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DRAFT REPORT

on the Court of Auditors' special reports in the context of the 2015
Commission discharge
(2016/2208(DEC))

Committee on Budgetary Control

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CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	5
<i>Part I – Special Report No 18/2015 of the Court of Auditors entitled “Financial assistance provided to Member States in difficulties”</i>	<i>6</i>
<i>Part II – Special Report No 19/2015 of the Court of Auditors entitled "More attention to result needed to improve the delivery of technical assistance to Greece"</i>	<i>9</i>
<i>Part III – Special Report No 21/2015 of the Court of Auditors entitled "Review of the risks related to a results-oriented approach for Union development and cooperation action" ...</i>	<i>10</i>
<i>Part V – Special Report No 24/2015 of the Court of Auditors entitled "Tackling intra-Community VAT fraud: More action needed"</i>	<i>12</i>
<i>Part VI – Special Report No 25/2015 of the Court of Auditors entitled "EU support for rural infrastructure: potential to achieve significantly greater value for money".....</i>	<i>13</i>
<i>Part VII – Special Report No 1/2016 of the Court of Auditors entitled "Is the Commission’s system for performance measurement in relation to farmers’ incomes well designed and based on sound data?"</i>	<i>15</i>
<i>Part VIII – Special Report No 3/2016 of the Court of Auditors entitled “Combating eutrophication in the Baltic Sea: further and more effective action needed”</i>	<i>17</i>
<i>Part IX – Special Report No 4/2016 of the Court of Auditors entitled “The European Institute of Innovation and Technology must modify its delivery mechanism and elements of its design to achieve the expected impact”</i>	<i>18</i>
<i>Part X – Special Report No 5/2016 of the Court of Auditors entitled “Has the Commission ensured effective implementation of the Services Directive?”</i>	<i>19</i>
<i>Part XI – Special Report No 6/2016 of the Court entitled “Eradication, control and monitoring programmes to contain animal diseases”</i>	<i>20</i>
<i>Part XII – Special Report No 7/2016 of the Court of Auditors entitled “The European External Action Service’s management of its buildings around the world”</i>	<i>21</i>
<i>Part XIII – Special Report No 8/2016 of the Court of Auditors entitled “Rail freight transport performance in the EU: still not on the right track”</i>	<i>22</i>
<i>Part XIV – Special Report No 9/2016 of the Court of Auditors entitled “Union external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014”</i>	<i>23</i>
<i>Part XV – Special Report No 10/2016 of the Court of Auditors entitled “Further</i>	

<i>improvements needed to ensure effective implementation of the excessive deficit procedure</i>	25
<i>Part XVI – Special Report No 11/2016 of the Court of Auditors entitled “Strengthening administrative capacity in the former Yugoslav Republic of Macedonia: limited progress in a difficult context”</i>	26
<i>Part XVII – Special report No 12/2016 of the Court of Auditors entitled “Agencies’ use of grants: not always appropriate or demonstrably effective”</i>	27
<i>Part XVIII – Special Report No 13/2016 of the Court of Auditors entitled “Union assistance for strengthening the public administration in Moldova”</i>	28
<i>Part XIX – Special Report No 14/2016 of the Court of Auditors entitled “EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground”</i>	31
<i>Part XX – Special report No 15/2016 of the Court of Auditors entitled “Did the Commission affectively manage the Humanitarian aid provided to populations effected by conflicts in the African Great Lakes Region?”</i>	33
<i>Part XXI – Special report No 16/2016 of the Court entitled "EU education objectives: programmes aligned but shortcomings in performance measurement"</i>	34
<i>Part XXII – Special Report No 17/2016 of the Court of Auditors entitled “The EU institutions can for more to facilitate access to their Public Procurement”</i>	35
<i>Part XXIII – Special Report No 18/2016 of the Court of Auditors entitled “The EU system for the certification of sustainable biofuels”</i>	38
<i>Part XXIV – Special report No 19/2016 of the Court entitled “Implementing the EU budget through financial instruments - Lessons to be learnt from the 2007-2013 programme”</i>	40
<i>Part XXV – Special report No 20/2016 of the Court of Auditors entitled “Strengthening capacity in Montenegro: progress but better needed in many key areas”</i>	42
<i>Part XXVI – Special Report No 22/2016 of the Court of Auditors entitled “EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011 but critical challenges ahead”</i>	43
<i>Part XXVII – Special Report No 23/2016 of the Court of Auditors entitled “Maritime transport in the EU: in troubled waters - much ineffective and unsustainable investment”</i> 45	
<i>Part XXVIII– Special Report No 25/2016 of the Court of Auditors entitled “The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved”</i>	46
<i>Part XIX– Special Report No 26/2016 of the Court of entitled “Making cross-compliance more effective and achieving simplification remains challenging”</i>	47
<i>Part XXX – Special Report No 27/2016 of the Court of Auditors entitled "Governance at</i>	

the European Commission - best practice?" 48

Part XXXI – Special Report No 28/2016 of the Court of Auditors entitled “Dealing with serious cross-border threats to health in the EU: important steps taken but more needs to be done” 49

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Court of Auditors' special reports in the context of the 2015 Commission discharge (2016/2208(DEC))

The European Parliament,

- having regard to the special reports of the Court of Auditors drawn up pursuant to the second subparagraph of Article 287(4) of the Treaty on the Functioning of the European Union,
- having regard to the general budget of the European Union for the financial year 2015¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0338/2016)²,
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2015, together with the institutions' replies³,
- 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 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to its decision of2017 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission⁵, and to its resolution with observations that forms an integral part of that decision,
- having regard to the Council's recommendation of ... February 2017 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2015 (0000/2017 – C8-0000/2017),
- 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 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 375 13.10.2016 p.1.

⁴ OJ C 380, 14.10.2016, p. 147.

⁵ Texts adopted of that date, P8_TA-PROV(2017)0000.

⁶ OJ L 298, 26.10.2012, p. 1.

- having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2017),
- 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;
 - B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of funds, and are thus useful for Parliament in its role as discharge authority;
 - C. whereas its observations on the special reports of the Court of Auditors form an integral part of Parliament’s aforementioned decision of2017 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission;

Part I – Special Report No 18/2015 of the Court of Auditors entitled “Financial assistance provided to Member States in difficulties”

1. Takes note of the findings and recommendations of the Court of Auditor’s (the “Court”) Special Report No 18/2015: Financial assistance provided to Member States in difficulties;
2. Welcomes the first Special Report of the Court on economic governance in the Union and looks forward to the upcoming reports that will be published in the coming year;
3. Regrets that the Court has not included in this report all the Member States that received financial assistance since the beginning of the financial crisis, including the programme for Greece in order to facilitate a comparison;
4. Welcomes however that the Court will produce a separate Special Report on Greece; calls on the Court to compare the results of both Special Reports and in particular to address the suggestions of the Parliament to the report on Greece, including medium and long term results (i.e. present debate on possible debt-relief);
5. Encourages the Court to further reinforce its own human resources and expertise in this area to improve the quality of its work; calls on the Court in the meanwhile to take fully into consideration the external expertise reports requested by the Court as a background basis for the audit;
6. Draws attention to the fact that the Court limited the audit to the very short term and concrete scenario of financial assistance as decided by the Council without taking into consideration other potential solutions to the fiscal imbalances that were already part of public and academic debate, such as the mutualisation of sovereign debt or debt relief;
7. Regrets that the report limits its focus to the management of the assistance but does not analyse, nor question, the programme's content and the conditions negotiated for

financial assistance;

8. Takes note that the specific measures taken by the Union political level and the main features of the programmes have only been described in the special report; encourages the Court to analyse if the measures adopted were appropriate to the objectives of the programmes and the way they have interacted with the wider policy framework and long term objectives, including the Europe 2020 strategy;
9. Takes note that the objectives of the financial assistance programmes were for the assisted countries to return to financial markets, achieve sustainable public finances, and return to growth and reduce unemployment; regrets that the Court's findings has not fully analysed the results of the programme against these objectives;
10. Notes that the Court primarily focused its conclusions on the Commission as the manager of the financial assistance, but considers that for a better understanding, further attention should have been brought to the International Monetary Fund and the European Central Bank (ECB) which initially supported the Commission in the preparation and monitoring of the programmes;
11. Shares the view of the Commission that the role of the Council and other partners has been underestimated in the establishment and management of the programme; asks the Court and Commission to analyse the relevance of the measures adopted by the Council, and the role of the ECB, and whether these were appropriate to meet the objectives of the programme and contributed to the Union's objectives, including phasing out of the economic crisis, more jobs and growth;
12. Regrets that the partners did not always share all available information with the Commission which led to inconsistency of the negotiating team; urges the Commission to set up formal agreements with the partners in order to have full access to all information available in due time and thus avoid such problems in the future;
13. Highlights that some of the reforms indicated in the programmes (i.e. reform of labour markets) can only lead to results in competitiveness in the very long term, while assistance programme seek mainly more immediate, short-term results;
14. Regrets that the programmes have been mainly based on the side of expenditure (reforms on labour markets, pension and unemployment schemes, reduction of local entities etc.) as well as cuts to public programmes (education, social security and health programmes) which have had an impact not only on vulnerable citizens, but also on depressing growth opportunities;
15. Urges the Council to carefully review the toolbox and set of measures available for financial assistance in future programmes in order to reduce the impact on the population, the non-desired effect on internal demand and the socialisation of the costs of the crisis;
16. Highlights that financial assistance provided to the Member States in difficulties took the form of loans borrowed on the capital markets using the Union budget as a guarantee; considers that the role of the Parliament as budgetary authority in these programmes has been undermined, thus further reducing the democratic legitimacy of

the financial assistance provided;

