integration of elements of the reformed cohesion policy in the programming exercise for the 2014-2020 period; recalls that the topics for the four studies are the following: ex ante conditionalities, the partnership principle, the performance framework and "new provisions" (covering a range of new programming elements, such as the assessment of administrative burden for beneficiaries and planned

actions for its reduction, horizontal principles, territorial approaches etc.); wishes to receive copies of the studies when they are completed;

Legality and regularity; error issues

240. Is alarmed that the Court analysed 161 transactions in the regional and urban policy area and 170 transactions in the employment and social affairs policy out of which 135 were affected by errors (75 for the regional and urban policy area and 60 for the employment and social affairs policy area); notes that based on 25 quantified errors the estimated level of error is to be 6,1 % for the regional and urban policy area and based on 28 quantified errors the estimated level of error is to be 3,7 % for the employment and social affairs policy area, leading to a most likely error rate for cohesion as a whole at 5,7 %;
241. Finds it frustrating that in 21 cases of quantifiable errors made by beneficiaries, national authorities had sufficient information to prevent or detect and correct the errors before declaring the expenditure to the Commission; and that, had all this information been used to correct errors, the estimated level of error for this chapter would have been 1,6 percentage points lower; notes in addition that the Court found that for 13 cases, the error that it detected was made by national authorities; these errors contributed 1,7 percentage points to the estimated level of error; considers this situation, which has remained unchanged for some years now, to prove a lack of diligence;
242. Criticises the fact that, as in previous financial years, the error rate, including as regards some requests for final payment which had been the subject of external audits and checks, highlights the inadequate nature of the *ex ante* checks in respect of the ESF; stresses that errors involving non-compliance with the rules on public procurement and a lack of documents justifying expenditure account for almost one-third of the estimated error rate;
243. Stresses that were the checks at Member States fully reliable in both policy areas, the estimated level of error could have been reduced by 3,3 percentage points for the regional and urban policy area and 3,2 percentage points for the employment and social affairs policy area;
244. Urges the Commission to indicate before 1 July what plans it has for remedying this situation in order to substantially improve financial management at the Member State level; is firmly convinced that the discharge should depend on the necessary progress in this field;
245. Regrets that the sources of errors have remained the same:
 - (a) in the regional and urban policy area (Regional): non-compliance with the rules on public procurement, claiming ineligible cost and infringement of state-aid rules;
 - (b) in the employment and social affairs policy area (Employment): claiming ineligible costs, ineligible projects or beneficiaries, as well as cases of non-compliance with the rules on public procurement; the most common types of eligibility issues detected are the following: expenditure declared outside the eligibility period (Czech Republic, Germany), overcharged salaries (Germany, Finland, Poland, Portugal), costs not related to the project (Netherlands, Poland,

Portugal), non-compliance with national eligibility rules (Poland) and revenue not deducted (Austria); the most common examples of failures to comply with public procurement rules are the following: unjustified direct award (Germany, Italy), unjustified direct award of additional works/services, unlawful exclusion of bidders, conflict of interest and discriminatory selection criteria (Finland);

Contribution by type of error	Regional	Employment
Non-compliance with the rules on public procurement	44,9 %	2,9 %
Ineligible costs	21,5 %	5,6 %
State Aid	21,2 %	
Ineligible project or beneficiary		3,9 %
Total	87,6 %	12,4 %

246. Deplores that, for years, errors of the same kind continue to be identified often in the same Member States; acknowledges that suspension and interruptions of payments by the Commission ensure that corrective actions are carried out in cases where deficiencies were identified; calls on the Commission to step up monitoring of national and regional management and control systems in the light of this finding, and to ease monitoring in countries where management and control systems have proved reliable;
247. Is concerned by infringements of public procurement rules during the tendering procedure for IT monitoring systems during the financing periods 2007-2013 and 2014-2020 which also gave rise to suspicion of fraud; notes that these errors were discovered by the Czech audit authorities; fully supports the Commission's position that no payments should be made until the respective corrective measures have been taken and the police investigation completed;
248. Notes with concern the problems with procurement for structural fund expenditure monitoring systems in 2007-2013 and also in 2014-2020, and calls for clarification as to why these problems arise in every funding period, as well as on the current state of the fraud investigations and the recovery of irregularly obtained funds;
249. Points out that according to the figures provided in the 2014 annual activity report of DG Regional and Urban policy the risk of error as a weighted average of the estimation for each operational programme supported by the European Regional Development Fund and the Cohesion Fund is below 1 % in 9 Member States (in 2013 - in 6 Member States) and that only in 2 Member State this percentage is 4 % or more (in 2013 - in 5 Member States);
250. Points out that according to the figures provided in the 2014 annual activity report of DG Employment, Social Affairs and Inclusion the risk of error as a weighted average of the estimation for each operational programme supported by the ESF is below 1 % in 9 Member States as it was in 2013 and that this percentage is 4 % or more in 6 Member States (7,9 % highest) while in 2013 this percentage was above 4 % in 5 Member States (8,8 % and 9,3 % highest);
251. Highlights that the Court did not detect any quantifiable error related to the use of the SCO over the last three years; this demonstrates that projects using SCOs are less prone to error than the ones using actual costs;

252. Is of the opinion it would be helpful if the Commission provided a focused analysis of the national eligibility rules (for both the 2007 – 2013 and 2014 – 2020 periods) and on this basis prepared guidance for Member States on the simplification and elimination of unnecessarily complex and complicated rules (gold-plating);
253. Notes that respecting state aid rules seems to be an important subject to minimise errors in cohesion;
254. Stresses the importance of some focus on the issue of under-reporting of errors and over-reporting of financial corrections by national authorities in Member States;
255. Expresses concern regarding the checks carried out on funds for refugees, which are frequently allocated to the Member States in emergencies and in a manner not consistent with the rules in force; regards it as essential that the Commission introduce more rigorous checks, not least with a view to ensuring that the human rights of refugees and asylum seekers are upheld;

Data reliability issues

256. Notes with satisfaction that the accuracy of data reported for the ERDF/CF and ESF Member States' annual control reports (ACR) has improved; regrets however that in some cases the Commission's correction exceeded 1,5 % and were considered unreliable;

Performance- and result based approach

257. Welcomes the fact that with respect to evidence of real policy results and achieved performance, the Court for the first time used a performance-based approach towards the complementarity of the Union budget with the Europe 2020 Strategy; considers that the results achieved by implementation of this strategy by structural funds are very important for the Union-wide headline economic indicator "GDP per cap", as well as for other indicators;
258. Considers it important to assess whether and to what extent ERDF, CF and ESF projects have been completed (by the end of 2014) and their objectives achieved;
259. Regrets that performance-based funding arrangements are still the exception rather than the rule; notes that in most cases, a failure to achieve project objectives agreed in grant agreements did not impact on the level of Union funding received;
260. Recalls that the implementation of 51 priority projects in Greece needed to be accelerated; furthermore, 14 projects - concerning, among other issues, the cadastre and the national registry - have been identified as "bottleneck" projects and run the risk of de-commitment; expects the Commission to update Parliament on the situation in the 2014 Commission discharge follow-up report;
261. Recalls that the Czech Audit Office report OPTP/2014/SM/01 on the procurement procedure for the monitoring system for 2014-2020, which was filed with the Commission in April 2015, refers to unwarranted expenditure of over EUR 9 million; welcomes the fact that the Commission has issued a letter of warning of possible interruption of payments and called on the Czech authorities to apply adequate financial corrections; wishes to know how the European Anti-Fraud Office (OLAF) assessed the situation;

Financial engineering instruments

262. Takes note that the managing authorities of the Member States reported a total of 1 025 FEI (including 73 holding funds and 952 specific funds) operating at the end of 2014: 90 % account for FEIs for enterprises, 6 % for urban development projects and 4 % for funds for energy efficiency/renewable energies; that those FEIs were set up in 25 Member States and received financial support from 183 operational programmes; that the total value of OP contributions paid to the FEIs amounted to EUR 16 billion, including EUR 10,9 billion of ERDF and ESF; and that payments to final recipients reached EUR 9,19 billion by the end of 2014, out of which EUR 5,8 billion were Structural Funds, thus reaching an absorption rate of almost 57 % of the OP amounts;
263. Notes that according to the recent and very comprehensive study that correctly evaluates the practice of FEI in cohesion policy in the 2007 – 2013 period, FEI have many advantages, but still some weaknesses which should be overcome; the analysis however shows that their use among the Member States differs radically; calls on the Commission to analyse the main reasons behind such dramatic differences among Member States and to find an effective incentive for them to be more active in using FEI in those fields where they have proved to be successful;
264. Notes that there is a visible difference between the volume of financial resources put into the FEI and the amount redistributed to final recipients; is of the opinion that this could mean that some substantial amounts were only “parked” into FEI to avoid the risk of de-commitment; calls on the Commission to contribute to eliminating this negative feature of FEI utilisation and considers the new provision for 2014-2020 for payment to FEI in tranches as a positive step in this direction;
265. Notes that the pronounced boom in FEI use will necessarily lead to a completely new approach to spending public money by public administration authorities and audit and control bodies, which to an extent requires a “new culture” in the environment for innovative financial instruments; calls on the Commission to test an adequate preparedness of this environment;
266. Notes that FEI could substantially contribute to efficiency, effectiveness and economy in ESIF utilisation, if they are wisely implemented, as they are naturally focused to reach a result, or to generate performance; calls on the Commission also to reflect this kind of benefit in the Union budgetary expenditure policy;
267. Takes note of the information that, by 2014, a total of 53 financial instruments, primarily limited to supporting SMEs, have been implemented across 7 Member States financed by the ESF and that a total of 16 716 SMEs (out of which 11 286 micro-enterprises) have been reached with a total ESF budget of EUR 472 million;
268. Recalls that the implementation of FEI during the programming period 2007-2013 was slow due to:
- (a) the complexity of rules;
 - (b) in some cases over-allocation of resources as compared to the real needs;
 - (c) implementation in a time of financial crisis;

269. Welcomes the fact that during the 2014–2020 programming period, the regulatory framework foresees that the use of FEI is based on a compulsory "ex-ante assessment" with the view to identifying investment needs and helping to avoid the over-commitment of Union funds;
270. Welcomes also the creation, together with the European Investment Bank, of a common financial instruments technical advisory platform (Fi-compass) to support the implementation of FEI throughout 2014-2020;

Best practice

271. Welcomes the trend for simplification, reduction of gold-plating and improvement of shared management hand in hand with the new elements of cohesion policy for the 2014 – 2020 programming period, which seems to be a methodological best practice and which is reflected in many concrete steps like finding complementarity with the Investment Plan for Europe through a practical coexistence of ESIFs and the EFSI (European Fund for Strategic Investments), doubling the scope for FEI, providing targeted initiatives, for example for SMEs, creating task forces for better implementation, introducing thematic focus on smart growth and implementation of research and innovative strategies respecting the smart specialisation strategies, or cohesion policy contribution to relevant Union policies in the areas of digital economy, energy, social affairs among others;
272. Welcomes the Commission's action of setting up a high-level group on simplification for beneficiaries to assist in identifying the obstacles and barriers to simplification and to find a way to address them; calls on the Commission to look at successful simplification procedures recognised by the Court, such as in Horizon 2020 and the simplification of indirect costs with flat rate reimbursements, in order to generalise this approach to other policy areas;
273. Calls on the Commission to assess or review the possibility of extending the system of payment for entitlements, which leads to fewer errors than the cost reimbursement system – which is the cause of most errors – relative to other programmes;
274. Invites the Commission to monitor how the Member States are improving the rules on auditing and controls in order to create a common base to share best practices in particular on public procurement and fight against fraud and corruption;

Measures to be taken

275. Concludes that the Commission should:
- (a) have identified evidence on the impact of ERDF, ESF and CF interventions of the 2007 – 2013 period for fulfilment of the Europe 2020 Strategy targets;
 - (b) ensure the new Union priorities are much more closely interlinked with the cohesion policy;
 - (c) continue in its already started simplification process, including the promotion of SCO;
 - (d) further support synergies within the cohesion policy itself as well as between the cohesion policy and other Union budgetary interventions;

276. Endorses the Commission's reservations in the area of economic, social and territorial cohesion and asks to be informed about the development of the programmes concerned in the Commission report following up Parliament's discharge decision;
277. Urges the Commission to continue to rigorously address the weaknesses of "first level checks" in Member States, as some of the most important errors are generated at this level;
278. Calls on the Commission to report on Member States' uptake of the SCO in the report following up Parliament's 2014 Commission discharge decision;
279. Agrees with the Court that the Commission should extend to all Member States its assessment of the reliability of the financial corrections reported by the certifying authorities and its impact on the Commission's calculation of the 'residual error rate'; calls on the Commission to report on the results when following up Parliament's discharge decision;
280. Shares the Court's view that the Commission should further strengthen the control system for audit authorities and report on the results when following up Parliament's discharge decision;
281. Calls on DG REGIO and DG EMPL to publish, in their respective annual activity reports, their contributions to the preparation of the Commission's CSRs and on how they support Member States for implementing them, as these recommendations should demonstrate how the DGs facilitate Member States' progress towards achieving the Europe 2020 Strategy objectives;

Natural resources

General issues

282. Notes that the spending area concerning natural resources covers mostly different types of activities under the common agricultural policy (CAP) aimed at increasing productivity in the agricultural sector, supporting living standards for the agricultural community, stabilising markets, and assuring the availability of supplies at reasonable prices; is aware that two funds fulfil this function: the EAGF (European Agricultural and Guarantee Fund) redistributes Union direct aid/ payments and provides market measures and the EAFRD (European Agricultural Fund for Rural Development) co-finances rural development programmes on the project basis;
283. Calls on the Commission to ensure that no EU funds are made available to directly or indirectly support bullfighting; considers that CAP appropriations or any other appropriations from the EU budget should not be used for the financing of activities that involve the torture of animals;
284. Notes that the other areas include activities under the Common Fisheries Policy (EFF; the European Fisheries Fund) and environmental supportive activities (protection and improvement, rational utilisation of natural resources), mainly within the LIFE (a programme for the environment);
285. Notes with regret that 5 recommendations were implemented fully, 4 recommendations are being implemented in most respects and 12 recommendations are being

implemented in some respects out of the Court's 21 recommendations made in years 2011-2012;

Management issues

286. Notes that CAP spending is provided via shared management (co-financing with Member States; also direct payments are distributed via paying agencies and there is responsibility for eligibility and providing payments for beneficiaries); that the EFF is also managed on a sharing principle; and that LIFE management is provided centrally by the Commission;
287. Stresses that the problem of efficient allocation consists also in a limited reliability and the LPIS database which is not always up to date; notes with satisfaction that the weaknesses in the LPIS had been addressed in all the audited Member States but deplores the fact that some important weaknesses still persist in some Member States; asks the Commission to use the reinforced instruments it has under the new CAP legislation¹ where there are significant and persistent deficiencies in national systems;
288. Points out that one of the identified failures consists also in imperfect Member-State action plans for rural development;
289. Recommends that the Commission provide guidance to Member States so as to address these problems and contribute to satisfactory decisions by them;
290. Welcomes the fact that the Court performed a follow-up audit in order to assess whether the shortcomings observed in the Member States from 2007 to 2013 as to the LPIS have been redressed;
291. Notes with satisfaction that the weaknesses in the LPIS were addressed in all the Member States audited; however deplores that some important weaknesses still persist in Greece, Spain and Italy; asks the Commission to use the reinforced instruments it has under the new CAP legislation where there are significant and persistent deficiencies in national systems;
292. Notes with concern that an underestimation of the level of error reported for the financial year by a certifying body in the framework of a "reinforcement of assurance procedure"² can happen; stresses that overall, for the 6 Member States which had opted for the voluntary application of this procedure, the Court found that the weaknesses in its implementation mostly render the reported levels of error unreliable, and that the Commission has to apply top-ups to the reported error rates;
293. Deeply regrets that the Greek certifying body significantly underestimated the level of error reported for financial year 2014 in the framework of the "reinforcement of assurance procedure" and stresses that overall for the six Member States which had opted for the voluntary application of this procedure (Greece, Bulgaria, Romania, Italy, Luxemburg, United Kingdom), the Court found that with the exception of Luxembourg,

¹ See Article 41 (2) of Regulation (EU) No 1306/2013 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 Reduction and suspension of monthly and interim payments.