17. Urges the Commission to increase the level of Parliament's involvement in the framework of financial assistance when the Union budget it is at stake;
18. Considers important to study the role of the European Central Bank in indirectly helping Member States to meet their objectives and on the wider support to the financial architecture of the Union during the time of the financial programmes;
19. Considers that at the onset of the crisis it was difficult to have predicted some abrupt imbalances with devastating effects in some Member States; highlights the difficulty of predicting the magnitude and nature of the 2007-2008 global financial crises which was unprecedented;
20. Shares the Court's view that the attention paid to the pre-crisis surveillance legal framework was not adequate in identifying the risk in the underlying fiscal positions in times of severe economic crisis;
21. Welcomes the approval by the legislators of the 'six' and 'two' pack introduced as a result of the financial crisis which addressed the surveillance weakness that the crisis revealed; considers however that the reform of the Union Economic governance framework in the past years has not lead to a complete phase-out of the crisis and calls on the Commission to further analyse the strengths and weaknesses of the new framework compared to other similar economies (i.e. US, Japan and other OECD countries) and to propose new reforms, if necessary;
22. Calls on the Commission to follow the Court's recommendation to further improve the quality of its macroeconomic and fiscal forecasts;
23. Takes note of the Court's conclusion that the Commission achieved in difficult time constraints and limited experience ex novo duties to manage the financial assistance programmes; highlights the Court's conclusion that this was an achievement taking into consideration the environmental constraints;
24. Welcomes the decision to allow the management of financial assistance to be the responsibility of the Commission instead of other financial partners, allowing tailored assistance that takes into consideration particularities and ownership of the Member States;
25. Is of the opinion that while Member States should be treated equally, flexibility to tailor and adjust programmes and reforms to particular national circumstances was deemed necessary; consider that for future programmes of the Commission and reports of the Court, it should be necessary to identify and differentiate the implementation of strictly Union measures from the national conjectural agendas;
26. Takes note of the Court's comment as regards the Commission's difficulties in keeping track of the information and that its processes were not geared towards retrospective evaluation of the decisions taken;
27. Underlines that in the early phase of the programmes, the Commission was operating

under severe time and political pressure in the face of uncertain risks that challenged the stability of the whole financial system with unpredictable consequences in the economy;

28. Considers that, whilst not having prior experience on financial assistance, the Commission 'learnt by doing' and managed to properly put in place relatively quickly those programmes and improved its management for the later ones;
29. Shares the Court's recommendations that the Commission should further analyse the key aspects of the countries' adjustments, but also should compare economic forecasts including housing market, public and private national debts; urges all Member States to provide systematically and regularly the appropriate data to the Commission;
30. Considers that the timeframe since the launch of the first Union programme until the end of the Court's analysis should give the opportunity to include improved recommendations both on the improvements and the results of the programme to future programmes, as result of the inter-institutional and contradictory dialogue between the Court and the Commission;
31. Considers that, on grounds of transparency, better information and communication to citizens, the replies of the Commission and the opinion of the Court should be presented in a double column to allow comparison of views as is done for the annual report of the Court;
32. Taking into account the sensitivity of these new reports on Union financial governance, recommends that the press releases and other communication documents should reflect thoroughly the findings and recommendations of the Court.

Part II – Special Report No 19/2015 of the Court of Auditors entitled "More attention to result needed to improve the delivery of technical assistance to Greece"

33. Notes that at the time this working document is being drafted, the Commission has already presented its proposal for the establishment of the Structural Reform Support Programme (SRSP); welcomes that the Commission has evidently taken the recommendations from the Court into consideration and hopes the SRSP will emerge as a strong tool for TA based on the lessons learned from the TFGR;
34. Is concerned that the ad-hoc, rapid set-up of the task force caused some of its operational problems; call for a thorough assessment of the situation on the ground and formulation of a concise step-by-step action plan as mandatory preliminary exercise of any TA project; requests that in its subsequent TA programmes the Commission applies a more planned approach, including a timeline with start and end date for mandates;
35. Underlines that a dedicated budget is an essential pre-requisite to a successful TA programme, both for planning and streamlining expenses, thus avoiding different levels of control and rules to be observed, related to separate budget lines;
36. Notes that the task force managed an impressive number of projects involving multiple partner organizations; believes that the impact of TA could have been improved by streamlining programmes, limiting the number of partner organizations and scope of

- projects to minimise administrative coordination efforts and increase efficiency;
37. Regrets that the beneficiary Member State as well as the task force did not provide the Commission with regular activity reports; points out that the Commission should insist on receiving quarterly activity reports without excessive delay and a comprehensive final report in the form of an ex-post evaluation within a reasonable timeframe after the conclusion of the work of the TFGR; requests the Commission to monitor the implementation of TA systematically in order to adjust for a results-oriented TA;
 38. Calls on the Commission, Parliament and European Council to use the discussion on the Structural Reform Support Programme (SRSP) for the period 2017 to 2020 as an opportunity to revise the good practice of domain leaders; encourages the Commission to find a system together with the Member States to hire experts directly from the Member States, thus avoiding another layer of complexity and administrative burden by circumventing national agencies;
 39. Demands the Member States to show stronger commitment: a performance based approach would allow the Parliament as well as national Parliaments to play a more supportive role through their respective budget oversight committees.

Part III – Special Report No 21/2015 of the Court of Auditors entitled "Review of the risks related to a results-oriented approach for Union development and cooperation action"

40. Welcomes the Special Report dedicated to the review of the risks related to a results-oriented approach for Union development and cooperation action and sets out its observations and recommendations below;
41. Acknowledges the fact that the Commission has integrated the issue of risks in the management of its external operations which is characterised by complex and fragile environment with numerous types of risks, partner countries having different level of development and governance frameworks;
42. Especially welcomes the Court's recommendation to the Commission to improve the use of terminology regarding long-term results (outputs, outcomes and impacts) and stresses the importance of formulating true S.M.A.R.T. objectives before any decision on financing different projects is taken;
43. Highlights the need to put extra focus on formulating "attainable and realistic" goals to avoid the cases where the initial objectives were met by partner countries but without significant results in term of development;
44. Considers it necessary to refrain from focusing on budgetary outturn as the sole management objective which can be detrimental to the principle of sound financial management and the achievement of results;
45. Recalls that the regular monitoring and mapping of high risk factors (external, financial and operational) and their quantification, from identification to implementation phases, is a prerequisite not only for a good financial management and quality expenditure but also to ensure the credibility, sustainability and reputation of the Union interventions;

takes the view that setting-up activities and countries risk profiles also facilitate the design of rapid risk mitigation strategy in case of deterioration of the situation in a partner country;

46. Highlights the need to regularly adapt the control environment and risk management functions to take into account the emergence of new forms of assistance instruments and facilities like the blended finance, trust funds and financial partnerships with other international institutions;
47. Reiterates the view that a new balance between absorption, compliance and performance is needed and to be reflected in the management of operations;
48. Believes that developing partner countries' capacity building, governance frameworks and ownership is also an important way to mitigate systemic risks in order to favour a conducive environment allowing funds to reach their intended purposes and respond the 3 Es requirements (economy, efficiency and effectiveness);
49. Considers also necessary the strengthening the political and policy dialogue, aid conditionality and the logical chain framework in order to ensure both the coherence between decision and preconditions of payments or disbursements in financing agreements by clearly linking payments to the achievement of actions and results as well as the relevance of selected objectives and indicators;
50. Encourages, particularly in the case of co-funded and multi-donor initiatives, international institutions to:
 - assess and plan the future benefits of a project and the way each partner contributes towards the final outcomes and broader impacts so as to avoid the questions about the results ownership i.e. which part of the results was attributable to the Union funding or to other donors' interventions;
 - combine their governance frameworks with the Union one, notably by improving their risk management methods; considers that the fungibility of funds should be closely monitored for its high level of fiduciary risk;
51. Calls on to ensure that the connection between evaluations and policy formulation is effective by taking into account all lessons learned in the decision-making process;
52. Recalls that undermining performance monitoring and results evaluation is detrimental to public accountability and to comprehensive information of policymakers.

Part IV – Special Report No 23/2015 of the Court of Auditors entitled "Water quality in the Danube river basin: progress in implementing the Water Framework Directive but still some way to go"

53. Believes that the guidelines for a more differentiated reporting on progress with regard to water quality should be provided by the Commission;
54. Agrees with the Court that the Commission should foster comparability of data, for example, by reducing the discrepancies in the number of physicochemical substances

that are assessed for the ecological status;

55. Highlights the need for the Commission to continue its follow-up of Member States' progress in reaching good water quality, the objective of the water framework directive;
56. Invites the Member States to ensure good-quality water monitoring in order to have accurate information on the situation and origin of pollution by water body, to allow better targeting and increase cost-effectiveness of the remedial measures;
57. Encourages the Member States to ensure coordination between those bodies defining measures in the river basin management plans and those approving projects for funding;
58. Encourages the Member States to assess and ensure the effectiveness of the enforcement mechanisms, in particular the coverage to be achieved and the deterrent effect of the penalties applied;
59. Invites the Member States to assess the potential of using the water pollution charge as an economic instrument and as a way to apply the "polluter pays" principle at least for the main substances which negatively affect water quality;
60. Calls on the Commission to consider systematically assessing not only the existence, but also the adequacy of the good agricultural and environmental condition (GAEC) standards and minimum requirements adopted by the Member States;
61. Notes that the Commission should provide guidance on the possible methods for cost recovery in the field of diffuse pollution;
62. Calls on the Member States to assess the potential of using economic instruments, such as environmental taxes, as an incentive to reduce pollution and as a way to apply the "polluter pays" principle;
63. Invites the Commission and the Member States to identify ways for simplifying the set-up and implementation of the checks and for ensuring their effectiveness, on the basis of an inventory of the enforcement of both Union and national mechanisms.

Part V – Special Report No 24/2015 of the Court of Auditors entitled "Tackling intra-Community VAT fraud: More action needed"

64. Is of the opinion that the Commission should initiate the establishment of a common system of estimating the size of intra-Community VAT fraud, which would allow Member States to evaluate their performance against adequate indicators. The performance should be in terms of reducing the intra-Community VAT fraud, increasing detection of fraud and increasing tax recovery following the detection of fraud;
65. Believes that, in order to improve the performance of Eurofisc as an efficient early warning system, the Commission should recommend to Member States to: (a) introduce a common risk analysis to ensure that the information exchanged through Eurofisc is well targeted to fraud; (b) improve the speed and frequency of these information

- exchanges; (c) use a reliable and user-friendly IT environment; (d) set up relevant indicators and targets to measure the performance of the different working fields; (e) participate in all Eurofisc working fields;
66. Calls on the Commission in the context of its evaluation of the administrative cooperation arrangements among the Member States for exchanging information between their tax authorities to fight against intra-Community VAT fraud, to carry out monitoring visits selected on a risk basis. These monitoring visits should focus on improving the timeliness of Member States' replies to information requests, the reliability of VAT Information Exchange System (VIES), the speed of Multilateral Controls, and the follow-up of the findings of its previous reports on administrative cooperation;
67. Bearing in mind that Member States need information from non-Union countries to enforce VAT collection of e-commerce Business to Consumer (B2C) services and intangibles supplied via internet, calls on the Commission to support the Member States to negotiate Mutual Assistance Arrangements with the countries where most of the digital service providers are established and sign these arrangements; in order to strengthen cooperation with non-Union countries and enforce VAT collection.
68. Is of the opinion that while the Intra-Community VAT fraud is often linked with the organised criminal structures, the Commission and Member States should remove legal obstacles preventing the exchange of information between administrative, judicial and law enforcement authorities at national and EU level. In particular, European Anti-Fraud Office (OLAF) and Europol should have access to VIES and Eurofisc data and Member States should benefit from intelligence information supplied by them;
69. Believes that the Commission should provide sufficient financial resources in order to ensure the viability and sustainability of the Operational Action Plans (OAPs) set up by Member States and ratified by the Council under the umbrella of the European Multidisciplinary Platform Against Crime Threats (EMPACT) initiative, the Commission should provide sufficient financial resources.

Part VI – Special Report No 25/2015 of the Court of Auditors entitled "EU support for rural infrastructure: potential to achieve significantly greater value for money"

70. Recognises the importance of rural infrastructure investments supported by Union funds and especially by the European Agricultural Fund for Rural Development (EAFRD) for needs, which otherwise may have not been funded given significant economic challenges and scarcity of financing faced by rural areas;
71. Notes that EAFRD funding to infrastructure projects is based on shared management where Member States are responsible for management, monitoring and control as well as for selection and implementation of projects, while the role of the Commission is to supervise the proper functioning of the management and control systems in Member States; underlines that both the Commission and Member States must respect the principles of sound financial management;
72. Considers ECA's findings and recommendations, included in the Special Report

25/2015, useful for further improvement of the performance based utilisation of Union funded investments in rural infrastructure and for achievement of better results and value for money, and requests the Commission to implement them;

73. Strongly recommends that the EU investments in rural infrastructure are targeted explicitly to projects that allow improvement of public services and/or contribute to jobs' creation and economic development in rural areas, and for which there is a demonstrable need for public support and which deliver added value;
74. Recommends that Member States use a coordinated approach which quantifies needs, where applicable, and funding gaps and justifies the use of the RDP measures, and which considers not only Union funds and programmes, but also national, regional and local programmes and public and private funds that could address — or are already addressing — the same needs as the RDP;
75. Calls on the Commission to build upon the first steps taken to ensure effective coordination and complementarity between the different EU funds, undertaken through the checklist used by it to ensure the consistency of the 2014-2020 RDPs, and to provide further guidance to Member States during the implementation of the programmes on how to achieve not only better complementarity, but also on how to avoid the risk of substitution of funds and to mitigate the risk of deadweight; in this regard, asks the Commission to intervene also by promoting good practices;
76. Recommends to the Member States, in order to mitigate the risk of deadweight, before setting aid rates for infrastructure measures to assess the appropriate level of public funding needed to encourage investments, as well as during the project selection process to check, where appropriate before approving applications for support, whether the applicant has sufficient capital or access to capital to finance all or part of the project; encourages better use of management information systems by the Member States;
77. Calls for respecting the principle of additionality on all levels and insists therefore on a proper set-up of monitoring committees and their active participation in the process of coordination; asks the Commission to properly utilize its advisory role in the monitoring committees;
78. Welcomes that the Commission issued guidance in March 2014 encouraging Member States to ensure that eligibility and selection criteria are applied in a transparent and consistent way throughout the programming period, that selection criteria are applied even in cases when the budget available is sufficient to fund all eligible projects and that projects with a total score that is below a certain threshold are excluded from support and calls on the Member States to strictly follow this guidance for EU funded rural infrastructure projects;
79. Request that the Member States establish and consistently apply criteria to ensure the selection of the most cost-effective projects — the projects with the potential to make the greatest contribution to the RDP objectives per unit of cost; asks them to ensure that project cost estimations are based on up-to-date price information that reflects actual market prices and that public procurement procedures are fair and transparent and promote genuine competition; notes the guidelines on how to avoid common errors in EU co-funded project, developed by the Commission at the end of 2014, and

encourages all Member States to fulfill the ex-ante conditionality for public procurement requirements by the end of 2016;

80. Calls as well for greater transparency in the selection process and considers that public opinion on local problems in rural areas should be taken into consideration by managing authorities when approving grant applications; recognises that local action groups may play an important role in this process;
81. Recommends that the Commission include in the scope of its future audits an examination of performance aspects concerning rural infrastructure projects and expects that the changes made for the 2014-2020 programming period by the Commission, based on the identified past problems will bring the intended improvement;
82. Requests the Commission and the Member States to introduce requirements that oblige the beneficiaries to ensure long-term sustainability and proper maintenance of the infrastructure financed by Union investments, and to check implementation of respective requirements;
83. Request Member States to set a reasonable timeframe for processing grant and payment applications and respect it;
84. Recommends that for the 2014-2020 period, the Commission and the Member States collect timely, relevant and reliable data that provides useful information on the achievements of the projects and measures financed; expects that this information will allow conclusions to be drawn on the efficiency and effectiveness of the funds spent, identify the measures and types of infrastructure projects delivering the greatest contribution to the Union objectives and provide a sound basis for improving the management of the measures;
85. Encourages the Member States to ensure that clear, specific and where possible quantified objectives are set for the projects to which funds are committed, and thus to facilitate the execution and monitoring of the projects, and useful feedback for the managing authorities;
86. Acknowledges that “community-led local development” is an important and vital tool for overcoming the deficiencies identified by the Court.