² See 2014 Court's annual report point 7.44 to 7.50.

the weaknesses in Member States' implementation render the reported levels of error unreliable;

294. Regrets that the Court detected weaknesses in the control systems related to transactions in rural development of the five paying agencies it visited in 2014 in Ireland, Italy (Campania), Portugal, Romania and Sweden and, in particular, in the checks related to eligibility conditions for environmental conditions, the maximum size of companies and to public procurement procedures;
295. Deplores the fact that, in rural development, the majority of error types and system weaknesses were not addressed by the action plans reviewed by the Court;
296. Welcomes the fact that according to the Court's findings, the Commission satisfactorily managed the 2014 financial clearance procedure;
297. Considers with concern that conformity procedures were still too lengthy in 2014; points out that the 15 % reduction in the backlog compared to end 2013 was not sufficient, resulting in a significant backlog of 180 open files at the end of 2014;
298. Stresses that the Court's audit concerning the management of knowledge-transfer and advisory measures revealed that a considerable number of similar services are financed by different Union funds (e.g. from the ESF as well as through the EAFRD) and that this implies the risk of double-financing and requires the duplication of costly management structures;
299. Deplores the Courts' findings that Union support for rural infrastructure has achieved only limited value for money; regrets that the need for Union rural development funding was not always clearly justified and coordination with other funds weak and that the selection procedure did not systematically direct funding towards the most cost-effective projects; asks the Commission and the Member States to collect relevant and reliable data on the effectiveness and efficiency of the measures funded, in order to manage the spending by results;

Legality and regularity; error issues

300. Is deeply concerned that the Court analysed 183 transactions in EAGF involving market and direct support and 176 transactions in rural development, environment, climate action and fisheries, out of which 177 were affected by errors (93 for agriculture concerning market and direct support and 84 for rural development, environment, climate action and fisheries); notes that based on 88 quantified errors, the estimated level of error is to be 2,9 % for the EAGF market and direct support and that based on 41 quantified errors the estimated level of error is to be 6,2 % for rural development, the environment, climate action and fisheries, leading to the most likely error rate for 'natural resources' as a whole being 3,6 %; observes with satisfaction that the situation has improved, as without cross-compliance, the most likely error rate for 'natural resources' as a whole would be 3 %;
301. Finds it unacceptable that in 26 cases of quantifiable errors in the EAGF market and direct support made by beneficiaries, national authorities had sufficient information to prevent or detect and correct the errors before declaring the expenditure to the Commission; observes that had all this information been used to correct errors, the estimated level of error for this subchapter would have been 0,6 percentage points

lower; notes in addition that the Court found that for 34 cases, the error that it detected was made by national authorities; and that these errors contributed 0,7 percentage points to the estimated level of error; that in 15 cases of quantifiable errors in rural development, environment, climate action and fisheries made by beneficiaries, national authorities had sufficient information to prevent or detect and correct the errors before declaring the expenditure to the Commission; and that had all this information been used to correct errors, the estimated level of error for this subchapter would have been 3,3 percentage points lower; notes also that the Court found that for three cases, the error that it detected was made by national authorities; that these errors contributed 0,6 percentage points to the estimated level of error; considers that this situation, which has remained unchanged for some years now, proves a lack of diligence;

302. Regrets that the sources of error have remained the same:

- (a) in EAGF market and direct support (for agriculture): inaccurate, or ineligible claims by beneficiaries (such as over-declaration of agricultural land surface, ineligible parcels of land), ineligible beneficiaries, activities, projects or expenditure, cross-compliance infringements and administrative errors;
- (b) in rural development, environment, climate action and fisheries (rural expenditure): inaccurate, or ineligible claims by beneficiaries (over-declaration of agricultural land surface, ineligible parcels of land), ineligible beneficiaries, activities, projects or expenditure, cross-compliance infringements, non-compliance with agri-environmental commitments and non-compliance with the rules on public procurement;

Contribution by type of error	Agriculture	Rural
Overstated number of eligible hectares	28 %	6 %
Ineligible beneficiary, activity, project or expenditure	6 %	16 %
Cross-compliance infringements	15 %	1 %
Administrative errors	15 %	
Non-compliance with agri-environmental commitments		10 %
Non-compliance with the rules on public procurement		3 %
Total	63 %	37 %

303. Is particularly concerned by the cases of suspected intentional circumvention of the eligibility criteria; notes that those cases have been forwarded to OLAF and asks OLAF to report on the result of its investigations in the follow-up report of the Commission;

Data reliability issues

304. Stresses that it is crucially important to have a reliable and up-to-date LPIS, which should reduce errors;

305. Points out that since the error rates reported by the Member States for each paying agency are not always reliable, DG AGRI adjusts that level of error based mainly on the Commission's and the Court's audits carried out in the last three years;

306. Stresses that while in 2014 the certification bodies gave a positive assessment on all EAGF-IACS control statistics reported by the Member States, the Commission had to correct upwards the error rates communicated by 17 out of 69 paying agencies with a

residual error rate above 2 %, of which five were above 5 %¹, notably in Spain (Andalucía, Cantabria, Extremadura and La Rioja) and Hungary; points out that overall, the reported error rate for CAP direct payments increased from 0,55 % to 2,54 % as a result of adjustments made by DG AGRI;

307. Stresses that while in 2014 the certification bodies gave a positive assessment on 88 % of the EAFRD control statistics reported by the Member States, the Commission had to correct upwards the error rates communicated by 43 out of 72 paying agencies with an adjusted error rate above 2 % (of which 14 were above 5 %), in Bulgaria, Denmark, Spain (Andalucía and Valencia), France (ODARC and ASP), United Kingdom (England), Greece, Ireland, Lithuania, Latvia, Netherlands, Portugal and Romania; points out that overall, the reported error rate for rural development payments increased from 1,52 % to 5,09 % as a result of adjustments made by DG AGRI;
308. Stresses that there is risk of underestimation of the adjusted error rate by the Commission at individual paying agency level, as the adjustments are made only when Commission's or Court's audit are available;
309. Notes however that the Court considers the Commission's methodology to be a valid approach which can provide sufficient basis for reservations at the level of individual paying agencies;
310. Points out that the policy delivery structure is very fragmented in rural development,² which limits the Commission's conformity audit coverage for EAFRD expenditure;
311. Notes that since the average financial corrections over the last three years for EAGF corresponds to 1,2 % of the expenditure concerned and for EAFRD to 1 %, the Commission has applied financial corrections covering slightly less than half of the level of the adjusted error rate for EAGF (2,6 % in 2014) and one fifth for the EAFRD adjusted error rate (5,1 % in 2014); notes also that over the last three years, recoveries amounted to 0,3 % of the expenditure for EAGF and 0,9 % for EAFRD;
312. Stresses that on the basis of the data communicated by the Commission as regards the financial corrections and recoveries on the one hand (1,9 % of the expenditures) and the aggregated adjusted error rate on the other hand (5,1 %), the figures show for EAFRD in 2014 that the corrective capacity is insufficient to reduce the expenditure at risk below materiality by the end of the programming period³;
313. Notes that the declaration of assurance given by the Director General of DG AGRI includes three reservations in respect of 2014 expenditure in shared management with the Member States and one reservation in respect of indirect management concerning in total EUR 1 446,9 million (EUR 1 451,9 million in 2013); observes that the highest amount in risk in 2014 is under ABB03 (Direct payments); welcomes this intensive work by the Directorate-General to monitor and correct Member State authorities' data , as required by Article 66 of the Financial Regulation; points out that the weaknesses and corrections in the national systems thus revealed represent a substantial part of the

¹ See Table: Annex 10- 3.2.8 on the DG AGRI annual activity report 2014.

² Rural development policy is implemented via 46 measures, those measures through rural development programmes lead at national or regional level.

³ Court's annual report for 2014, point, 7.71.

data on which the declaration of assurance is based; calls on the Commission to further improve the data forming the basis for this declaration of assurance;

Performance- and result based approach

314. Notes that a relatively strong, but rather formal focus on performance criteria has been identified (according to the Court, even in 93 % of examined projects), while in contrast, measurement of the extent to which objectives have been achieved has seemingly not been so rigorous;
315. Notes that according to the annual activity report of the director general of DG AGRI, the agricultural income factor has been stable in 2014 (KPI 1); stresses that according to the Commission¹, agricultural income per worker is positively influenced by the decline in the agricultural workforce; asks the Commission to report systematically on this issue in its annual activity report;
316. Notes with surprise that according to the annual activity report of the director general of DG AGRI, the employment rate in rural area (KPI 4) was stable in 2014, whilst there is a permanent decline in the number of farmers in the Union;
317. Believes that it is unsustainable that according to the annual activity report of DG AGRI², 44,7 % of all Union farms are semi-subsistence farms, i.e. having an income of less than EUR 4 000 per year; notes also that according to the report on the distribution of direct aids to agricultural producers for the financial year 2014 adopted by the Commission on 15 December 2015:
- (a) on average 80 % of the beneficiaries of CAP direct support receive around 20 % of the payments, and
 - (b) 79 % of the beneficiaries of CAP direct support receive EUR 5 000 or less per year;
318. Asks DG AGRI to report in its annual activity report 2015 on a broad mix of economic and environmental indicators giving a well-balanced overview of the state of Union agriculture and its broader context, to enable the co-legislators to better assess the performance of the CAP and engage in an informed reflection on its future orientation;
319. Asks DG AGRI to report on the trend in the distribution of agricultural income support in its annual report and in particular to give details of the effects of the new forms of support, such as the redistributive payment, introduced by the 2013 CAP reform;
320. Welcomes the fact that the Court focused in the framework of a performance pilot-exercise on 71 projects of rural development, which included investments in tangible assets;
321. Welcomes the results achieved by the 2007-2013 rural development policy implementation according to preliminary data (end 2014) referring to micro enterprises (73 300) and young farmers (164 000) supported as well as to innovation support for introduction of new products or technologies in 136 000 farms;

¹ See reply of Commissioner Hogan to written question .7 b. CONT hearing on 14 January 2016.

² Annual activity report of Director General of DG AGRI p. 17.

322. Regrets that the Court demonstrated deficiencies in targeting measures and selecting projects and that there was a lack of evidence that costs were reasonable;
323. Regrets that the Court detected weaknesses in the control systems related to transactions in rural development of the five paying agencies it visited in 2014, in Ireland, Italy(Campania) Portugal, Romania and Sweden and, in particular, in the checks related to eligibility conditions for environmental conditions, the maximum size of companies and to public procurement procedure;

Financial engineering instruments

324. Notes that utilisation of FEI in this area is absolutely negligible and rather exceptional;
325. Regrets that the Court detected grave deficiencies as to the revolving and leverage effects of the funding's facilities in rural development and concluded that FEI had been unsuccessful during the period 2007-2013¹; requests that the Commission implement measurements to provide sufficient incentives for beneficiaries to allow for substantial added value;
326. Notes that the Commission has launched a conformity clearance procedure to get detailed and precise information on the risk of a conflict of interest concerning the State Agricultural Intervention Fund in the Czech Republic and stressed that failure to take the necessary measures to prevent a conflict of interest could ultimately require the Czech competent authority to withdraw the accreditation of the paying agency and/or could lead to the application of financial correction by the Commission; asks the Commission to proceed rapidly and to report to the Parliament on this issue by June 2016; asks OLAF to report without delay to the Parliament on its decision whether or not to open a case;
327. Notes that after the end of the eligibility period of FEI, resources returned to the funds from investments can be used by Member States and become national resources under the current legal framework; regrets that by this means resources initially linked to specific financial instruments can be eventually transferred to different sectors and individual undertakings; calls on the Commission to increase the incentive for Member States to spend these resources within the same sector;

Best practice

328. Notes the Court's detailed analysis of whether Union support was targeted at clearly-defined objectives reflecting identified structural and territorial needs and structural disadvantages; and that it also tested the performance criterion as part of targeting and selection; considers that the improved Common Monitoring and Evaluation Framework (CMEF) developed by DG AGRI, with respect to the performance approach, contains a set of specific indicators that will allow the Commission to measure and report on progress;

Measures to be taken

329. Concludes that the Commission should:

¹ European Court of Auditors' Special Report No 5/2015: Are financial instruments a successful and promising tool in rural development area.