Part VII – Special Report No 1/2016 of the Court of Auditors entitled "Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?"

87. Recommends that the Commission develops a more comprehensive statistical framework to provide information on the disposable income of farm households and to better capture the standard of living of farmers. For this purpose the Commission should, in cooperation with the Member States and based on a common methodology, consider how best to develop and combine existing Union statistical instruments;
88. Recommends that the Commission improves the framework for the comparison of farmers' incomes with incomes in other sectors of the economy;

89. Calls on the Commission to further develop the EAAs so that their potential could be better used in order to:
- provide more detailed information on the factors impacting agricultural income;
 - ensure transmission of regional-level data based on formal arrangements with the Member States.
90. Is of the opinion that the Commission should examine whether the European Association for American Studies (EAAs) can be further developed to provide a reasonable estimate of the economic value of the public goods that are produced by farmers and ensures that EAAs information is used appropriately in income indicators;
91. Recommends that the Commission bases its analysis of farmers' incomes on indicators taking account of the current situation of agriculture and on sufficient and consistent data for all beneficiaries of CAP measures. This could be done by developing synergies between existing administrative data or by developing the FADN or other suitable statistical tools;
92. Is of the opinion, in view of the importance of the EAAs for monitoring the CAP, the Commission introduces regular quality reporting on the EAAs and obtain reasonable assurances that Member States set up a quality assurance framework to ensure that data provided by Member States are comparable and compiled in line with the quality criteria applying to European statistics;
93. Recommends that the Commission addresses weaknesses identified in the implementation of the Farm Accountancy Data Network (FADN) by agreeing a clear timetable with the Member States concerned and encouraging better use of the system's potential;
94. The Commission further develops the present quality arrangements for the establishment of the FADN statistics by the Member States to ensure that, in all Member States, sectors and size classes of holdings that are of interest for the CAP are adequately represented, reflecting also the choices made by Member States in terms of CAP options;
95. Recommends that taking into consideration the weaknesses identified by the Court, the Commission improves the reliability and completeness of performance information of the CAP measures in relation to farmers' incomes by:
- defining from the outset appropriate operational objectives and baselines against which the performance of the CAP measures can be compared for the next programming period;
 - in the context of its evaluations, complementing the current framework of performance indicators with other relevant and good-quality data to measure the results achieved;
 - also in the context of its evaluations, assessing the effectiveness and efficiency of the measures designed to support farmers' incomes.

Part VIII – Special Report No 3/2016 of the Court of Auditors entitled “Combating eutrophication in the Baltic Sea: further and more effective action needed”

96. Welcomes the Court’s Special Report ‘Combating eutrophication in the Baltic Sea: further and more effective action needed’ and endorses its recommendations;
97. Deeply regrets that even though between 2007 and 2013, the Union contributed €14,5 billion to waste water treatment and water protection measures in Union Member States in the Baltic Sea region, in addition to €44 million to water quality improvement in Russia and Belarus in 2001-2014, limited progress has been achieved to reduce nutrient emissions; asks the Commission to pay special attention to the cost-effectiveness of the above-mentioned measures;
98. Highlights that eutrophication is one of the key threats to reaching a good ecological status of the Baltic Sea and emphasises the importance of combatting the eutrophication of one of the world’s most polluted seas; therefore, underlines that the effectiveness of the Union macro regional strategy for the Baltic Sea Region on the reduction of nutrients is difficult to evaluate and regrets that limited progress has been made on nutrient reduction; and that the Union directive has been only partially applied by some Members States;
99. Stresses that the Member States should create their nitrates programme procedures based on the most recent scientific indication and advice;
100. Asks the Commission to request Member States to collect information on the cost-effectiveness of nutrient load reduction measures in order to have a robust analysis for establishing future programmes of measures;
101. Urges the Commission to improve the reliability of monitoring data on nutrient in the Baltic Sea as the reliability is not assured;
102. Urges the Commission to promote effective designation of nitrate vulnerable areas to Member States in order to put in place sufficient measures in highly vulnerable areas and on the other hand avoid putting unnecessary burden to farmers operating in areas that are not nitrate vulnerable; emphasises that the Member States in the Baltic Sea region should re-evaluate their designation of nitrate vulnerable areas;
103. Notes with concern the lack of effectiveness of actions to reduce nutrient pollution of urban waste water; asks the Commission to ensure effective follow-up of the implementation of Urban Waste Water Directive and ensure that Member States comply fully with the directive;
104. Regrets that the HELCOM recommendations have been only partly achieved and implemented under the Union directive for specific activities;
105. Notes that the leverage effect has been high in financing the projects in Russia and Belarus; is worried however about the delays in projects which might result in significant losses of resources; asks the Commission to continue its efforts in this regard and to focus more closely on key polluters identified by HELCOM; also believes that in regard to the cooperation among Union and non-Union states best practices should be

identified and applied widely.

Part IX – Special Report No 4/2016 of the Court of Auditors entitled “The European Institute of Innovation and Technology must modify its delivery mechanism and elements of its design to achieve the expected impact”

106. Welcomes the report dedicated to the European Institute of Innovation and Technology and sets out its observations and recommendations below;
107. Welcomes the Court’s findings and recommendations;
108. States that the Court has identified several weaknesses in key concepts and operational processes and has given four recommendations if the EIT wants to become the ground-breaking innovative institute;
109. Recalls the discharge 2012 and 2013 on the EIT in which the decision on granting the EIT discharge was postponed, based on the lack of assurance on the legality and regularity of the EIT’s grant transactions, inappropriate evidence not surpassing the ceiling of 25% of the KIC’s global expenditure, the high level of carry-overs not being implemented and the delays in the implementations of the recommendations of the Commission’s Internal Audit Service;
110. Considers that the current report of the Court gives rise to serious concerns about the basis, funding model and the operation of the EIT;
111. Notes the reply of the Commission on the report, whereby the Commission gives its point of view on the facts and findings; states that the Commission agrees with the majority of the recommendations of the Court;
112. Notes that the report states that in 2015 several improvements by the EIT have been made, that seem to meet the findings and recommendations of the Court; notes that close monitoring and evaluation is needed to verify the effects of these improvements;
113. Emphasises that a multiannual grant agreement between the EIT and the KICs and the multiannual strategy of the KICs should not be a stand in the way for an annual reporting of the KICs;
114. Emphasises that performance monitoring and results evaluation is essential to public accountability and to comprehensive information of policymakers; highlights that this will not be otherwise for the EIT and KICs;
115. Notes that the Commissioner for Research, Science and Innovation introduced in 2015 the concept of “Open Innovation” as the key policy concept to frame innovation policy at Union level; considers that it is not clear which role the EIT plays in this concept; emphasises that this concept does not provide a clear framework for the development of a coherent and coordinated action by the Commission, given the number of policies and instruments in the mix and number of directorate generals involved in supporting the innovation;
116. Calls on the Commission to ensure a coordinated and efficient innovation policy, in

which the responsible DGs tune up the activities and instruments, and to inform the Parliament on these efforts;

117. Is concerned by the fact that in the KICs the involvement of businesses in the choice of the research could lead to the situation that researchers are financially and otherwise linked to the industry and may not be seen as independent anymore; expresses this concern in the light of the developments in which the influence of businesses in science and fundamental research has grown;
118. Understands the EIT's mission to promote cooperation among higher education, research and innovation; takes the view that companies may be in the end the main beneficiary as being the legal owner of the innovate product being brought to the market and have the financial profits; stresses the need in this situation to incorporate in the cooperation-model a structure in which given funds will flow back to the EIT;
119. Believes that the improvements mentioned and the agreement of the Commission on the recommendations are reason to await the further developments within the EIT;
120. Calls on the EIT to give in its annual report 2015 the discharge authority an in-depth analysis of the implementation of the Court 's recommendations;
121. Calls on the Commission to provide the Parliament with a follow-up report on the implementation and monitoring of and actions taken regarding the Court 's.

Part X – Special Report No 5/2016 of the Court of Auditors entitled “Has the Commission ensured effective implementation of the Services Directive?”

122. Welcomes the Court's report, endorses its recommendations and is pleased that the Commission accepts these and will take them into account in future;
123. Notes that despite the limitation of its scope by the exclusion of provision of some services, the Directive has a very broad field of application which required the Commission to have a set of measures to ensure its correct implementation;
124. Stresses that the services market has not achieved its full potential and that the impact on growth and jobs of successful implementation of the Services Directive is high; while the potential economic benefit of full implementation of the Directive is still not known, the Commission should develop a study in order to estimate the output gains in the most possibly reliable quantitative terms;
125. Encourages subsequent inclusion of more sectors in order to achieve a broader removal of sectorial obstacles to market integration with a final goal of removing of barriers in the internal market for services and developing full Union potential for growth, competitiveness and job creation;
126. Considers that Member States could have made better use of the measures provided by the Commission to support transposition, implementation and enforcement specially by sharing the problems faced in the different stages of the procedure, discussing possible common solutions and exchanging best practices;

127. Agrees that the Commission should reduce the length of infringement procedures as much as possible,
128. Regrets that tools as the Points of Single Contact (PSC), the Internal Market Information System (IMI) and the European Consumer Centres (ECC-net) were not sufficiently known and used by businesses and consumers when having an issue related to the application of the Services Directive;
129. Notes that the provision of services online continue to be limited due to uncertainties for providers and recipients.

Part XI – Special Report No 6/2016 of the Court entitled “Eradication, control and monitoring programmes to contain animal diseases”

130. Welcomes the recommendations of the Court and welcomes the Commission’s acceptance;
131. Welcomes that the animal disease programmes were evaluated as successful by the audit and that the technical advice, risk analysis and supporting mechanisms were graded as good; welcomes the positive results of these programmes on the animal health in the Union; encourages the Commission and the Member States to apply the successful approach also in the future;
132. Believes that the extensive output indicators for national programmes for the eradication, control and monitoring of certain animal diseases and zoonoses should be further improved, particularly relating to the technical implementation and economic indicators, which would allow for an analysis of the cost-effectiveness of the programmes;
133. Notes from the Commission that establishing of the cost-effectiveness of the programmes is difficult, especially as there are no models available even on the international level; further notes that the cost-benefit of the programmes has been proved by avoidance of spreading disease, avoiding human infection and by saving lives;
134. Notes that the exchange of epidemiological information and the ready access to historic results could be better supported by the relevant information systems, allowing for better coordination of control activities between Member States; notes from the Commission that existing IT tools are being developed to better support the Member States; encourages the Commission to ensure an added value of the developed IT tools for the exchange of necessary information;
135. Considers that the Commission should support the availability of vaccines for use by the Member States when epidemically justified; welcomes that the vaccine/antigen banks have already been put in place for two diseases; encourages the Commission to continue with a risk analyses that might determine a potential need for other vaccine/antigen banks;
136. Takes note that the Commission accepts to ensure that Member States systematically

include, when relevant, the wildlife aspect in their veterinary programmes;

137. Notes that the programmes in certain countries were not as successful in eradication of the animal diseases and the progress was rather slow; invites the Commission in cooperation with the Member States to prioritise these specific cases and to prepare a detailed strategy that would help to streamline the eradication of the diseases, in particular of the bovine tuberculosis in the UK and Ireland and ovine and caprine brucellosis in the south of Italy;
138. Notes with concern that the underlying legislation covering the topic of animal disease remains overly complex and crumbled; welcomes that an umbrella piece of legislation - the regulation on transmissible animal diseases (the “Animal Health Law”) - has been adopted in March 2016; notes that the new regulation will be applicable in five years following the adoption; welcomes that the new regulation will offer streamlined, simpler and clearer rules.

Part XII – Special Report No 7/2016 of the Court of Auditors entitled “The European External Action Service’s management of its buildings around the world”

139. Welcomes the Special Report dedicated to the European External Action Service's (EEAS) management of its buildings around the world and sets out its observations and recommendations below;
140. Emphasises that the EEAS and the Member States have a shared interest in further developing local co-operation in the area of management of buildings with a specific and continuous attention to be devoted to security issues, best value for money and the Union's image;
141. Welcomes the increase in co-location projects of Union delegations with Member States with the signature of 17 co-location memoranda of understanding; encourages the EEAS to further seek ways to extend this good practice; considers that this policy should include innovative approaches aiming at defining both a coordinated strategy of co-location with Member States eager to do so and appropriate cost-sharing arrangements related to buildings and logistics;
142. Regrets the insufficient recording and inaccuracies in the information system for managing delegations office buildings and residences; asks for a regular review of the completeness and reliability of data encoded by Union delegations;
143. Urges the EEAS to reinforce its management control and monitoring tools of all the costs incurred in the building policy in order to ensure an accurate overview and follow-up of all the expenditure; considers that emphasis should be put on the respect of the ceilings defined in the building policy to decrease the total annual rent of delegations offices, the adequacy of contributions paid by co-located entities, the coverage of the running costs involved in co-location situations and the correctness of costs with local market conditions;
144. Believes that legal and technical expertise in real estate management should be swiftly developed while considering any cost-effective alternative options, such as hiring

external expertise, like local brokers, to prospect the market or possibly negotiate with landlords;

145. Supports the implementation of a medium-long term strategy identifying all options from investment priorities or possibilities of purchases, renting renewals to the sharing of premises with Member States, taking account also of staff projections and policy planning and development.

Part XIII – Special Report No 8/2016 of the Court of Auditors entitled “Rail freight transport performance in the EU: still not on the right track”

146. Welcomes the Court’s report, endorses its recommendations and is pleased that the Commission accepts these and will take them into account;
147. Draws the attention to the areas where action by Member States and Commission is most needed: market liberalisation, traffic management procedures, administrative and technical constraints, monitoring and transparency of the performance of the rail freight sector, fair competition between different modes of transport, consistent approach between policy objectives and fund allocation, improved coordination between MS and Commission in the selection, planning and management of projects and rail network maintenance;
148. Notes that the Commission did not assess properly the impact of the legislative packages that it has launched since 2000 on the rail sector, in particular the rail freight transport; regrets that the Union funds invested in the several projects cannot be considered cost-effective;
149. Considers that the continuation of the state of play in the rail sector will lead to not fulfilling the shifting targets for 2030;
150. Finds that it is in the interest of Member States to have a common and mandatory impact assessment of future rail freight transport legislation to ensure that the shortcomings related to incompatibilities of network are effectively overcome;
151. Notes that railway sector is generally very corporative which may affect the perception of the market liberalisation more as a threat than as an advantage;
152. Considers the rail freight transport one key aspects of the single market for goods and invites the Commission to give it a new impetus within the single market strategy; asks for a rail freight transport strategy to be put in place;
153. Asks for a comprehensive evaluation of the Union’s rail freight transport with particular emphasis on the implementation of the Regulation (EU) No 913/2010 including one-stop-shop activity and paths allocation, and an evaluation, in parallel, of freight corridors and CEF corridors including the projects already approved under CEF;
154. Asks for a comprehensive evaluation of the national rail systems interoperability;
155. Asks for an evaluation of the Member States’ transport strategies drawn up following the Partnership Agreements as regards the cross border harmonisation and operability of

TEN-T corridors;

156. Asks for an action plan to support the full and swift implementation of the 4th Railway Package;
157. Regrets that several of the obstacles to developing a strong and competitive European rail transport that were identified by the Court in its report 8/2010 continue obstructing the progress in the sector.

Part XIV – Special Report No 9/2016 of the Court of Auditors entitled “Union external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014”

158. Welcomes the Special Report dedicated to Union external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014 and sets out its observations and recommendations below;
159. Notes the Court’s critical approach and the large amount of shortcomings presented by the Court especially the lack of effectiveness in using the allocated funds;
160. Calls on the Commission to evaluate all Court’s observations and to take the requested measures to avoid same mistakes during 2014-2020 migration policy; calls for application of all Court’s recommendations;
161. Believes that the use of funds should be guided by improved monitoring and evaluation systems based on baseline indicators, progressive benchmarks and measurable and realistic objectives; calls on the Commission to review all indicators, benchmarks and objectives provided by the actual migration programs;
162. Is of the opinion that a comprehensive and coordinated response has to be constantly sought to the extent that the migration crisis poses many challenges that cross various sectors and institutional boundaries;
163. Calls for continuously refining the strategic understanding and framework of the Union’s migration external policies and policy options with key actors to ensure clarity as well as a coordinated and coherent mobilisation of external migration mechanisms in the short, medium and long term, within or outside the budget framework of the Union;
164. Calls the Commission to engage constructively for a better coordination between instruments, mechanisms and relevant stakeholders to achieve migration crisis prevention;
165. Invites all major stakeholders to reflect and respond adequately on the balance between the flexibility in interventions, the complementary of the funds, their level and necessary leveraging as well as potential synergies and the overall additionality of Union’s interventions;
166. Believes, in this context, that due care should be given to the appropriate targeting of aid to different and evolving external migration’s issues while also ensuring the adequacy of oversight of disbursed funds in order to avoid the risk of misappropriation

of funds and double financing;