- (a) take appropriate measures to strengthen the action plans in Member States so as to identify the most frequent causes of error; and revise the strategy for rural development conformity audits;
- (b) analyse the impact of the CAP reform in terms of the performance of industry and its priorities as concerns Union budgetary support;
- (c) facilitate synergies in the natural resources area to eliminate its current heterogeneity of supportive actions;
- (d) report in detail to Parliament on the implementation of the capping in CAP direct payments Member State per Member State;

330. Requests that:

- (a) the Commission consider reporting, in the annual activity report of DG AGRI, on the trend in the distribution of agricultural income support;
- (b) the Member States make further efforts to include reliable and up-to-date information in their LPIS database in order to avoid payments for ineligible land;
- (c) the Commission draft proposals with a view to sanctioning false or incorrect reporting by paying agencies including the three following dimensions, namely inspection statistics, statements by the paying agencies and the work of certification bodies;
- (d) the Commission take appropriate measures to require that Member States' action plans in rural development include remedial actions addressing frequently-found cases of error;
- (e) the Commission revise the strategy for its rural development conformity audits so as to establish whether systems weaknesses found in one specific region, for Member States with regional programmes, are also present in the other regions, especially for investment measures;
- (f) the Commission ensure that the new assurance procedure on legality and regularity of transactions, which will become mandatory as of the financial year 2015, is correctly applied by the certification bodies and produces reliable information about the level of error;
- (g) the Member States assess the need to support knowledge-transfer and advisory activities which are readily available on the market at a reasonable price and when this need is justified that Member States ensure that the costs of the supported activities do not exceed the costs of similar activities offered by the market;
- (h) the Commission ensure complementarity between Union funds in order to mitigate the risk of double-funding and duplication of administration in knowledge-transfer and advisory measures;
- (i) the Commission encourage Member States to establish a single financial instrument which is able to provide both loans and guarantees, thus increasing its activity and critical mass;

- (j) the Commission set appropriate standards and targets for leverage and revolving effects in order to increase the effectiveness of the financial instruments for the programming period 2014-20;
- (k) the Consumer, Health and Food Executive Agency reduce, to the extent possible, the carry-overs of committed appropriations, which amounted to EUR 0,9 million (50 %) in 2014; points to the fact that in 2013 the Court made similar comments and that information on corrective measures remains unavailable;

Global Europe

General issues

- 331. Notes that this area covers expenditures connected with foreign policy activities, support to Union candidate and pre-candidate countries, and development assistance and humanitarian aid to developing and neighbouring countries, which are not the part of the European Development Funds' (EDFs) activities;
- 332. Notes that heading 4 of Global Europe works with a total amount of EUR 7,4 billion where spending is based on co-operation instruments and delivery methods;
- 333. Notes that there are currently undoubtedly three areas relevant for the enlargement and neighbouring agenda: partnership, enlargement and synergies with the European External Action Service (EEAS);
- 334. Welcomes the fact that four recommendations have been implemented fully, two recommendations are being implemented in most respects and two recommendations are being implemented in some respects out of the Court's eight recommendations made in years 2011-2012;

Management issues

- 335. Notes that there is a direct management in this section, when spending is managed by the Commission and its DG; it is provided via the Brussels headquarters, or Union delegations in particular countries, or in cooperation with international organisations;
- 336. Notes with surprise that the delegations with the highest amount at risk as measured by key performance indicators 5 (timely implementation) and 6 (objective reached) differ from those listed as the worst performers; considers that it raises questions on the quality and seriousness of reporting of some delegations;
- 337. Notes with deep concern that according to the EAMR on 2 598 projects led by Union delegations;
 - 805 projects worth EUR 13,7 billion (45,53 % of the total amount) are delayed,
 - 610 projects worth EUR 9,9 billion (32,96 %) will not reach the initially set objectives,
 - 500 projects worth EUR 8,6 billion (29 %) are both delayed and will not reach their initially set objectives,

- 915 projects worth EUR 15 billion (50 %) are either delayed or will not reach the initially set objectives,
 - budget support actions account for almost one fifth of the projects with the worst problems;
338. Welcomes the fact that the Commission has put in place a monitoring system of the ongoing projects and that the EAMR reports provide a snapshot at the end of the year of projects which are either facing some delays in their implementation or where risks exist that they will not reach one or more of their initially set objectives;
339. Encourages the Commission to continue to monitor these projects and to take appropriate actions in order to allow these projects to reach their objective in the set timeframe; asks the Commission to provide an up-to-date report on the state of these projects and calls on it to include neighbourhood policy aid programmes in that report;
340. Regrets that projects with implementation problems are less often visited by delegation staff than projects without problems;
341. . Notes that on the basis of the data in the EAMR of 2014, 77 % of the projects flagged red for KPI-5 were visited and 23 % were not, that for projects flagged yellow for KPI-5, 74 % were visited and 26 % were not, and that for projects flagged green for KPI-5, 71 % were visited and 29 % were not;
342. Recalls that Parliament requested that the Commission present the measures taken to improve the performance of Union delegations as regards financial planning and resource allocations, financial administration and auditing and to provide the conclusions it has drawn from the EAMR with the EAMRs to Parliament;
343. . Notes that action plans for 22 delegations that met benchmarks for less than 60 % of their KPIs in 2014 were transmitted officially to the European Parliament on 5 November 2015; notes, moreover, that conclusions drawn by DG DEVCO from the EAMR were presented in the Annual Activity Report of DG DEVCO for the year 2014;
344. Insists that the Commission should in no way utilise the adversarial procedure foreseen by Article 163 of the Financial Regulation applicable to the general budget of the Union in order to delay or to block the adoption of a special report of the Court;
345. Reiterates strongly that the assurance-building process requires measures to reinforce the accountability of Union delegations through the EAMR prepared and signed by the heads of Union delegations;
346. Considers the EAMR issued by the heads of Union delegations to be a useful internal management instrument to enable the Commission to identify early problems with projects and to address them even during the implementation; regrets that these reports are not annexed to the annual activity reports of DG DEVCO and NEAR as is foreseen by Article 67(3) of the Financial Regulation; regrets that they are systematically considered as confidential whilst in accordance with Article 67(3) of the Financial Regulation, "they shall be made available to the Parliament and the Council having due regard, where appropriate, to their confidentiality";
347. Regrets that the overall performance of Union delegations in implementation of external assistance programs as measured by the KPI utilised in the EAMR of 2014 has

worsened compared to 2013; notes however that these reports present an assessment of ongoing projects and that the performance is influenced by factors outside the control of the Union delegations, including quality of governance in beneficiary countries, security situation, political crises, commitment of implementing partners, etc.;

348. Acknowledges that the assessments derived from the EAMR reports provide only a snapshot of the situation of each project at the end of the year and that the actual impact of the identified difficulties can only be assessed by the end of the project;
349. Insists that the Commission use the EAMR to address the identified shortcomings, so that ongoing projects meet the objectives initially set; expects the Commission to ensure that external assistance projects are planned within a realistic time frame so as to decrease the share of delayed projects; expects the Commission to report to the Parliament on corrective action to redress the situation in delegations with serious implementation problems;
350. Notes that only a very limited part of the ongoing projects were assessed as having serious problems justifying a red flag; welcomes the foreseen corrective actions, which could still produce a positive outcome by the end of the implementation period;
351. Takes the view that heads of Union delegations should be clearly reminded of their duties during their recruitment and pre-posting in terms of management, their responsibility in the management assurance related to their delegation portfolios of operations (key management processes, control management, adequate understanding and assessment of the KPI), providing qualitative and exhaustive reporting in the context of the establishment of the annual activity report and urged not only to concentrate on the political component of their duties;
352. Expresses concern at the Union's management of external assistance in third countries; points out that every second euro is paid late (at the time of the last report, this affected 805 projects), every third euro failed to reach its intended target (affecting 610 projects) and that both of the failings apply to every fourth euro (affecting 500 projects); is concerned that with regard to budget support almost one fifth (18,5 %) of the measures are late and fail to reach the objectives, and almost half of the EDF projects have the same implementation problems; is concerned that projects that are experiencing problems are visited less frequently than those without problems; asks the Commission to provide an up-to-date report on the state of these projects and calls on it to include neighbourhood policy aid programmes in this report;
353. Acknowledges that the actual impact of the identified difficulties can only be assessed by the end of the project; considers that the financial impact of the difficulties and delay encountered during the implementation of the projects should be measured cautiously and that it can represent only a very limited part of the project's spending; notes that on the basis of the data in the EAMR of 2014, 77 % of the projects flagged red for KPI-5 were visited and 23% were not, that for projects flagged yellow for KPI-5, 74 % were visited and 26 % were not and that for projects flagged green for KPI-5, 71 % were visited and 29 % were not;
354. Believes that the heads of Union delegations should be provided with clear guidance in the general guidelines on the definition of the reservation and its components;

355. Believes it is important to identify and consolidate trends by delegation on the basis of management information and KPI, in order to assess the programming cycle for the benefit of the overall or sectoral performance of Union development aid;
356. Welcomes that the Commission has increased the monitoring of Union-funded projects in the Tindouf camps with a total of 24 monitoring missions carried out in 2015, and up to 2 weeks per month being spent by Commission humanitarian staff in the camps; welcomes all efforts by the Commission to ensure the most efficient use of Union funding in the camps and acknowledges that there is no customs duty on humanitarian imports in the case of Tindouf;

Legality and regularity; error issues

357. Observes that the Court analysed 172 transactions, out of which 43 were affected by error; notes that based on 28 quantified errors the estimated level of error is to be 2,7 %;
358. Welcomes the fact that the Court issued a specific error rate as to the expenditure directly managed by the Commission (the multi-donor and budget support transactions being excluded) and regrets that the error rate for those specific transactions has been quantified at 3,7 %; finds it frustrating that in seven cases of quantifiable errors, the Commission had sufficient information to prevent or detect and correct the errors before accepting the expenditure; notes that had all this information been used to correct errors, the estimated level of error for this chapter would have been 0,2 percentage points lower;
359. Notes that the main errors include ineligible expenditures claimed by financial beneficiaries (involving the period, taxes, non-compliance with rule of origin or insufficient documentation) and insufficient clearance and acceptance of payments by the Commission;

Contribution by type of error	Global Europe
Ineligible expenditure	57 %
Services/works/supplies not provided	24 %
Absence of supporting documents to justify expenditure	8 %
Non-compliance with the rules on public procurement	6 %
Incorrect calculation of expenditure claimed	4 %
Total	100 %

360. Welcomes the fact that the Court issued a specific error rate as to the expenditure directly managed by the Commission, multi-donor and budget support transactions being excluded; regrets that the error rate for those specific transactions has been quantified at 3,7 %;
361. Points out that the budget support transactions examined by the Court were free from errors of legality and regularity; takes the view, however, that the Commission should introduce consistent monitoring of funds allocated in the form of budget support, including systematic checks on compliance with the conditions governing eligibility for this type of support;
362. Regrets that the Court observed the systemic error consisting of accepting expenditure based on their own estimates rather than on incurred, paid, and accepted costs it had

already detected in the financial exercise of 2013 once again in 2014; but notes with satisfaction that DG ELARG corrected the incorrectly-made clearings from their accounts for 2013 and 2014 in May 2014 and also revised the instructions laid down in the ELARG manual on accounting;

363. Recalls that in his declaration of assurance¹, the director general of Europe Aid stated that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions whilst issuing a global reservation concerning the error rate being above 2 %, which demonstrates that the control procedures failed to prevent, detect, and correct material error;
364. Regards it as essential that suspension of pre-accession funding should be possible not only in cases where misuse of funds has been proven, but also in cases where pre-accession countries violate in any way the rights laid down in the Charter of Fundamental Rights of the European Union;

Data reliability issues

365. Notes that due to the character of expenditures and the territories of their allocation, data management in this field visibly differs from any other area of the Union budget;

Performance- and result-based approach

366. Notes that due to the character of support, even improved risk management and strengthened control systems contribute substantially to a performance focus;

Financial engineering instruments

367. Notes that in this area, FEI do not represent a core topic. If there is a space for this kind of support, it is rather utilised via the EDFs' actions;

Measures to be taken

368. Concludes that the Commission should:
- (a) follow the Court's recommendation to set up and implement internal control procedures to ensure that re-financing payments are based on actual expenditure, and to strengthen the ex-ante controls for grant contracts, including the use of risk-based planning and systematic follow-up visits;
 - (b) reflect the current and sharply changing set of priorities to provide efficient Union financial support to follow not only the territorial aspects (Ukraine, Turkey, Western Balkan, Eastern Partnership countries among others), but simultaneously also the thematic ones;
369. Requests that the Commission set up and implement internal control procedures to ensure that pre-financing is cleared on the basis of actual incurred expenditure not including legal commitments;

¹ See 2014 annual activity report of Europe Aid, p 115.

370. Fully endorses the instruction given by the Commission in its synthesis report¹ urging DG DEVCO "to look for ways to increase the extent to which it takes the result of its controls into account to provide a more risk differentiated assurance and to subsequently direct more of its control resources towards areas covered by specific reservations taking into consideration the relative cost -effectiveness of the various controls";
371. Asks the Commission to:
- (a) provide the Parliament every year with a global assessment of the EAMR; and
 - (b) indicate in the annual activity reports of DG DEVCO and DG NEAR the measures it has taken to redress the situation in the delegations with implementation problems, to shorten the delays in budget support and to simplify the programmes;

Administration

372. Notes that this very specific area relates to the expenditure of Union institutions and other bodies, and that the Commission in many cases plays here a role of a service provider for the others;
373. Points out that about 60 % of the total amount represents the cost of personnel; the other items include buildings, equipment, energy, communication and IT among others;
374. Requests that all Union institutions and agencies implement Article 16 of the Staff Regulations by publishing, on an annual basis, information about senior officials who have left the Union administration, as well as a list of conflicts of interest; requests that the aforementioned independent structure assess the compatibility of post-Union employment or the situation whereby civil servants and former Members of the Parliament move from the public to the private sector (the 'revolving door' issue) and the possibility of a conflict of interest, and define clear cooling-off periods, which should cover at least the period for which transitional allowances are granted;
375. Points out that five former officials were employed as special advisors in 2014 and received remuneration in one case for 43 weeks in two other cases for 30 weeks; asks the Commission to provide further information on why the original contracts were not prolonged instead of paying the above-mentioned former officials on a daily basis, whether those original contracts were taken into account and if so how, and whether pensions were paid at the same time;
376. Points out that through the increase in working hours from 37,5 to 40 hours a week under the revision of the Staff Regulations, the equivalent of approximately 2 900 posts is gained and that this virtually offsets the staff cuts of 5 % over several years agreed in the reform of the Staff Regulations; calls on the Commission to present a transparent report with annual indications of the planned reduction in posts and to take account of the increase in working time in this;

¹ Synthesis of the Commission's management achievements in 2014 (COM2015) 279 final p 21.