167. Considers that there is a crucial need to reconcile the demand on better results with the availability of sufficient funds to ensure a high level of ambition in the design of the Union's comprehensive and sustainable response to current and future challenges induced by the migration crisis; believes that the negotiations on the Multiannual Financial Framework (MFF) mid-term revision is the appropriate forum to address these challenges;
168. Believes that, in addition to the funding gap, the existing fragmentation of instruments with their own specific objectives without being interlinked, hinders parliamentary oversight on the way funds are implemented, the identification of responsibilities and therefore making it difficult to clearly assess the financial amounts actually spent to support external action on migration; regrets that it leads to a lack of effectiveness, transparency and accountability; considers it necessary to refocus ways of using existing policy instruments with a clear and renewed architecture of objectives to increase their overall effectiveness and visibility;
169. Is of the opinion that Union external migration spending needs to be disbursed more efficiently and that it needs to fulfil "added value" criteria in order to provide people with adequate living conditions in the countries of their origin and to avoid an increase in flows of economic migration;
170. Calls on the Commission to follow, assess and review constructively the activities of the European Border and Coast Guard Agency which are to begin in October 2016;
171. Welcomes the creation of Union trust funds and the intention to disburse funds more quickly and flexibly in emergency situations, and to bring together various sources of funding in order to address all aspects of any crises;
172. Notes that trust funds are part of an ad hoc response which shows that the Union budget and the Multiannual Financial Framework lack the resources and flexibility needed for a rapid and comprehensive approach to major crises; deplores the fact that they result in bypassing the budgetary authority and undermining the unity of the budget;
173. Welcomes the Commission's proposal as part of the MFF mid-term revision, to establish a new European Union Crisis Reserve, to be financed from de-committed appropriations, as an additional instrument to react rapidly to EU urgencies; calls on the Council to fully endorse this proposal;
174. Emphasises the importance of sufficient control mechanisms to ensure political scrutiny of budget implementation in the context of the discharge procedure; urges the Commission to take immediate steps to increase the involvement of the budgetary and budgetary control authority and to better align the trust funds and other mechanisms with the budgetary norm, in particular by making them appear in the Union budget;
175. Regrets that the European Commission did not provide details of actual payments and calls on the European Commission to take adequate measures to strengthen and simplify the encoding in the financial information system in order to better track and monitor the amounts targeted for external action on migration;

176. Asks the Commission to launch a comprehensive repository tool for Union migration related spending, including all completed, ongoing and planned projects. The interactive database should provide stakeholders and citizens with the results visualized on the world map, and enabling a search filtered by countries, type of projects and the corresponding amounts;
177. Is of the opinion that management by foresight would be more effective than just responsive policy such as crisis management in the long term;
178. Recalls Parliament's stance towards a holistic approach to migration based on a new policy mix including the strengthening of the nexus between migration and development by addressing the root causes of migration while also advocating a shift in the ways of funding the migration crisis.

Part XV – Special Report No 10/2016 of the Court of Auditors entitled “Further improvements needed to ensure effective implementation of the excessive deficit procedure”

179. Welcomes the findings and recommendations of the Court Special Report N° 10/2016 on further improvements needed to ensure effective implementation of the excessive deficit procedure;
180. Recommends that the Commission should improve transparency of the Excessive Deficit Procedure (EDP) through regular communication of its country assessments on compliance with structural reforms proposed under EDP and through greater transparency in the application of the rules;
181. Believes that following consultation with Member States, the Commission should regularly report to the European Parliament on the progress of country-specific EDPs;
182. Recommends the Commission to continue its progress of involving national fiscal councils and ensure that the European Fiscal Board takes a formal role under the EDP; takes note that transparency under the EDP has improved in recent years and recognises that certain information of a politically sensitive nature cannot always be put into the public domain;
183. Recommends that the EDP should focus more closely on the reduction of government debt; notes that as of end-2014 only 13 Member States had debt-to-GDP levels below 60%; points out that several Member States now find themselves heavily indebted, despite the fact that the EU is benefiting from a modest recovery and public debt levels are higher now than they were in 2010;
184. Acknowledges that the debt ceiling rule was only made operational under the EDP in 2011; considers that reducing government debt levels, particularly in heavily indebted Member States, will improve economic growth substantially in the long-term;
185. Recommends to ensure that sufficient flexibility is maintained in the application of EDP rules under the Stability and Growth Pact; emphasises that because unanticipated events can occur in macro-economic policy, a sound economic governance framework needs to be adaptable in order to take account of economic developments;

186. Considers that the Commission should ensure that the application of EDP rules should be closely coordinated with structural reform measures agreed through the European semester.

Part XVI – Special Report No 11/2016 of the Court of Auditors entitled “Strengthening administrative capacity in the former Yugoslav Republic of Macedonia: limited progress in a difficult context”

187. Welcomes the Court’s report, endorses its recommendations and encourages the Commission to take these recommendations into account when working on strengthening the administrative capacity of the Former Yugoslav Republic of Macedonia;
188. Is concerned that limited progress was made in strengthening administrative capacities with no significant progress in implementation of legislation in some key areas such as development of a professional and independent civil service;
189. Notes that only partial progress has been made in tackling corruption and improving transparency;
190. Notes however that the Commission has to operate in a difficult political context and meets with lack of political will and commitment of national authorities to tackle the remaining issues; notes that the constraints of the ongoing political crisis played a role in the success of the financed projects;
191. Notes with endorsement the key role which the Commission plays in resolving the political crisis in the country and welcomes the involvement of the Commissioner in mediating the political dialogue between opposing political forces;
192. Calls on the Commission to continue the dialogue with the political leaders across the political spectre, national authorities and experts on judiciary and law enforcement in order to find an agreement on active fight against corruption and organised crime and on implementation of strict measures and mechanisms to prevent corruption and economic crime in line with the country’s Criminal law;
193. Strongly recommends that the Commission should use the political dialogue and contacts with national authorities in order to improve the efficiency of the public procurement system and transparency of public spending;
194. Calls on the Commission to prioritise the fight against corruption and regrets the absence of an effective government strategy in the fight against corruption; reiterates the need for greater political commitment by the national authorities in order to ensure sustainable results in this respect;
195. Calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations, when pursuing IPA II;
196. Welcomes that the Commission has established projects focused on civil society

organisations; calls on the Commission to continue this practice and to establish strong relationships with the local NGOs;

197. Encourages the Commission to design projects that would strengthen rights and position of whistle-blowers in bringing public attention to corruption cases and fraud;
198. Notes from the Court that although many of the projects were well-managed, the results were not always sustainable or even achieved; further notes that the projects did not always fall into a coherent approach towards strengthening administrative capacity building; calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a pre-condition of the projects;
199. Calls on the Commission to continue to follow the principles of sound financial management; invites the Commission to help designing projects that would serve also as a stepping stone for further investments in the country; encourages the Commission to prioritise projects with high potential in key areas such as public procurement or selection procedures, and to avoid financing projects with limited prospects of sustainability;
200. Encourages the Commission to react in a flexible manner to unexpected developments by either timely release of relevant resources or by their decrease in order to address emerging issues;

Part XVII – Special report No 12/2016 of the Court of Auditors entitled “Agencies’ use of grants: not always appropriate or demonstrably effective”

201. Welcomes the report dedicated to the agencies’ use of grants and sets out its observations and recommendations below;
202. Welcomes the Court’s findings and recommendations;
203. Notes the reply of the Commission and the agencies involved, which, inter alia, contains important information on measures taken since the audits took place;
204. States that the agencies’ effective management of grant activities is crucial for the achievement of Union objectives and policies;
205. Notes that the Court has concluded that the agencies audited in general awarded and paid grants in compliance with the rules;
206. States nevertheless that the Court has identified certain shortcomings regarding funding options, award procedures, control systems and performance measurement and has given five recommendations to improve these shortcomings;
207. Notes that an agency’s strategic justification and choice of a funding tool could strengthen the effectiveness and efficiency of the tool and thereby the implementation of its tasks;
208. Encourages all agencies to have specific guidelines and criteria to assist their choice of the specific funding tool, based on an analysis of the agencies’ needs, its resources, the

objectives to be achieved, the potential beneficiaries to be targeted as well as the level of competition necessary and lessons learned from previous choices;

209. Notes the Court's observation that grant procedures use more restrictive eligibility criteria and weaker financial award criteria than procurement and should therefore not be the default funding option. Adds, however, that a careful balance should be maintained between these weaknesses of grant procedures versus the administrative costs involved in public procurement procedures, and does not therefore agree with the Court's observation that public procurement should be the default option; points furthermore to the regulatory framework of some agencies which forces them to use grant procedures;
210. Is concerned by the Court's observation that the agencies involved failed to set up adequate monitoring systems and ex-post evaluations;
211. Emphasises that performance monitoring and results evaluation is essential to public accountability and to comprehensive information for policymakers; highlights that due to their decentralised character, this is even more relevant for agencies;
212. Calls upon the Agency Network to assist agencies in improving their funding procedures and, in particular, their procedures for performance monitoring in this respect;
213. Highlights in particular the Court's findings regarding the grant procedures and the need of transparency, equal treatment and avoidance of potential conflicts of interest; calls on the agencies concerned to implement the Court's recommendation as soon as possible;
214. Calls on the Commission and the agencies who were subject of the audits in this Special Report to provide the Parliament with an update of the implementation of the recommendations.