377. Stresses that for each member of the Commission, the discharge procedure takes precedence over other meetings as the Parliament's responsible committee considers that each commissioner is accountable to Parliament;
378. Stresses the importance of the role of whistle-blowers; invites the Commission to ensure that every Union institution implements rules on the protection of whistle-blowers; calls the Commission to promote legislation on the protection for whistle-blowers in the Union;
379. Demands that all those Union institutions and agencies that have not yet done so urgently adopt internal rules on whistle-blowing and take a common approach to their obligations, focusing on the protection of whistle-blowers; requests special attention for the protection of whistle-blowers in the context of the Directive on the Protection of Trade Secrets; calls on the Commission to promote legislation on a minimum level of protection for whistle-blowers in the Union; calls on the institutions and agencies to amend the Staff Regulations to ensure that they not only formally oblige officials to report irregularities of all kinds but also lay down adequate protection for whistle-blowers; calls on the institutions and agencies to implement Article 22(c) of the Staff Regulations without delay;
380. Expresses concern at the number of suicides among staff; takes the view that the Commission should carry out a thorough assessment of staff well-being, in an effort to halt the suicides;
381. Notes with regret that no recommendation was implemented fully, 5 recommendations are being implemented in most respects and 3 recommendations are being implemented in some respects out of the Court's eight recommendations made in years 2011-2012;
382. Notes that the level of sick leave at the Commission remains stable; welcomes the establishment of a psychosocial support group, which has seen the number of days of absence fall from 2 200 in 2010 to 772 in 2014; is concerned, however, at the need to intervene in 868 cases, albeit with a degree of satisfaction of 95 %;
383. Takes note that more than 250 staff members, not taken up in the new cabinets, were reintegrated or hosted in the DGs and that some 550 staff of the new cabinets were welcomed in new Juncker Commission;
384. Considers the immunity of Union staff from criminal proceedings in Member States, which dates back 64 years, to be a privilege that has long been obsolete; calls for this privilege under the Protocol to the Treaty to be confined to Union staff in countries outside the EU;

Legality and regularity; error issues

385. Observes that the Court analysed 129 transactions out of which 20 were affected by error; notes that based on 12 quantified errors the estimated level of error is 0,5 %;
386. Notes that the main errors include ineligible or incorrectly calculated staff allowances and related benefits, payments made for services not covered by the existing contract and other expenses without proper justification;

Contribution by type of error	Administration
Ineligible or incorrectly calculated staff allowances and related benefits	70 %

Payments made for services not covered by the existing contract	22 %
Other expenses without proper justification	8 %
Total	100 %

Code of conduct and conflict of interest

387. Notes the strong attention of the public and the media for integrity issues, implying that well-functioning codes of conduct demand continuous attention; stresses that a code of conduct is only an effective preventative measure if properly applied and compliance systematically reviewed, not only in cases of incidents; points out that a review of the code of conduct is needed by the end of 2017;
388. Encourages the Union institutions and agencies to better raise awareness of the conflict-of-interest policy among their officials, alongside ongoing awareness-raising activities and the inclusion of integrity and transparency as an obligatory item to be discussed during recruitment procedures and performance reviews; considers that a distinction should be made between elected representatives and public officials in the legislation on conflicts of interest; believes that there should also be such regulations in the Member States for public officials and civil servants involved in the administration and monitoring of Union subsidies; calls on the Commission to submit a draft legal basis on this matter;
389. Believes that the Commission should pro-actively disclose documents regarding the recommendations of the Ad Hoc Ethical Committee on post-term-of-office jobs of former Commissioners, editing the commercial or personal information in accordance with Regulation (EC) No 1049/2001;
390. Calls on the Commission to review the code of conduct for Commissioners by the end of 2017, including by defining what constitutes a "conflict of interest" as well as introducing criteria for assessing the compatibility of post-office employment and extending the cooling off period to three years for Commissioners; calls on the Commission to ask from Member States that they clearly indicate any potential conflicts of interests of their candidate member of the Commission and explain how conflicts of interests are defined in their national legislation; in the case of diverging interpretations of conflicts of interest between national legislation and the rules the Commission applies itself in this regard, considers that the latter interpretation should be followed by Member States;
391. Requests that the Commission pay particular attention in this regard to the prevention of conflicts of interest and corruptive practices in the case of decentralised agencies, which are particularly vulnerable considering the fact that they are relatively unknown to the public and are also located throughout the Union;
392. Points out that an important step with regard to conflicts of interest is to increase the transparency of the Commission President, the ad hoc ethical committee of the Commission and of the Secretariat General, when reviewing situations of potential conflict; calls upon the Commission to proactively publish the opinions of the ethical committee in accordance with Regulation (EC) No 1049/2001 in order to let , the public hold the Commission accountable for the decisions it makes; reiterates the Parliament's recommendation that the ad hoc ethical committee be reformed to extend its powers and include independent experts;

393. Estimates that the code of conduct for Commissioners should include a clearer task description of the Ad Hoc Ethical Committee, and include the requirement that the members of the Committee are independent experts;
394. Calls on the Commission to publish the declarations of interest in an open, machine-readable format;
395. Considers that government employees recruited to the private office of a European Commissioner should preferably not have as part of their assignment relations with their own Member States, unless following an appropriate examination against any possible conflict with legitimate interests of the Commission;

Conflicts of interest in shared management and in third countries in connection with the management of EU funds

396. Points out that some Member States do not have laws on ministers that exclude the possibility of office-holders being sole or part-owners of businesses;
397. Sees a serious conflict of interest in the possibility that businesses owned by Union office-holders may apply for Union funds or may receive such funds as subcontractors, while the owners and office-holders themselves bear responsibility for both the proper use of funds and for controlling their use;
398. Calls on the Commission to incorporate a clause in all future Union laws on payments to the effect that businesses owned by office-holders in Union Member States and in third countries may not apply for or receive any Union funding;

Transparency

399. Believes that all data on the implementation of the budget within the EU should be transparent and accountable through publication, including the spending of Member States related to shared management;
400. Emphasises the principle that the Commission on all levels should end contacts with unregistered lobbyists;
401. Calls on the Commission to expand the recording of meeting data with lobbyists to everyone involved in the Union's policy-making process by requesting from their DGs regular reports on the meetings taking place within their respective services and by putting this information in an easily accessible manner on the Commission's website;
402. Believes that the Commission should be obliged to record and disclose all input received from lobbyists/interest representatives on draft policies and laws as a 'legislative footprint'; suggests that this legislative footprint should contain detailed information about lobbyists whose views had a substantial impact on the Commission's proposals;
403. Welcomes the publication of a list of senior officials leaving the Commission and calls on the Commission to include all members of the Cabinet in the definition of senior officials;

Expert Groups

404. Urges the Commission to follow up on the Ombudsman's recommendations against conflicts of interest in expert groups and to postpone the adoption of new horizontal rules, until the Parliament has been able to express its opinion on the basis of the ongoing work on a joint CONT-JURI own-initiative report;

Others

Migration and Refugees

405. Welcomes the information on funds, which could be used to mitigate the crisis situations caused by a high influx of refugees¹;
406. Is of the opinion that the Union funds involved in migration policy should be the subject to control and audits on the basis of performance indicators;
407. Points to the ongoing migration crisis and underlines the need to address it with a coherent Union solution; notes the funds allocated to migration and external-border management in 2014; and asks the Court to consider preparing a quick, special report on the effectiveness of these funds, drawing conclusions to be reflected in the ongoing process of upgrading the Union migration and border control policy;
408. Refers to paragraphs 234 and 235 of the 2013 discharge resolution; asks for an update about the ongoing cooperation with the International Management Group (IMG) and for information from the Commission in particular about ongoing and new contracts and payments;
409. Calls for clarification as to which unfinished Greek Union projects can no longer be funded after 31 December 2015; calls for clarification as to what is to happen with each of these projects;

OLAF

410. Considers the OLAF to be a key actor in the fight against corruption and believes that it is of the utmost importance that this institution work effectively and independently; recommends, in accordance with the OLAF Regulation, that the OLAF Supervisory Committee be given access to the information needed for effective execution of its mandate with regard to oversight of OLAF activities and that it be given budgetary independence;
411. Stresses that Member States are not following up alleged cases of fraud affecting the financial interests of the Union as submitted to them by OLAF; calls on the Commission to take appropriate measures and on OLAF to continue and accelerate its analysis of the reasons why Member States do not follow up alleged cases, to provide the Parliament with its findings in this respect and to continue to support the Member States in improving their performance in the prevention and detection of fraud against European funds;
412. Notes OLAF's effort to implement most of the recommendations of its Supervisory Committee²; wishes to be informed, however, on whether the fundamental differences

¹ Replies to written questions to Commissioner Thyssen, questions 48 and 49.

² See Follow up to the European Parliament resolution on the OLAF Supervisory Committee's annual report 2014, adopted by the Commission on 23 September 2015.

on whether respective recommendations have been implemented or not; expects in the future that OLAF clearly states, where and in how far it deviates from the original recommendations issued by the Supervisory Committee; notes that 2014 was the first year in which the Supervisory Committee has decided to follow-up on the recommendations previously issued; calls on OLAF and the Supervisory Committee to repeat this exercise on a yearly basis;

413. Urges OLAF to implement the recommendations on the direct participation of the Director General in investigations, as Article 7(1) and (2) of regulation No 883/2013 clearly stipulates that investigations are to be conducted by staff appointed by the Director General and not by the Director General himself, as this may create investigations with conflicting objectives;
414. Expects OLAF to implement the recommendation of the supervisory committee to include the verification of any potential conflict of interest between the duties of a national expert and his participation in investigation activities in the respective case file;
415. Is strongly convinced that the supervisory committee should be informed of all dismissed cases in which information has been transmitted to national judicial authorities, in accordance with Article 17(5) of Regulation No 883/2013, in order to protect the procedural guarantees of the persons concerned with the allegations; demands from OLAF to implement the Supervisory Committee's recommendation as soon as possible;
416. Notes that OLAF closed in 2014 a total of 307 investigations and coordinated activities; that in 147 of these investigations OLAF issued a recommendation, yielding a follow-up rate of 47 %; notes that in years prior to 2011, the rate was regularly above 50 %; expects that OLAF undertake measures to restore its effectiveness permanently by improving its selection procedure; is of the opinion that OLAF should reconsider recommendation No 31 of the supervisory committee to increase its effectiveness;
417. Notes the joint efforts of OLAF and the Supervisory Committee to reach an agreement on new working arrangements; reiterates its call relating to the 2013 budget for a speedy resolution of the remaining issues between OLAF and its Supervisory Committee, so as to enable them to fulfil their legal duties effectively under the conditions of their current limited cooperation; calls on the Commission fully to play its role and to actively work on a long-term solution to be put in place without delay;
418. Welcomes the decision of the college to waive the immunity of the OLAF Director General, so as to enable the Belgian judicial authorities to investigate the possibly unlawful recording of telephone conversations (scripted by OLAF) between a witness (prompted by OLAF to make the call) and a person on the OLAF premises and under the assistance of OLAF investigators;
419. Emphasises that the Supervisory Committee should, as a matter of consistency with its mandate, have autonomous staff who are detached from the OLAF administration and enjoy financial autonomy; welcomes the Commission's ongoing efforts towards this end;
420. Urges OLAF to grant the Supervisory Committee access to documents that the Supervisory Committee deems necessary to fulfil its task in accordance with its remit within the legislative mandate;

421. Notes that in 2014, significant steps were taken by OLAF to enhance the Commission's and the Member States' protection of Union financial interests by completion of the priority actions of the multi-annual anti-fraud strategy, focused on both developing anti-fraud strategies at Commission service and agency level and supporting Member States in developing their own anti-fraud strategies;
422. Points out that in 2014, OLAF recommended a record amount of financial recoveries for the Union budget, totalling EUR 901 million, more than double the amount for 2013; points out that in 2014 the total amount recovered by the relevant authorities also increased following OLAF's recommendation to recover EUR 206,5 million (in 2013 it was EUR 117 million);
423. Urges OLAF to draw up internal rules on whistleblowing in accordance with the new 2014 Staff Regulations;
424. Recalls that the Commission has received a request to waive the immunity of its staff from the Belgian Courts; insists that the Commission should fully cooperate with the Belgian judicial authorities;
425. States that in OLAF's 2014 annual report the investigative activities and results per sector are specified; requests that OLAF provide in its next annual report detailed information on the type of investigation and results in all sectors;

Tobacco agreements

426. Recalls that in May 2015 the Commission promised to deliver its assessment of the agreement with Philip Morris International (PMI) as soon as possible; stresses that the Commission postponed the publication of the assessment several times and that it was finally published on 24 February 2016, one day before a plenary debate on the issue in Parliament; firmly considers such a delayed publication to constitute a serious failure on the part of the Commission to meet its obligations of transparency, both to Parliament and to citizens, thus undermining Parliament's capacity to express its view in a timely manner on this complex and delicate matter;
427. Emphasises that, when first concluded in 2004, the PMI agreement was an innovative instrument for tackling the illicit tobacco trade, but stresses that the market and regulatory environment have experienced substantial changes since then; stresses that the agreements concluded with the "big four" tobacco companies¹ do not address important characteristics of the illicit tobacco trade today, in particular the high proportion of the trade that is now made up of 'cheap whites'; calls on the Commission, to come forward with an action plan setting out new measures to tackle this problem as a matter of urgency;
428. Is of the opinion that all the elements covered in the tobacco agreements will be covered by the new legal framework made up of the Tobacco Products Directive² (TPD) and the

¹ Philip Morris International, British American Tobacco, Japan Tobacco International, and Imperial Tobacco Limited.

² Directive 2014/40/EU of the European Parliament and of the Council of 3 April 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive 2001/37/EC.

World Health Organisation Framework (WHO) Convention on Tobacco Control (FCTC);

429. Recalls that the Parliament expressed the view on 9 March 2016¹ that the agreement with PMI should not be renewed, extended or renegotiated;
430. Urges the Commission to put in place, at Union level and by the date of expiry of the PMI agreement, all the necessary measures to track and trace PMI tobacco products, and to bring legal action for any illegal seizures of this manufacturer's products until all provisions of the Tobacco Products Directive are fully enforceable, so that there is no regulatory gap between the expiry of the PMI agreement and the entry into force of the TPD and FCTC;
431. Calls on PMI to continue to apply the track-and-trace and due diligence ('know your customer') provisions contained in the current agreement, regardless of whether or not it is extended;
432. Calls on the Commission to bring forward a new, additional regulation establishing an independent track-and-trace system and applying due diligence ('know your customer') provisions to raw cut tobacco, filters and papers used by the tobacco industry, as an additional tool to combat contraband and counterfeit products;
433. Regrets the delay in the Commission's assessment of tobacco agreements; calls on the Commission to provide this as soon as possible, outlining the results of the investments made using the money paid by tobacco companies under these agreements;
434. Is concerned at the finding by the European Ombudsman² which declared that, with the exception of DG Health, the Commission was 'not fully implementing UN WHO rules and guidelines governing transparency and tobacco lobbying'; is of the opinion therefore that the credibility and integrity of the Commission have been endangered;
435. Urges all the relevant Union institutions to implement Article 5.3 of the WHO FCTC in accordance with the recommendations contained in the guidelines thereto; urges the Commission to publish immediately the assessment agreements with tobacco companies and an impact assessment on the implementation of the WHO FCTC;

European Schools

436. Points out that the European Schools have received EUR 164,2 million from the EU budget, which constitutes 59 % of the schools' operational budget;
437. Is extremely concerned by the conclusions in the Court's report on the annual accounts of the European Schools for the financial year 2014 which reads: "Given the continuing accounting and control weaknesses, the Court is not able to confirm that the consolidated accounts for 2014 are free of material misstatements";
438. Notes that the Director-General for Human Resources and Security (DG HR) maintained her 'reputational reservation' in the 2014 Commission Synthesis report regarding the European schools and that the representative of the European Commission

¹ European Parliament resolution of 9 March 2016 on the tobacco agreement (PMI agreement (Texts adopted, P8 TA(2016)0082)..

² <http://www.ombudsman.europa.eu/en/press/release.faces/en/61027/html.bookmark>.

voted against granting discharge for the 2012 and 2013 European Schools accounts; regrets that the member state representatives are not taking the problems equally seriously;

439. Recalls that the Parliament in its 2010 Commission discharge procedure had already questioned "the decision-making and financing structures of the Convention on the European Schools"; and had demanded that the Commission "explore with the Member States a revision of that Convention and [...] report by 31 December 2012 on the progress made"; notes that no progress report was ever received by Parliament;
440. Fully endorses the Court's 11 recommendations issued in its report of 11 November 2015 on the annual accounts of the European Schools for 2014 comprising accounting, staff, procurement procedure, control standard and payment issues;
441. Calls on the Commission to report on the progress made by the European Schools in implementing the Court's recommendations and the Commission's action plan by 1 July 2016;
442. Calls on the budgetary authority to put into reserve parts of the Union budget contribution to European Schools, aiming primarily at the office of the Secretary General, during the 2017 budget procedure unless sufficient progress has been achieved in implementing the Court's recommendations;

Euronews

443. Notes that Euronews received EUR 18 million from the Union budget in 2014, even though the Commission is not a Euronews shareholder, is concerned that Euronews' current governance structure might not allow full independence and autonomy from its international shareholders; calls on the Commission in its function as major financial contributor to ensure that Euronews respects the principles of sound financial management and all legal agreements with the Commission including the binding charter on editorial independence;

Summary

444. Concludes in summary that:
 - (a) Sound financial management principles represent the key requirement for the Union budgetary management;
 - (b) impact and risk assessments are to be understood as an integral element of this;
 - (c) the current strategy of simplification is important for the sound management and its efficiency; it is to be accompanied with high standards of budgetary discipline;
 - (d) shared management practices still have room for improvement in terms of increased compatibility between Union and Member States' policies;
 - (e) a greater effort to support the protection of financial interests is crucial;
 - (f) the overall error rate remains almost stable at 4,4%, however the errors' typology is very heterogeneous;

- (g) no serious problems have been identified on the revenue side; the GNI principle remains key to this success; revenue adequacy is, however, an issue;
- (h) a higher-than-average error rate has been identified in spending for competitiveness in growth and jobs, albeit that in parallel, temporary monitoring in this area has displayed the clearest signs of a performance approach;
- (i) cohesion support has shown a visibly higher error rate for regional and urban policy in comparison with that for social affairs; a performance approach is additionally supported by FEI, especially in some Member States;
- (j) better data management and processing would undoubtedly contribute to a more advanced performance approach;
- (k) the natural resources area has the potential to develop project-based support to improve the efficiency of Union sources; additionally, there is huge room for improvement in management and institutional support, especially at the Member States' level;

General results and policy recommendations

445. Considers that the 2014 discharge:

- (a) creates a new paradigm for understanding Union budgetary effects and benefits in a more comprehensive way to cover all aspects, including errors, legality, absorption, performance and results as a system; and calls on the Commission and the other relevant actors to continue to develop an appropriate methodology and framework to pursue the performance approach further and with greater rigour;
- (b) shows that the performance test used with the Europe 2020 Strategy is a positive step in the right direction, although its compatibility with the Union economic policy framework requires further development, including CSR with relevant macroeconomic indicators and regularly updated Union economic and social policy priorities;
- (c) identifies room for improvement in budgetary management and welcomes the effort to simplify it, including its impact assessment; shows that a regular follow-up process is highly beneficial;
- (d) calls on the relevant Union institutions to adjust their management and procedural systems to implement successfully new elements coming from current and future Union budgetary needs, to allow the Union budget to realise its potential optimally;

C. COMMITTEES' OPINIONS

Foreign Affairs

446. Is concerned about the increase in the rate of material error in heading 4 for the 2014 financial year; supports all recommendations made by the Court in its annual report and urges the Commission to follow up swiftly on recommendations from the previous years that are still not fully implemented;

447. Welcomes the fact that DG NEAR fixed the systemic error affecting its expenditure in 2013 and made the substantial changes to its systems required by the Court; similarly expresses satisfaction that DG ECHO's annual activity report was found to be correct based on the Court's audit work;
448. Notes with concern the errors identified in the context of expenditure verification for grant contracts, which make up more than 50 % of errors identified by the Court in heading 4; notes that the most significant type of error concerns ineligible expenditures; stresses the importance of preventing or detecting and correcting the errors before accepting the expenditures, through a better implementation of *ex ante* controls; notes with particular concern Europe Aid's failure to detect errors; urges the Commission to ensure that the efforts made thus far to solve these problems with expenditure verification are intensified and to follow up fully on the recommendation on grant supervision made by the Court in its 2011 annual report;
449. Points to the need for a proper *ex ante* assessment in cases where the Commission, possibly through the European Investment Bank, decides to finance large-scale infrastructure projects with a high environmental impact, the object of the exercise being to check their financial, environmental, and social sustainability, and calls for Union funding in non-member countries to be channelled towards projects making for financial sustainability as well as being economically and socially useful;
450. Recognises the Commission's continuing progress in accrediting all common foreign and security policy missions in accordance with the 'six-pillar assessment'; welcomes in particular the fact that the three largest missions have now been made compliant; underscores the need for the Commission to accredit all missions in line with the Court's recommendation;
451. Welcomes the establishment of the mission support platform (MSP) and reiterates its call on the Commission to take steps towards establishing a genuine shared services centre (SSC), together with an integrated resource management system (IRMS) as a way to improve the speed of deployment and cost-efficiency of missions; proposes that the common security and defence policy (CSDP) warehouse be upgraded and serve also existing CSDP missions and be managed by the future SSC;
452. Regrets the significant delays in procuring essential equipment and services for missions under the CSDP and the resulting negative effect on the missions' functioning; recalls that in its 2012 special report on Union assistance to Kosovo related to the rule of law, the Court pointed out this inefficiency and concluded that the procurement rules laid down in the Financial Regulation "are not designed for CSDP missions where fast and flexible responses are sometimes necessary"; deplores that the recent revision of the Financial Regulation did not produce the necessary changes to the financial rules; reiterates its view that management of the relevant budget lines should be delegated to the civilian operation commander, in the same way as has been done for heads of Union delegations;
453. Recalls that the efficiency of CSDP training and advisory missions is greatly hampered by the Union's institutional difficulties to accompany these actions with even basic support in terms of equipment; welcomes in this context the efforts made by the Commission to implement the joint communication on capacity-building in support of security and development; calls on the Commission to put forward the necessary

legislative proposals for the creation of a dedicated fund as soon as possible, so that it can be included in the Union budget in the course of the mid-term review of the MFF;

454. Welcomes the Court's 2015 special reports on EUPOL Afghanistan and Union support for the fight against torture and the abolition of the death penalty; urges the Commission to implement all recommendations made by the Court in the context of these reports;
455. Stresses the importance of taking into account context-related criteria when evaluating the effectiveness of Union projects in third countries as Union external aid activities frequently take place in crisis-struck regions and politically difficult environments;

Development and Cooperation

456. Recalls that Union development aid and humanitarian aid expenditures often take place in very challenging environments which increase the difficulties when it comes to project implementation, evaluations and expenditure controls; development aid and humanitarian aid are therefore more error prone than other Union policy areas;
457. Notes that according to the Court, 57 % of errors are related to ineligible expenditures; supports the Court's recommendation to EuropeAid to improve *ex ante* controls and to make better use of on-the-spot visits in order to detect errors;
458. Welcomes the fact that according to the Court, the control procedures put in place by DG ECHO when it comes to financial transactions are working correctly and that its reporting system is reliable; congratulates DG ECHO for this;
459. Recognises that expenditure relating to security is important for development and particularly relevant in the current efforts to comprehensively address the security-development nexus and deliver on goal 16 of the development agenda, but emphasises that such funding does not constitute overseas development aid and currently cannot be drawn from the development cooperation instrument (DCI) established by Regulation (EU) No 233/2014 of the European Parliament and of the Council or the European Development Fund (EDF);
460. Notes that in 2014, two projects linked to border management in Libya worth EUR 12,9 million were financed via development cooperation instruments (DCI); recalls that the primary objective of DCI is to reduce poverty; reiterates its strong concern that development programmes may be used for purposes not directly related to development; recalls that such an approach will not help the Union to reach the objective of 0,7 % of GNI to be used for official development aid;
461. Notes the potential value of DG DEVCO's Results Framework launched in 2015, but also the associated risks identified by the Court in its Special Report 21/2015; considers it necessary to prevent also the more political risk that the pursuit of the limited number of quantifiable results included by DG DEVCO in the framework will be over-emphasised, at the cost of the pursuit of other results in relation to the objectives of the Union's development cooperation policy, as well as of qualitative results; emphasises the importance of treating the framework as a complement to other monitoring and reporting arrangements;
462. Welcomes the Court's Special Report 18/2014 on EuropeAid's Evaluation and Results Oriented Monitoring Systems; invites DG DEVCO to urgently address the various weaknesses in its evaluation and monitoring systems pointed to in the Court's special

report specially those related to serious deficiencies of DG DEVCO's evaluation system; highlights that a badly functioning evaluation system increases the risks of selecting projects lacking quality or which do not reach their objectives; notes and is worried by the diverging views between the Commission and the Court when it comes to reliable information on the effectiveness of budget support operations; believes that there is a link between a lack of staff in Union delegations and in DG DEVCO's evaluation unit and the problems highlighted by the Court; considers this to be an illustration of the detrimental consequences staff reductions may have for the efficient functioning of Union programmes;

463. Trusts that DG DEVCO will address the various weaknesses in its evaluation and monitoring systems pointed to in the Court's Special Report 18/2014;
464. Calls for the putting in place of formal scrutiny powers in relation to EDF, possibly through an inter-institutional agreement of a binding nature under Article 295 of the TFEU;
465. Is seriously concerned by the findings of the Court's Special Report no 11/2015 on the management by the Commission of fisheries partnership agreements (FPAs); notes that the Court expresses doubts on the sustainability of FPAs due to the difficult application of the surplus fishing concept; notes as well that the Court seriously puts into question the quality of the Commission's monitoring of the implementation of FPAs; regrets as well that ex-post evaluations of FPAs are insufficiently used in the set-up of follow-up agreements, according to the Court; urges the Commission to implement as soon as possible the Court's numerous recommendations;
466. Recalls that a virtually constant acute lack of payments funds in 2014 exacerbated DG ECHO's difficulties to adequately respond to the ever-worse humanitarian crises in the Union's neighbourhood and beyond; welcomes the fact that better adapted appropriations in the 2015 and 2016 Union budgets have largely solved DG ECHO's payments problem;
467. Regrets that due to a shortage of payment credits in 2014, budget support payments to Morocco and Jordan worth a global amount of EUR 43 million could not be made in 2014 as contractually foreseen; deems this to be seriously detrimental to the Union's credibility;

Employment and Social Affairs

468. Notes with concern that the estimated level of error in the policy area of employment and social affairs is 3,7 % in 2014, which is slightly higher than in the previous year (3,1 %); highlights that this represents a step backwards in achieving an error rate that is below the target of 2 %;
469. Welcomes the fact that the Court's report analyses the implementation of the Union budget in the light of the Europe 2020 strategy; notes the observation that the Union budget contribution is not identified separately in the context of the achievement of the headline targets, such as the ones on employment and fighting poverty and social exclusion;
470. Welcomes furthermore the Court's recommendations that the Europe 2020 strategy and the MFF need to be better aligned and that the high-level political aims need to be

translated into useful operational targets, and stresses the importance of focussing on performance and results as well as on added value, particularly in the case of employment and social headline targets, where the Commission does not have the competence to create a legally binding framework; calls on the Commission to develop result indicators and monitoring systems further in order to compare results with the agreed objectives, to be better informed when establishing future goals and to increase the efficiency of Union spending;

471. Notes the Court's observations about the increased risk of irregularities in cases of small and medium-sized enterprises (SMEs) participating in Horizon 2020; supports the Commission's reply that SMEs' involvement in the programme is crucial for the creation of growth and jobs and notes that the administrative rules for SMEs have been simplified and stresses that further simplification would lead to a higher involvement of SMEs; stresses the importance of creation of sustainable jobs through SMEs;
472. Notes that SMEs are Europe's biggest job creators and considers that more can be done to increase their participation across Union funding programmes; calls on the Commission to introduce further measures that encourage the active participation of SMEs including the application of the think-small-first principle;
473. Notes that the intangible nature of investments in human capital, the diversity of the activities and the involvement of multiple, often small-scale partners in the implementation of projects continue to be the main risks to regularity of spending of ESF expenditure; calls on the Commission to continue with specific mitigating actions, including both preventative and corrective measures;
474. Notes the findings of the Court's Special Report 17/2015 regarding the redirection of ESF funding during the period 2012-2014; notes with concern the shortcomings in the Commission's reporting on the impact of these funds, considers that further moves towards results-based policy making are vital to ensuring sound financial accountability and an efficient use of EU funds;
475. Is concerned that higher error rates followed by suspensions and interruptions may affect the successful closure of the 2007-2013 programmes;
476. Considers that the promotion of broader use of simplified cost options (SCOs) can lead to reduction of administrative burdens, to fewer errors and a greater focus on performance and results; points out, however, that SCOs should be applied in an environment of legal certainty and trust, accompanied by an assessment of benefits and with the full involvement of stakeholders at all levels; stresses that SCOs should remain an option at the disposal of Member States;
477. Insists that the Member States avoid further complications of the rules and requirements related to the implementation of the ESF which impose additional burdens for beneficiaries and increase the risk of errors;
478. Expresses its concerns at the fact that out of 178 transactions examined by the Court in the employment and social affairs policy area 62 (34,8 %) were affected by error, out of which 12 were quantifiable errors exceeding 20 % (6,7%); urges the Commission to implement corrective measures and apply strict procedures to reduce the risk of irregularities in this policy area as well as to follow up the cases of ineligible expenditure identified by the Court;