Part XVIII – Special Report No 13/2016 of the Court of Auditors entitled “Union assistance for strengthening the public administration in Moldova”

215. Welcomes the Court's report, endorses its recommendations and encourages the Commission to take these recommendations into account when working on strengthening the administrative capacity of the Republic of Moldova;
216. Notes with concern that the Union has only partially contributed to strengthening the public administration and Court-registered number of shortcomings, including weaknesses in the design and implementation of the audited programmes and projects;
217. Notes however that the Commission has to operate in a difficult political context and meets with widespread corruption and many weaknesses of public institutions such as excessive bureaucracy, a lack of focus on core functions, a high staff turnover, low efficiency and lack of accountability; further notes that Moldova is hard hit by political instability, economic turmoil, deep poverty and massive emigration;
218. Notes that although the particular political circumstances and external factors played an

important role in the success of the budgeted programmes and indeed went in many instances beyond the control of the Commission, there were concrete weaknesses that could have been addressed by the Commission;

219. Notes that the weaknesses observed by Court included slow response time of the Commission to sudden developments, weak aligning of the programmes with Moldovan national strategies, lack of ambitious targets, vague and unclear conditions, and lack of justification for granting additional incentive-based funds;
220. Calls on the Commission to encourage their Moldavian counterparts to develop systematic, clearly formulated national strategies that would include clear, measurable objectives and to better link designing of the programmes in the country to these strategies;
221. Encourages the Commission to make use of ex ante evaluations to clearly assess the financing needs and to create focused and justified budget planning;
222. Calls on the Commission to prioritise the fight against corruption and regrets the absence of a truly effective government strategy in the fight against corruption; welcomes the appointment of the high level advisor on anti-corruption to the Prime Minister's office; however reiterates the need for a more ambitious and effective strategy and greater political commitment by the national authorities in order to ensure sustainable results in this respect; calls on the national authorities to focus on the fight against corruption and for more transparency and integrity of the public administration as a matter of priority;
223. Calls on the Commission to continue the dialogue with the political leaders across the political spectre, national authorities and experts on judiciary and law enforcement in order to find an agreement on active fight against corruption and organised crime and on implementation of strict measures and mechanisms to prevent corruption and economic crime in line with the country's criminal law;
224. Encourages the Commission to design projects that would strengthen rights and position of whistle-blowers in bringing public attention to corruption cases and fraud;
225. Notes that the main aid delivery methods are sector budget support (74% of aid) and projects; notes with regret that the budget support had a limited effect in strengthening the public administration;
226. Notes with concern that the method of sector budget support is a highly risky mean of budget distribution, especially in the Moldovan context, in which the public administration is paralysed by massive corruption and dominated by local oligarchy; invites the Commission to reconsider the methods utilised based on an in-depth risk analysis;
227. Invites the Commission to utilise methods that would bring visible and tangible results for the Moldovan citizens;
228. Notes that the projects designs were generally relevant, although lacked coordination with regard to scope and timing and the technical assistance for the development of

administrative capacity came later than needed;

229. Regrets that although projects generally delivered the expected outputs, the results were not always sustainable, for which the political will and external factors are partly responsible; calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations; calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a pre-condition of the projects;
230. Notes that the projects partially contributed towards strengthening of public administration, however they were not always in line with the Moldovan administration's needs or objectives; calls on the Commission to focus the projects more specifically in line with the concrete national needs;
231. Calls on the Commission to continue to follow the principles of sound financial management; invites the Commission to help designing projects that would serve as a stepping stone for further investments in the country and to establish cooperation with the IFIs in this regard; encourages the Commission to prioritise projects with high potential in key areas such as public procurement or selection procedures, and to avoid financing projects with limited prospects of sustainability;
232. Notes with concern that although in 2012 the Commission developed a more systematic analysis of risk, high-level steering committees for budget support operations and an early warning system for newly materialised risks, it was not able to detect in a timely manner "the theft of the century", during which 1 billion US dollars of depositors funds, potentially even including contributions from the Union finances, were embezzled during a massive corruption scandal; notes that the budget support payments have been eventually put on hold in July 2015 and made its resumption conditional to an improvement of the macro-economic and fiscal situation and the conclusion of an IMF agreement;
333. Calls on the Commission to improve the early warning system and the risk analysis in order to react in a faster and more flexible manner to potential risks;
234. Observes that building and administrative capacity in Moldova is a key issue as the country does not have a full control over its entire territory which gives an incentive to separatist tendencies of pro-Russian minded forces; reminds that Moldova has a European perspective and is therefore a strategic partner for the Union;
235. Regrets that Moldova's ongoing political instability has a long-lasting harm to the credibility of the country's democratic institutions, leading to limited progress towards democracy, decrease in support of the Union integration and increase of the pro-Russian political initiatives;
236. Calls on the Commission to continue its engagement in Moldova, with a view to strengthening the political association and economic integration between the European Union and Moldova; stresses the importance of Union support, guidance, and monitoring on priority reforms aimed addressing the politicisation of state institutions, systemic corruption and public administration reform in order to achieve these

objectives.

Part XIX – Special Report No 14/2016 of the Court of Auditors entitled “EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground”

237. Having regard to Article 2 of the Treaty on European Union, the EU Charter of Fundamental Rights, Directive 2000/43/EC on racial equality, Directive 2000/78/EC on equal treatment in employment and occupation, and Directive 2004/38/EC on freedom of movement and residence within the Union,
238. Welcomes the 2008 Council framework decision on combating racism and xenophobia^[4], the Parliament resolution of 9 March 2011 on the Union strategy on Roma inclusion^[5], the 2011 Commission communication on “An EU Framework for National Roma Integration Strategies up to 2020”^[6], the 2013 Council recommendation on effective Roma integration measures^[7], and the Commission communication of 17 June 2015 entitled ‘Report on the implementation of the EU Framework for National Roma Integration Strategies 2015’;
239. Points out that the integration of Roma depends on their inclusion and the extent to which they can enjoy the same rights as the entire body of European citizens, of which Roma fully form part;
240. Draws attention to the common basic principles on Roma inclusion^[8], that is to say, the ten common basic principles discussed at the first meeting of the European Platform for Roma inclusion, held in Prague in 2009, which were subsequently reproduced as an annex to the conclusions issued by the Employment, Social Policy, Health and Consumer Affairs Council following its meeting of 8 June 2009.
241. Endorses the recommendations of the Court and urges the Commission and the Member States to implement them as quickly as possible;
242. Considers it disappointing that Roma inclusion and integration did not receive the necessary attention during the 2007-2013 programming period; Calls, when the future Union strategic framework is drawn up, for greater account to be taken of the difficulties as regards inclusion and the discrimination with which Roma and other marginalised communities are having to contend;
243. Considers it unfortunate that the Court’s investigation failed to cover a wider range of countries where Roma make up a sizeable population, Slovakia, Greece, and France

^[4] Council Framework Decision 2008/913/JHA of 28 November 2008 on combating certain forms and expressions of racism and xenophobia by means of criminal law.

^[5] European Parliament resolution of 9 March 2011 on the EU strategy on Roma inclusion (2010/2276(INI)).

^[6] Communication of 5 April 2011 from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions: An EU Framework for National Roma Integration Strategies up to 2020 (COM(2011)0173) – not published in the Official Journal.

^[7] OJ C 378, 24.12.2013, p. 1

^[8] See Annex III to Special Report No 14/2016, pp. 74-76.

being examples in that category;

244. Calls on the Member States to determine which disadvantaged persons they wish to target, taking into account the needs of those persons and the challenges facing them, and to devote specific attention to Roma populations when allocating European funding;
245. Deplores the fact that, because of its complexity, cohesion policy funding, the only source of financing for Roma inclusion and integration projects and projects to combat discrimination, cannot play its proper role in promoting the inclusion of Roma and affording them access to rights;
246. Considers that each Member State should therefore adopt a road map with a view to gauging the real impact of the laws, regulations, administrative provisions, and funds intended to support Roma and pinpointing areas in which resources and administrative capacity need to be strengthened at national, regional, and local level in order to help set up and manage Roma inclusion and integration projects and projects to combat discrimination against them;
247. Calls on the Commission to provide detailed information about the funding available for Roma and to study the existing obstacles and take them into account for the purposes of simplifying funds;
248. Recognises the importance of making a selection, through the use of ESI Funds, among long-term projects for marginalised Roma communities;
249. Points to the need to establish more flexible selection criteria for projects to promote the inclusion of Roma and other marginalised communities;
250. Calls on the Commission to ensure, in the next programming period or when revising the operational programmes, that Roma integration goals charted in the NRISs (national Roma integration strategies) are reflected in the ESIF framework at every operational level;
251. Urges the Member States and the Commission to produce meaningful harmonised statistics on Roma so as to enable their social, administrative, and economic inclusion to be assessed more accurately;
252. Maintains that exclusion as regards housing, homelessness, exclusion in terms of education, unemployment, and discrimination in access to employment are often the key factors in marginalisation; points, therefore, to the importance of integrated initiatives, encompassing housing, education, and access to employment, to aid Roma and other marginalised communities;
253. Points out that one major obstacle to combating discrimination against Roma lies in the fact that very few discrimination cases are reported to organisations or authorities such as the police or social services; calls on the Member States, therefore, to adopt a strategy to remedy institutional discrimination and overcome Roma distrust of the authorities;
254. Calls on the Commission, in partnership with representatives of marginalised

communities, and Roma in particular, and with ‘specialised institutions’, to set up training courses within Member State authorities in order to combat discriminatory practices and set a better example conducive to inclusion through healthy, constructive, and effective dialogue;