479. Regrets that the number of ESF programmes with an error rate of over 5 % has risen from 18,8 % in 2013 to 22,9 % in 2014 and that the volume of payments affected by these rates has increased dramatically from 11,2 % to 25,2 %;
480. Draws attention to the repeated observation of the Court that the percentage of error would be lower if national authorities had made better use of available information before sending payment applications to the Commission; in this regard, insists that Member States and national authorities perform more thorough checks and avoid asking for reimbursement of incorrect expenditures;
481. Encourages Member States to use the risk assessment tool Arachne and encourages the Commission to continue providing Member States with relevant guidelines and technical assistance for the correct implementation of the management and control requirements in the 2014-2020 period; insists that the Commission enhance the exchange of good practices between Member States;
482. Calls on the Commission to follow the Court's recommendations to ensure that the implementation of the Union budget better contributes to the achievement of the employment and social headline targets of the Europe 2020 strategy; in this regard expects the Commission and Member States to make use of better performance indicators and improve reporting of the results achieved in 2014-2020 period;

Environment, Public Health and Food Safety

483. Would like to reiterate that, in accordance with the TFEU, the Parliament gives discharge to the Commission in respect of the implementation of the budget after examination of the accounts, the financial statement, the evaluation report referred to in Article 318 TFEU, the annual report by the Court together with the replies of the institutions under audit, the statement of assurance and any relevant special reports by the Court;
484. Recalls that 2014 is scheduled to be the first year of implementation of the new MFF - intended to determine the size and distribution of Union expenditure for the period from 2014 to 2020 - and that, as a result, the level of implementation is lower than in previous years;
485. Takes note of the presentation of the environment and health policy areas within the Court's annual report concerning the financial year 2014; is concerned that the environment and climate policy area appear again in the chapter also devoted to rural development and fisheries; reiterates its criticism towards the illogical composition of policy areas in this specific chapter; is not of the opinion that the Court should take the political decision of grouping policy areas; urges the Court to revise its approach in the next annual report;
486. Considers it noteworthy, in this context, that the chapter encompassing rural development, environment, fisheries and health appears with the highest error rate in the ECA's report for 2014, with 6,2 % against 4,4 % on average; notes furthermore that with regard to the main weaknesses found by the ECA, many were very similar to those already reported in the previous three years;
487. Notices that there are different views between the Court and the Commission with respect to the way in which errors should be calculated; notes that the Commission

considers that the Court's annual representative error rate should be seen in the context of the multiannual character of net financial corrections and recoveries;

488. Notices that the Court did not make any comment on the management of the "Public Health", "Food safety", "Environment and Climate action" policies;
489. With respect to the overall implementation of the budgetary headings for environment, climate action, public health and food safety in 2014, the Committee on the Environment, Public Health and Food Safety is satisfied; recalls again that only less than 0,5 % of the Union budget is dedicated to these policy instruments, while bearing in mind the clear Union added value in these fields, and the support of European citizens for Union environmental and climate policies, as well as for public health and food safety;
490. Is satisfied with the work carried out by the five decentralised agencies which are under the competence of the Committee on the Environment, Public Health and Food Safety and which carry out technical, scientific or managerial tasks that help the Union institutions make and implement policies in the area of environment, climate, public health and food safety, as well as with the way their budgets are implemented;

Environment and Climate Action

491. Underlines that EUR 352 041 708 have been available to DG ENV in commitment appropriations, of which 99,7 % has been implemented; notes that, with respect to payment appropriations, it is satisfactory that 95,03 % of the EUR 290 769 321 available has been used; notes, moreover, that the LIFE+ administrative expenditure is executed over two budgetary exercises (through automatic carryovers), and that if this administrative expenditure is not taken into account, the rate of payment implementation reaches 99,89 %;
492. Takes note that DG CLIMA has raised its implementation to 99,7 % of EUR 102 694 032 in commitment appropriations and 93,1 % of 32 837 296 in payment appropriations, and that if the administrative expenditure is not taken into account, the rate of payment implementation reaches 98,5 %.;
493. Is satisfied with the overall implementation of the LIFE+ operational budget, which was 99,9 % in commitment appropriations and 97,4 % in payment appropriations in 2014; notes that in 2014, EUR 283 121 194 were dedicated to calls for proposals for projects in Member States, EUR 40 000 000 were used for financing operations in the framework of the financial instruments Natural Capital Financing Facility (NCFF) and Private Financing for Energy Efficiency (PF4EE), EUR 8 952 827 supported operational activities of non-governmental organisations that are active in protecting and enhancing the environment at Union level and which are involved in the development and implementation of Union policy and legislation, and EUR 49 502 621 were used for measures intended to support the Commission's role of initiating and monitoring the development of policies and legislation; notes that an amount of EUR 20 914 622 was used for administrative support to LIFE and for operating support to the Agency EASME;
494. Is aware that the payment rate of LIFE+ actions is always slightly lower compared to commitment appropriations, but with a high rate of implementation;

495. Acknowledges that an amount of EUR 4 350 000 has been allocated as contributions to international conventions, protocols and agreements to which the Union is a party, or in relation to which the Union is involved in preparatory work;
496. Considers the progress in the implementation of twelve pilot projects (PPs) and six preparatory actions (PAs) amounting all together to EUR 2 950 000 as satisfactory; is aware that the execution of those actions can be burdensome for the Commission due to the small amounts available in relation to the necessary procedures for execution (e.g. action plans, calls for proposals); encourages the budgetary authority to focus on PPs and PAs with true added value for the Union in the future;

Public Health

497. Recalls that 2014 is the first year of the implementation of the new programmes: the Health Programme was adopted on 11 March 2014 (Regulation (EU) No 282/2014 of the European Parliament and of the Council¹), while the feed and food common financial framework was adopted on 27 June 2014 (Regulation (EU) No 652/2014 of the European Parliament and of the Council²);
498. Notes that DG SANTE was responsible, in 2014, for implementing EUR 244 221 762 on public health budget lines, of which 96,6 % have been committed satisfactorily; is aware that roughly 75 % of that budget is directly transferred to three decentralised agencies (the European Centre for Disease Prevention and Control, the European Food Safety Authority and the European Medicines Agency); also takes note that the level of execution of commitment appropriation is above 98,9 % for all lines except for the European Medicines Agency, for which the under-execution of commitment appropriations corresponds to the outturn of 2013 which was reused in the year 2015;
499. Notes that the level of execution of payment appropriations is at 98,8 %, which reflects a very good implementation rate;
500. Notes that the level of implementation in the public health programme 2008 – 2014 is also very good (99,7 % in both commitment and payment appropriations), and that the remaining non-used credits principally relate to assigned revenue which can still be used in 2015;
501. Is satisfied that the implementation of all ten PPs and five PAs under the responsibility of DG SANTE in the area of public health is well advanced, and all corresponding commitment appropriations (EUR 6 780 000) were consumed;

¹ Regulation (EU) No 282/2014 of the European Parliament and of the Council of 11 March 2014 on the establishment of a third Programme for the Union's action in the field of health (2014-2020) and repealing Decision No 1350/2007/EC (OJ L 86, 21.3.2014, p. 1).

² Regulation (EU) No 652/2014 of the European Parliament and of the Council of 15 May 2014 laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material, amending Council Directives 98/56/EC, 2000/29/EC and 2008/90/EC, Regulations (EC) No 178/2002, (EC) No 882/2004 and (EC) No 396/2005 of the European Parliament and of the Council, Directive 2009/128/EC of the European Parliament and of the Council and Regulation (EC) No 1107/2009 of the European Parliament and of the Council and repealing Council Decisions 66/399/EEC, 76/894/EEC and 2009/470/EC (OJ L 189, 27.6.2014, p. 1).

Food Safety, animal health and welfare and plant health

502. Acknowledges that the implementation rate for food safety, animal health and welfare and plant health is at 96,8 %; notes, however, that if the non-automatic carry-over of EUR 6 800 000 is taken into consideration, the implementation rate reaches 100 % of the available credits;
503. Notes that, as in the previous year, the Union contribution towards tuberculosis programmes was the most important and that, on the other hand, the Union contribution towards bluetongue programmes remained low;
504. Acknowledges that the main factors underlying the under-implementation of EUR 8 100 000 in the chapter "Food and feed safety, animal health and welfare and plant health" can mainly be explained as follows: EUR 500 000 relates to assigned revenue for the different programmes that can be used in 2015 (i.e. no under-implementation), EUR 800 000 in assigned revenue that technically cannot be reused in 2015 (relating to C5 credits of the old programmes) and EUR 6 800 000 which relates to the Emergency Fund; takes note that the latter amount was carried forward to 2015 (for measures to combat African swine fever in Estonia, Latvia, Lithuania and Poland in 2014);
505. Recognises that, regarding the 2014 payment appropriations, the implementation rates for the budget chapter on feed and food safety, animal health, animal welfare and plant health is 99,0 %, which represents a slight decrease compared to 2013 (99,9 %); understands that during the global transfer exercise, additional payments credits were requested but not received, and that, by the end of the year, only one payment could not be fully made, but that with the agreement of the Member States the balance due was paid in early January 2015;
506. Is satisfied that the implementation of all three PPs and one PAs under the responsibility of the DG SANTE in the area of food safety is well advanced, and that all corresponding commitment appropriations (EUR 1 250 000) were consumed;
507. Is of the opinion, on the basis of the data available and the implementation report, that discharge can be granted to the Commission with respect to expenditure in the areas of environmental and climate policy, public health and food safety for the financial year 2014.

Transport and Tourism

508. Notes that in the 2014 budget, as finally adopted and amended during the course of the year, specifically for transport policies, a total of EUR 2 931 147 377 was included in commitment appropriations and EUR 1 089 127 380 was available in payment appropriations; notes further that of these amounts:
- EUR 2 616 755 356 in commitment appropriations and EUR 937 182 847 in payment appropriations was available for transport policies, including the Connecting Europe Facility (CEF), transport security and passengers rights, and transport agencies,
 - EUR 239 313 549 in commitment appropriations and EUR 71 213 206 in payment appropriations was available for research and innovation related to transport, including SESAR and the Shift2Rail Joint Undertaking (JU),

- EUR 75 078 470 in commitment appropriations and EUR 80 731 327 in payment appropriations was available for administrative expenditure;
509. Welcomes the high implementation rate, in 2014, of 98,2 % for the commitment appropriations for mobility and transport policies, and the considerably high implementation rate of 95,2 % for payment appropriations; notes that the amount of outstanding commitments increased by EUR 1 653 372 424 in 2014 in relation to the overall amount of EUR 5 647 143 046 and that the increase in outstanding amounts is usually higher at the beginning of the new MFF as payments for new projects catch up later; calls on the Commission and the Member States, however, to ensure that transport projects are duly implemented;
510. Regrets that for the area of "Competitiveness for growth and employment", to which transport belongs and for which transport consists of the smallest amount audited by the Court (EUR 0,8 billion) in relation to the total audited population (EUR 13 billion), the estimated level of error was 5,6 % in 2014 (higher than the equivalent results in 2013 (4,0 %), caused mainly by the reimbursement of ineligible costs in research projects, but also by non-compliance with public procurement rules; calls on the Commission to take all appropriate measures to rectify this situation (including by carrying out more thorough *ex ante* checks in order to detect and correct errors before reimbursement);
511. Draws attention to the fact that in 2014 no projects were financed under the CEF since the first call for project proposals closed in March 2015 and that the CEF debt instrument to be managed by the European Investment Bank (EIB) was not approved until the end of 2014; notes that in 2014 the Court examined six transactions in the transport sector (DG Mobility and Transport) and found that two out of the six transactions were affected by quantifiable errors; is thus satisfied because of the decrease in the percentage of affected transactions in 2014 (33 %) compared to 2013 (62 %) and 2012 (49 %); calls on the Commission and other relevant actors to ensure compliance with public procurement rules and costs eligibility of future transport projects;
512. Notes that according to the multiannual control strategy employed by the Commission, which takes into account recoveries, corrections and the effects of controls and audits over the period of implementation of the programme, the residual error rate for TEN-T was calculated at 0,84 %;
513. Draws attention to the large number of high-quality projects that could not be adopted at the 2014 CEF-Transport calls owing to a lack of available funds; believes that it is necessary to ensure sufficient funding for CEF-T projects; regrets that the CEF budget was decreased by funding provided to the European Fund for Strategic Investments (EFSI); recalls however, that point 17 of the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management¹ provides for a 10 % flexibility to increase the CEF budget in the annual budgetary procedure and that this flexibility exists regardless of EFSI funding; insists that the implementation of projects agreed between the Parliament and the Council in Annex I

¹ OJ C 373, 20.12.2013, p. 1.

to Regulation (EU) No 1316/2013 of the European Parliament and of the Council¹ would justify such an increase of the CEF budget;

514. Encourages the Commission to continue closely supervising the implementation of innovative financial instruments for leveraging Union investment and attracting new sources of funding for TEN-T infrastructure projects, such as the Marguerite Fund, Loans and Guarantees for debt (LGTT) and the Project Bond Initiative (PBI), and to ensure that the Union budget contribution to these instruments is managed and used appropriately;
515. Notes that information on transport and tourism projects is available in various databases, such as the Financial Transparency System, the INEA database of TEN-T projects, projects co-funded through cohesion and regional funds as well as CORDIS for Horizon 2020 projects; calls for the integration of project information from these tools in order to have a better overview, both upstream and downstream, of the process of allocating Union funds; reiterates the importance of publishing an easily accessible annual list of transport and tourism projects and having a searchable online database of projects co-financed by the Union setting out the exact amount of the funding in order to enhance transparency;
516. Points out that transport projects in 2014-2020 will be financed from several sources, including the CEF, the Cohesion Fund, the European Fund for Regional Development and the EFSI; calls on the Commission, therefore, to develop synergies that will enable these different sources of funding to allocate the funds available more efficiently;
517. Acknowledges that, as regards Union funds, the "use it or lose it" principle can induce Member States to propose low impact projects for selection; is concerned that in the past poor project selection led to some low value-for-money Union-funded transport investments; welcomes the new legal framework for 2014-2020 which strengthens the cost-benefit assessment and review process for projects;
518. Welcomes the fact that the Shift2Rail JU was established in June 2014 with a view to enhancing the competitiveness of the European rail industry; notes that separate discharge procedures on the Shift2Rail JU will be carried out, once it becomes financially autonomous in the forthcoming years; deplors, however, the delay in implementing this JU and the fact that small and medium-sized enterprises (SMEs) are finding it very difficult to gain access to it;
519. Takes the view that the Commission should ensure total transparency in the management of funds, ensuring that the public interest is protected and always, in all circumstances, takes precedent over any private interest;
520. Notes that in the 2014 budget, as finally adopted and amended during the course of the year, specifically for tourism, a total of EUR 11 226 160 was included in commitment appropriations and EUR 6 827 266 was available in payment appropriations; calls on the Commission to make an impact assessment of financed projects in order to better define future spending priorities which are in line with the Union as the number one

¹ Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129).

world's tourist destination, and enabling the tourism sector as a key potential growth area for the Union economy; calls on the Commission to include the results of the pilot projects and preparatory actions in the next year's budget planning and to provide a readily accessible annual list of projects in this field;

521. Proposes that in relation to the sectors for which the Committee on Transport and Tourism is responsible, the Parliament grants to the Commission discharge in respect of the implementation of the Union general budget for the financial year 2014;

Regional Development

522. Notes that the annual report of the Court of 10 November 2015 on the implementation of the 2014 budget of the European Union found the most likely error rate in cohesion policy to be estimated at 5,7 %, which represents an increase as compared to 2013 of 5,3 %; expresses its concern at this increase, which is especially significant as far as errors with financial implications and serious negative effects on the budget are concerned; highlights that half of the estimated error rate in cohesion policy is due to the complexity of public procurement and state aid rules, as well as violations in those procedures, such as the unjustified direct award of contracts, conflict of interest and discriminatory selection criteria;
523. Acknowledges the Commission's replies to Court's report that the average decrease in the error rate compared with 2000-2006 programming period is due to an improvement of the management and control systems; calls on the Commission to provide timely information and training to authorities with a view on public procurement and state aid rules; in that context, welcomes the establishment of the Action Plan on Public Procurement; notes the application of the Integrity Pacts initiative and urges the Commission to carry out an appropriate ex-ante evaluation as to their potential to really improve transparency and efficiency in public procurement as regards ESI Funds; calls on the Member States to fulfil the ex-ante conditionality concerning public procurement by the end of 2016 and to transpose the 2014 Public Procurement Directives into their legal systems by April 2016, in order to avoid irregularities and ensure effective and efficient projects implementation and achievement of the envisaged results and hence the cohesion policy's goals; calls on the Commission to strictly supervise this process providing the respective guidance and technical assistance to the Member States in the context of the correct transposition of these Directives into national law;
524. Recalls that all irregularities are not fraud and that non-fraudulent and fraudulent irregularities must be differentiated; considering that non-fraudulent irregularities result often from weak financial management and control systems, the lack of administrative capacity, relating to both knowledge of the rules and of technical expertise concerning the specific works or services; calls on the Commission and Member States to ensure that appropriate, efficient and effective financial management and control systems are set up in accordance with the relevant rules of the regulatory framework, which takes into account the national regulatory situation;
525. Calls on the Commission, Member States and the regional authorities to ensure that beneficiaries are provided with consistent information about funding conditions, particularly concerning the eligibility of expenditure and the relevant ceilings for reimbursement;

526. Notes that the implementation of cohesion policy in Member States involves, depending on their institutional system, substantial national and regional procedures and rules, which constitute an additional layer, could entail irregularities and, in consequence, loss of ESI Funds and widening disparities among Member States; calls on the Commission to contribute to simplification of implementation at the national and regional level, while respecting Member States' institutional characteristics and providing them with the clarification necessary to implement regulations; reminds the Commission and Member States of the Parliament's resolution "Towards simplification and performance orientation in cohesion policy 2014-2020" and of the need to take necessary steps in limiting excess regulatory and administrative burden to the minimum necessary level, thus enabling better absorption of the ESI Funds and avoiding errors made by final beneficiaries, especially SMEs; regrets that the Commission excluded Member States' representatives from the High Level Group on Monitoring Simplification for Beneficiaries of ESI Funds, thus not including their opinion in order to improve the system;
527. Considers that administrative capacity is essential for regular and efficient use of ESI Funds and calls on the Commission and Member States to reinforce the exchange of knowledge and good practices on specific implementation topics (e.g. public procurement, State aid, eligibility criteria and audit trail) in particular for potential beneficiaries which have fewer administrative and financial capacities; suggests, in that context, the organisation of specific but comprehensive activities to educate public servants and authorities working on ESI Funds projects as well as beneficiaries (e.g. training and refresher courses, seminars, or providing technical and administrative support);
528. Welcomes the Commission's establishment of the "Taix Regio Peer 2 Peer" tool in order to facilitate peer-to-peer sharing between Member States' management, certification and audit authorities with a goal of enhancing their administrative capacities; underlines the importance of stepping-up efforts in the designation of authorities, which is a pre-requisite for the submission of payment claims, in order to ensure a smooth implementation of programmes and flow of resources; considers, furthermore, that the Commission should efficiently and effectively implement all available tools for early detection and prevention of risks in cohesion policy, and more specifically data mining tools, such as ARACHNE, for the early detection and prevention of risk in public procurement procedure; since the context of the activities of the Task Force for Better Implementation also includes activities which could enhance efficiency, effectiveness and added value of cohesion policy projects that have already been implemented, the Commission is called to assess these features through qualitative indicators;

Agriculture and Rural Development

529. Believes that the CAP, as one of the original European policies, is an important tool of the Union with wide impact, not only in terms of food production and ecosystem services, and in terms of actual and potential environmental, socio-economic and gender improvements as well as efforts to combat depopulation in rural areas, taking into consideration the need to develop the concept of the circular economy; considers that the CAP thus contributes to the balance between the regions of the Union, providing financial support and important tools that helps young farmers to start farming and ensure generational continuity;

530. Notes that DG AGRI did a considerable amount of work in 2014 with Member State authorities so they are increasingly able to prevent errors in agricultural spending and implement their Rural Development Programs, recognises DG AGRI's positive impact apparent in the 2014 ECA Annual Report, and believes that together with the Member States their actions should provide a good foundation for further improvements during the key years in the 2014-2020 spending period;
531. Urges, in extreme cases, that consistently underperforming paying agencies should be stripped of their accreditation;
532. Believes that coherent performance and delivery is crucial in the CAP which ensures safe and consistent production of our food, operates across the whole Union, with a positive effect at the social, environmental and economic level, covering production of crops and foodstuffs of all kinds;
533. Notes that the agricultural factor income per worker in the Member States that joined the Union in 2004 or later (EU-N13) is just one-quarter of the agricultural factor income generated in the EU-15¹;
534. Welcomes the improvements on the 2013 annual report figures and notes that the Court has concluded that as far as agricultural policy is concerned, the proportion of tested transactions resulted in a reduced error rate compared to 2013, notes that the error rate for 2014 is 2,9 % (as compared to 3,6 % in 2013) for EAGF audited in 17 Member States; and 6,2 % (down from 7 % for 2013) for rural development, environment and fisheries audited in 18 Member States and an average rate for the "Natural Resources" chapter as a whole of 3,6 %;
535. Emphasises the need to develop a common methodology for calculating the error rate in an effort to guarantee that it is accurate and to ensure that significant disparities do not emerge between the error rate indicated by the Commission and that established by the Court;
536. Draws attention to the Commission's statement² that errors in cross compliance (for example timely declarations of animal movement, meeting dates or deadlines) do not affect eligibility of payments (already confirmed by the Court) and that the cross compliance error rate should be deducted from the overall error rate for better clarity;
537. Points out that the differences in the way the rules on coupled payments are implemented in the Member States is distorting competition, for example in the milk sector;
538. Welcomes the fact that the Commission has introduced new guidelines for determining financial corrections under shared management for non-compliance with public procurement rules³;
539. Notes that 2014 was a transitional year, involving significant payments for the last part of the 2007-2013 funding period and during which the final elements (the implementing and delegated acts) were put in place half way through the year for the CAP 2014-2020 funding period; notes also that the years 2015 and 2016 should likewise be considered

¹ DG AGRI - annual report 2014 - page 12.

² Court's annual report 2014 - reply to paragraph 7.15.

³ Court's annual report 2014 - reply to paragraph 7.32.

as transitional years, in which greening and other significant policy changes had to be implemented by both farmers and Member State authorities in full for the first time, involving new and complex rules and a high number of new applicants for direct payments, given that many of the multiannual measures in Member States' rural development plans (RDP) will only begin to be implemented in 2016, and require special attention on new tools introduced under the reform;

540. Welcomes the reduction in error rates compared to 2013 and acknowledges the major efforts and resources devoted to achieving this, particularly through information and technical support from the Commission for Member State authorities on implementation, and takes the view, however, that a simple measure of error is not in itself a measure of performance or delivery;
541. Reminds the Commission that the risk of unintentional errors owing to complex regulation is in the end borne by the beneficiary; calls for a reasonable, proportional and effective policy on sanctions to support this approach, such as avoiding double sanctioning for the same error under both the payment scheme and cross-compliance; urges the Commission to better ensure proportionality of penalties in relation to the type of error; calls for instruments for a more incentivised, output-driven approach which could offer reduced error and inspection rates and make it more possible to distinguish between error and fraud, while ensuring that farmers are still able to deliver the vital food production at the heart of the policy; believes that continuing to tackle complexity and that streamlining the CAP are one of the key elements for attracting new entrants to agriculture and for retaining them and their skills to ensure a thriving EU agricultural sector in the future;
542. Welcomes the fact that the Court is exploring how to measure performance in its annual report, particularly as the Commission intends its spending to be focused on results, points nevertheless to the difficulty of judging delivery of multiannual funding programmes, now the preferred method of delivery of environmental measures in pillar II, through a tool which examines a single year and invites the Court to explain its performance orientation specifically in relation to agricultural spending; urges the Court nevertheless to take into account the multiple objectives of rural development policy in its performance assessment so as to avoid the use of simplistic indicators and avoid resulting in misinterpretations;
543. Notes the Court's view, from its own audits, that IACS makes a significant contribution in preventing and reducing the levels of error in the schemes to which it applies¹ and notes the comment that weaknesses in the LPIS had been addressed in all the Member States audited through remedial action²;
544. Welcomes the Commission's proposed simplification of IACS via preventative preliminary checks which will allow national administrations to identify problems with farmers' applications, make corrections and should result in a lower rate of penalties;
545. Echoes the Court's main recommendations: for Member States to ensure reliable and up-to-date information and images on LPIS to reduce the risk of errors associated with overstated eligible land; for the Commission to require Member State action plans to include remedial action to deal with the most frequent causes of error, to revise its own

¹ Court's annual report 2014 - paragraph 7.35.

² Court's annual report 2014 - paragraph 7.40.

strategy for rural development conformity audits, and to ensure the correct application of assurance procedure on legality and regularity of transactions which will be mandatory from 2015;

546. Notes the agreement between Commission and Court that rural development expenditure is governed by complex rules and eligibility conditions, partly due to the nature of the policy and the heterogeneity of European regions, calls for enhancement of the simplification and preventive measures included in the 2014-2020 rules and calls in addition for that simplification to be delivered at Member State level in the new Rural Development programmes as a priority and as an important means of reducing error rates and improving efficiency and flexibility, thereby increasing the absorption capacity, particularly where small-scale programmes, may have attracted less interest and/or shown consistently high error rates as a result of their inflexibility in the past;
547. Calls on the Commission to submit in good time a detailed plan for reducing red tape in the context of the CAP;
548. Urges both the Commission and Member State authorities to continue to address and reduce the complexities in relation to direct payments wherever possible and give high priority to simplification of the greening measures, particularly if there are many different levels involved in the administration of EAGF and rural development funds within Member States, with different approaches for the two pillars where necessary; stresses the fact that the vast differences between Member States in terms of direct payments has widened the competitiveness gap between farmers working in the single market;
549. Expects the Commission to urgently make full use of the process of simplification of the CAP, especially with regard to the burdensome and complex regulations governing cross-compliance and greening which ultimately impacts upon farmers across Europe; stresses that the simplification process should focus on alleviating the administrative burden and should not put at risk the principles and rules agreed under the last CAP reform, which should be kept unchanged; considers that such a simplification should not imply a revision of the CAP expenditure for the period 2013-2020;
550. Points out that as a result of purchases of agricultural land by investors, small owner-run holdings are increasingly coming under pressure and that a proportion of direct payments are being made to international concerns;
551. Stresses the importance of having comparable performance indicators and figures for the same kind of programmes in different locations and looks forward to improvements in this context in the 2014-2020 period aimed at ensuring better financial management of the CAP that is rooted in the needs of each Member State;
552. Points out that CAP plays a significant role in promoting social inclusion - especially but not only through cooperative efforts - poverty reduction and economic development in rural areas by creating jobs, by the LEADER and by putting in place new or improved services and infrastructure; calls for analysis of the overall effect of the two pillars of the CAP in rural areas, on where and how the funds are allocated and focusing on the real final beneficiaries;
553. Notes that spending is expected to generate benefits for both rural areas and consumers in general, and recalls that final beneficiaries spend money on goods or services in their

local communities or by employing people on their holdings, thereby helping to keep people on the land in regions where agriculture and forestry are often the main economic engines in rural or isolated areas;

554. Notes that the impact of the Russian import ban on agricultural products, which struck mid-way through 2014, is a major challenge; advocates better management in the early phase of any emergency measures to ensure correct targeting of funds or, where necessary, the prompt recovery of amounts unlawfully claimed; in this context welcomes continuing efforts by the Commission to identify alternative market outlets for farm surpluses, and support the sectors affected by the ban; welcomes efforts by the Commission to identify alternative market outlets for farm surpluses and calls on the Member States to make joint efforts to eliminate obstacles to the expansion of market outlets; stresses the importance of the TTIP agreement, which might offset the closure of a number of traditional exchange markets;
555. Welcomes the Commission decision establishing exceptional aid schemes for countries that sustained losses in the dairy sector and calls on the Commission to consider further aid measures for sectors facing similar problems;
556. Expresses concern that women in rural areas of many Member States have only limited access to the employment market and calls on the Commission, as a matter of priority in its future development initiatives, to assume the task of improving and increasing access to the employment market for women in rural areas and to allocate adequate funding for a 'European guarantee for rural women', similar to the European Youth Guarantee programme, setting separate targets for women in rural areas;
557. Urges the Commission to clarify the rules regarding recognition of producer organisations, notably in the fruit and vegetables sector, and further to shorten lead times of Commission audits, in order to provide legal certainty to beneficiaries and avoid unnecessary errors;
558. In view of the Treaty aim¹ of ensuring that supplies reach consumers at reasonable prices, considers that fair access for all consumers is put at risk where there is excessive imposition of VAT on food and that VAT fraud is made more likely;
559. Believes that the objectives of the 2007-2013 programme period are still important goals, and that the Union should focus in the current period on enhancing the viability of farms and the agricultural sector, promoting a better balance in the food chain with a view to consolidating and strengthening producer organisations, supporting quality schemes, short supply chains, social cooperatives, local markets, ecosystem services and balanced territorial development, strictly in rural areas in the new RDPs, whilst avoiding unreasonable environmental expectations or expenditure;
560. Recalls that in all the Court's audits carried out on 2014 expenditure, only three cases were referred to OLAF for investigation² under suspicion of "artificially created conditions to obtain aid" (new entities set up by well-established companies or groups of people) and one had previously been identified as risky by national authorities before the Court audit;

¹ Article 39(1), point (e) TFEU.

² Court's annual report 2014 - paragraph 7.30.

561. Notes that the implementation of the policy could be further ameliorated; insists therefore on being informed about any improvements in terms of targeting and achieving policy objectives and compliance;
562. Calls on the Commission to assess the effectiveness of payments to promote sales in third countries and to ensure that these measures do not crowd local producers out of the market;
563. Notes that at the time the 2014 Annual Activity Report was prepared by DG AGRI, there were a number of IPARD elements for which information was not available is included in the AAR and that the information have to be updated (number of farms supported, increase in gross value, number of farms introducing Union standards), while thinks that constant analysis is expected in the new funding period;
564. Notes that the 2014 Court annual report shows good results, but nevertheless calls on the Court to inform the Parliament about the steps it intends to take to bring a more multiannual examination methodology to bear as it develops the more performance-oriented approach being envisaged.

Fisheries

565. Takes note of the communication from the Commission to the Parliament, the Council and the Court on the annual accounts of the Union for the financial year 2014; takes note also of the annual report of the Court concerning the financial year 2014; takes note of DG MARE's 2014 annual activity report; takes into account the Court's Special report No 11/2015 on fisheries partnerships agreements;
566. Takes note of the opinions of the Court on the legality and regularity of the transactions underlying the accounts; notes the adverse opinion of the Court on payment appropriations, in respect of which the overall error rate was 4,4 % but with no specific error rate concerning fisheries; calls for fisheries to be dealt with separately and not merged with agriculture, in order to guarantee greater transparency in the area of fisheries;
567. Notes DG MARE's reservation with regard to the management and control system for EFF programmes in some Member States;
568. Is reassured that the internal control system implemented by DG MARE provide sufficient assurance to adequately manage the risk relating to the legality and regularity of the transactions;

European Maritime and Fisheries Fund (EMFF)

569. Notes that the adoption after 1 January 2014 of programmes under shared management for the EMFF and other ESI Funds led to a technical revision of the MFF in order to transfer unused appropriations from 2014 to subsequent years;
570. Expresses its deep regret that the vast majority of Member States transmitted their operational programme related to the EMFF very late, which has caused huge delays in the mobilisation of funds; recalls that Member States are responsible for implementing credits in share management;

571. Takes the view that the Member States should improve the instruments and channels they use to transmit information to the Commission; recommends that the Commission exert greater pressure on Member States to submit reliable data;
572. Urges the Commission to provide all possible support for the Member States with a view to ensuring proper and full use of EMFF resources, with high implementation rates, in line with their respective priorities and needs, in particular as regards the sustainable development of the fisheries sector;

Executive Agency for Small and Medium-sized Enterprises

573. Welcomes the entrustment of the Agency on the EMFF from 1 January 2014 onwards; takes note of the Memorandum of understanding signed between DG MARE and the Agency on 23 September 2014; stresses the need to promote a high quality support by the Agency to all its beneficiaries on the 19 EMFF actions;

European Court of Auditors' Special Report No 11/2015 (2014 Discharge): Are the Fisheries Partnership Agreements (FPAs) well managed by the Commission?

574. Calls on the Commission to take into account the Court's recommendations;
575. Laments the financial cost generated by the under-utilisation of the tonnage quotas adopted in recent protocols; proposes that payments for access rights be linked more closely with actual catches; calls on the Commission, to ensure that sectoral support disbursements are consistent with other budget support payments and calls for an improvement of the results achieved by the partner countries in the implementation of the matrix of commonly agreed actions;
576. Stresses, as the Court as pointed out, that complementarity and consistency among the FPAs negotiated within the same region can be improved, in order to maximise their potential at regional level;
577. Underlines that the information provided by independent *ex post* evaluations was not always sufficiently complete, consistent or comparable, which reduced its usefulness in the decision-making process and negotiations; notes, furthermore, that these evaluations do not sufficiently assess the extent to which the FPAs meet all of their objectives, such as making no reference to employment in Union regions depending on fishing, or giving no information on the supply of fish on the Union market;
578. Expresses concern on the lack of reliable, verifiable and accessible information on fish stocks and on the fishing effort of domestic fishing fleets, or of other foreign fleets that have also been granted access, as one of the main objectives of the FPAs is only to fish surplus stocks and this was proven as very difficult to implement in practice;
579. Urges the Commission to monitor more closely the implementation of sectoral support in order to ensure its effectiveness;
580. Emphasises the need for effective monitoring of Union-funded activities that provide sectoral support in the context of international agreements by using matrices that are as detailed as possible; emphasises, furthermore, that a call needs to be made for the proportion of sectoral support to be increased; firmly believes that the trade-related parts of agreements ought ultimately to be made conditional upon effective, sufficiently monitored, substantial sectoral support;

581. Notes with concern that the protocols currently in force still do not provide for the possibility of partial payments when the results are only partially achieved; acknowledges that, when there have been no or limited results achieved, the payment of the sectoral support for the following year is to be suspended until the targets have been met; nevertheless, calls on the Commission to include, where possible, in the new protocols the possibility of partial payments of the sectoral support;

Discharge

582. Proposes, on the basis of the data available, to grant discharge to the Commission in respect of its expenditure in the areas of maritime affairs and fisheries for the financial year 2014;

Culture and Education

583. Notes with appreciation that in its first year the Erasmus+ programme has retained its key focus on boosting skills and employability, achieved its intended aim of creating closer links between Union programmes and policy developments in the areas of education, training, sport and youth, fostered Union action in such a way as to respond better to the goal of lifelong learning and helped to reduce social, economic and territorial inequalities by reaching many Union citizens; points out, however, that there are a number of problems in the Youth section of Erasmus+ related to access to funding, compared to the previous Youth in Action programme; regrets that the Commission did not allocate enough budget within the Erasmus+ programme in order to better communicate on the global changes in the new programme lines in order to be able to take on board a greater number of schools projects;

584. Takes the view that even though the increased decentralisation of funding disbursements for Erasmus+ is better able to meet some of the programme's national and local requirements, depending on the Key Actions, such decentralisation needs to be evaluated in order to prevent it from being an obstacle to the achievement of the strategic goals of Erasmus+, particularly as regards its Youth section;

585. Notes that the Erasmus+ programme helps to integrate young Europeans into the labour market, to promote employability, and to develop new skills; that it bolsters initiatives in the spheres of citizenship, volunteering, and internationalisation of youth and sport; that it helps to improve the quality of education, formal and informal training, and lifelong learning; and that it enhances the sense of European citizenship based on understanding and respect for human rights;

586. Expresses deep concern about the de facto suspension of Erasmus+ youth funding disbursements in Greece, as highlighted in the 2015 report of the European Youth Forum on the implementation of the programme;

587. Notes the difficulties reported by the Commission's DG EAC and the Education, Audiovisual and Culture Executive Agency (EACEA) in the initial implementation phase of the Erasmus+, Creative Europe and Europe for Citizens programmes, in particular with regard to some delays in the opening of the calls for proposals and the disbursement of the funding; hopes that these are exceptional circumstances and looks forward, therefore, to the coming years when these programmes will enter into a phase of greater stability compared to this first year of implementation; recommends that the

Erasmus+ programme takes on board more small scale projects, which are the core of innovative experiences in all three domains: education, youth and sport;

588. Welcomes the steps towards funding models based on lump-sums and unit costs which both simplify financial management for beneficiaries of Union funding as well as for the Union itself; points out, however, in particular in the Youth section of Erasmus+, that these lump-sums and unit costs are also insufficient to finance the key operational expenditure of youth associations and NGOs; maintains that Union investment in the programme should be increased further;
589. Recalls that delays in final payments by the EACEA directly affect the beneficiaries' rights, thus jeopardising cultural associations and projects, creativity and the cultural civil society's diversity; encourages the EACEA to further improve its control and payment systems;
590. Expresses concern that the European Schools have not addressed the issues reiterated by the Court and highlights the recommendation to the Board of Governors of the European Schools to implement a rotation system for sensitive posts and to address other weaknesses, which may put at risk the basic principles of transparency and sound financial management; notes the adoption in 2014 of the new Financial Regulation for the European Schools as one of the means - if well implemented - to respond to the critical issues identified by the Court; calls on the Board of Governors of the European Schools to consider centralising some posts that are currently decentralised, such as the post of accountant, and fostering a separation of the roles of authorisation, execution and control of financial transactions, so as to minimise the risk of error and fraud; believes that a comprehensive review of the governance, management and organisation of the European Schools system would be timely given the concerns raised and the fact that 60 % of the European Schools' budget, EUR 177 million, comes from the budget of the Union;
591. Notes that the mismatch between the seven-year programming of the MFF and the ten-year programming of the political and strategic priorities of the Union could adversely affect the consistent evaluation of the results achieved by Union programmes; notes that the upcoming revision of the MFF is a key point in the management of Union spending by ensuring Union investment programmes remain efficient; insists on a thorough simplification of the application forms and criteria, especially for small scale projects, both in Erasmus+ and the Creative Europe programmes;
592. Is concerned about the Commission's payment backlog, which amounted to EUR 26 billion in 2014 - half of which was considered 'abnormal', i.e. not determined by invoices generated at the end of the financial year, as evidenced by the European Parliamentary Research Service - and for Erasmus+ alone the backlog was EUR 202 million; notes that this backlog is caused in part by an excessively inflexible MFF, which does not allow funding to be reallocated and has tight margins, partly due to the failure by the Member States to meet their commitments with regard to payment appropriations;
593. Highlights that the Europe for Citizens programme serves as a unique and direct link between the Union and its citizens in order to support actions, petitions and civil rights; considers the present funding level far too low and emphasises that the programme should be implemented within its content, becoming richer with initiatives empowering

the values of European Citizenship; strongly opposes any further budget cuts or any payment delay for the Europe for Citizens programme 2014–2020;

Civil liberties, Justice and Home Affairs

594. Notes the Court's conclusion that the consolidated accounts of the Union present fairly, in all material respects, financial position of the Union on 31 December 2014; expresses concern nonetheless that for the 21st year in a row, the financial supervisory and control systems examined were only partially effective in ensuring the legality and regularity of payments underlying the accounts;
595. Is concerned, however, that payments underlying the accounts are affected by an error rate above the materiality threshold; reminds therefore of the need for careful budgetary management and calls for further efforts to reduce the error rate;
596. Notes the new presentation of the Court's annual account report on the spending under MFF Heading 3 "Security and Citizenship"; requests for its inclusion next year, taking into account the budget increase; agrees that a new approach is needed for investing the EU budget as opposed to spending it;
597. Regrets the fact that in some Member States, laws concerning conflict of interest of members of the parliament, government and local councils is vague and insufficient; calls on the Commission to examine this situation and, if appropriate, make proposals in that regard; considers that any such proposals should also apply to existing and candidate Commission members;
598. Stresses the need to ensure value for money and learn lessons from past projects where weaknesses in the Commission's management led to delays and overspending, as occurred with the development of the second generation Schengen information system (SIS II), which was delivered six years later than planned and cost eight times more than the initial budget;
599. Notes that although The External Borders Fund has contributed to the management of external borders, the added value of the fund has been limited. The overall result could not be measured due to weaknesses in monitoring by the assigned authorities and serious deficiencies by the Commission and the Member States in their evaluations.

Gender issues

600. Recalls that, as stated in Article 8 TFEU, equality between women and men is one of the values on which the European Union is founded and the Union promotes it; considers that gender equality must be mainstreamed in all policies and therefore this has to be taken into account in the budgetary procedures;
601. Reminds the Commission that some budget lines may be indirectly furthering gender inequality by having adverse effects on women when implemented; therefore calls on the Commission to use gender budgeting analysis of both new and existing budget lines and, where possible, make necessary policy changes to ensure that gender inequality does not occur indirectly;
602. Reminds the Commission of its fresh commitment to budgeting for results and reiterates the Parliament's demand to include in the common set of result indicators for the implementation of the Union budget as well as gender-specific indicators, which would

allow for better assessment of the implementation of the budget from the gender perspective;

603. Calls on the Commission to produce an assessment of the impact that Union financing has had on promoting gender equality;
604. Invites the Union to increase the share of the ESF dedicated to develop high quality public services at affordable prices for childcare, care for the elderly and dependent adults (for which are still women that in most cases take care for them) taking also into account the evidences provided by Gender Equality Index, recently developed by European Institute for Gender Equality (EIGE);
605. Calls on the Commission and Member States to implement full training of public officials involved in spending decisions to ensure full understanding of the effects their decisions have on gender equality;
606. Calls on all the Union institutions to assess whether there is genuine parity as regards the distribution of posts within the institutions and bodies of the Union, providing gender-by-gender statistics on staff numbers and grades as part of the discharge procedure.