255. Points out that the Union has a programme for employment and social innovation, which is backed by EUR 900 in funding for the period from 2014 to 2020 and focuses on vulnerable people and on combating poverty and social exclusion;
256. Asks the Commission to consider setting up a European fund specifically to foster the inclusion of Roma and other marginalised communities, and calls on the Commission to ensure that expenditure under such a fund would be properly supervised;
257. Calls on the Commission to establish a genuine European strategy for Roma inclusion, that is to say, a European action plan devised and implemented at every political and administrative level, involving representatives of the Roma community, and based on the core values of equality, access to rights, and non-discrimination; maintains that such a strategy must help to promote genuine inclusion of Roma and their access to education, employment, housing, culture, health care, participation in public affairs, training, and free movement within the EU;
258. Points out, however, that Member States have a responsibility to take every measure necessary to support Roma and ensure that national law and rights as a whole are enforced uniformly on their territory, with no discrimination whatsoever;

Part XX – Special report No 15/2016 of the Court of Auditors entitled “Did the Commission affectively manage the Humanitarian aid provided to populations effected by conflicts in the African Great Lakes Region?”

259. Welcomes the Special Report dedicated to the review of the risks related to a results-oriented approach for Union development and cooperation action and sets out its observations and recommendations below;
260. Welcomes the findings according to which the humanitarian aid was managed effectively especially in a difficult working environment characterised by insecurity and unpredictability making efficient implementation a real challenge;
261. Calls the Commission to continue its effort towards the linking of Relief Rehabilitation and Development, when local conditions permit. This could potentially be supported through a permanent LRRD interservices platform. Such a platform could serve, among others, for the identification of potential programmes to be combined; considers that integrated approaches with clearly stated coordination objectives and a coherent country/region strategy among all stakeholders should be set up wherever possible;
262. Calls on furthermore the Commission services for a better transition from short-term humanitarian activities to long-term development interventions and for a coherent coordination not only among different Union actors but also with national priorities and other international organisations through a common strategy by means of a joint

humanitarian and development framework;

263. Considers that a systemic appraisal of the real delivery of humanitarian interventions with an assessment of administrative costs in the region to be performed by focusing more on efficiency and with the development of possible benchmarks for common and regular costs items;
264. Encourages, wherever possible, to better adapting timeframes to the intervention environment to avoid timely and costly extension;
265. Calls on the relevant Union and UN institutions to fully respect and implement the Financial and Administrative Framework Agreement (FAFA); asks the Commission to report to the Parliament on the implementation of FAFA and the related guidelines, and to identify areas needing improvement and make relevant proposals in this regard;
266. Recalls that the reporting from UN and International Organisations should ensure the most possible accurate traceability of funding, comparisons with operational aspects of the aid delivery agreed on at the beginning of the intervention as well as also providing useful feedback to the Commission services; stresses the importance to deliver timely reports to the Commission by its partners organisations to allow a swift management or adjustment of the humanitarian response and funding modalities;
267. Emphasises the need to improve the UN's accountability and transparency in relation to the use of Union resources and performance in implementing internationally agreed humanitarian and development strategic orientations and goals;
268. Asks the Commission to introduce results assessments at a level of HIPs to enable benchmarking of HIPs and sharing best practices;
269. Regrets incomplete or insufficiently results-oriented information, thus preventing the Commission from properly exercising its monitoring function;
270. Insists on the need to achieve the highest level of transparency and institutional accountability at all levels by ensuring access to exhaustive and sound budgetary information and financial data related to projects with Union funding, in order to allow Parliament's scrutiny.

Part XXI – Special report No 16/2016 of the Court entitled "EU education objectives: programmes aligned but shortcomings in performance measurement"

271. Welcomes the Court's report, endorses its recommendations and is pleased that the Commission accepts these and will consider them;
272. Welcomes the fact that the Commission has implemented previous **Court** recommendations in its 2014-2020 ESIF legal framework, thus providing for ensuring better value for money, i.e. via a performance framework and reserve, ex-ante conditionalities, common output and result indicators;
273. Stresses that a focus on performance and results is needed and is pleased that the new regulatory framework for the 2014-2020 programming period includes provisions for

reporting on results from Member States;

274. Notes the shortcomings in performance measurement particularly in the setting of targets and output/result indicators at projects implemented in the 2007-2013 period; regrets that the result indicators are still not fully reliable and expects the weakness to be corrected for the second half of the 2014-2020 programming period;
275. Welcomes the trend in the reduction of the number of early school leavers and in tertiary education attainment; invites the Member States to align their specific national targets to the Union target for better achievement of the education objectives;
276. Notes that the target employment rate of recent graduates in the Union has been set at 82% by 2020 and four of the five visited Member States have still not attained this target; points out that those four MS faced a serious economic crisis from which they are now starting to recover; believes it is still possible for those Member States to attain and even surpass this target;
277. Emphasises the importance of maintaining a sufficient level of Union investment in education, given the strong link between educational attainment and employability.

Part XXII – Special Report No 17/2016 of the Court of Auditors entitled “The EU institutions can for more to facilitate access to their Public Procurement”

278. Welcomes the findings and recommendations of the Court’s special report N°17/2016 (2015 Discharge): “The EU institutions can do more to facilitate access to their Public procurement”;
279. Calls on increased transparency of public procurement within Union institutions, as well as at national level, through public availability of documents and data on public procurement; considers that the visibility of the Union institutions’ procurement activities on the internet is poor, the information is insufficient, unclear and spread over many different websites;
280. Strongly supports the recommendation of the Court for the Union institutions to create a common electronic one stop shop for their procurement activities, allowing economic operators to find all relevant information in a single online location and to interact with the Union institutions through this website; believes that procurement procedures, including communication on rules applicable, business opportunities, relevant procurement documents, submission of tenders and all other communication between institutions and economic operators should all be managed via such a one stop shop;
281. Requests that the Commission’s website on European funds paid to all member states should be published in one of the three working languages of the institutions and include the same data for all member states, at least the value, the object of the contract, the name of the contractor, the name of subcontractors (if any), the length of the contract and if any additional documents exist; points out that this will enable NGOs from all member states and the citizens to observe how the money is spent and the cost efficiency of the projects;

282. Insists that it is the role of the contracting authorities to ensure a public procurement which is market-based, generating a sufficient amount of tenders and providing balanced access to all economic operators; agrees with the Court that for the ongoing 2016 revision of the Union Financial Regulation the Commission should propose a single rulebook for public procurement; Emphasises that participation of small and medium sized enterprises should be explicitly encouraged, contrary to the current situation where only large operators are in advantage; Considers that rules on market prospection prior to building contracts and on the language regime for procurement procedures should be included in the single rule book and deviations from the 2014 Procurement Directive should be justified;
283. Recalls that the use of restricted procurement procedures by the contracting authorities discourages potential tenderers, blocks transparency and information on how the taxpayers' money is used; emphasises that the Council used restricted procedures for the vast majority of its tenders and that all Union institutions taken together awarded 25% or more of their contracts following a restricted procedure between 2010 and 2014; requires that such procedures be used in a very limited number of cases, with proper justification;
284. Takes note that the Parliament publishes a complete annual list on its website of all its contractors who obtained contracts with a value of more than 15 000 euros, but it does not publish all its contracts; encourages all institutions to make available full information on all contractors and contracts awarded through public procurement, including cases of direct awarding or restricted procedures;
285. Stresses the need for wider publicity and contract notices transparently published for all operators; reminds that, according to the findings of the Court, "the European Parliament used a negotiated procedure to conclude a 'building contract' for 133.6 million euros for a building in Brussels although the building did not exist when the contract was signed on 27 June 2012", ignoring the rule that only existing buildings are covered by the exception from tendering on the broadest possible basis provided in Article 134 (1) of the RAP; strongly underlines that all unfinished buildings or buildings not yet constructed have to be subject to open and competitive award methods and believes that this policy should extend to all building contracts, given the complexity of contracts and the large amounts of funds involved;
286. Agrees with the Court that the Union institutions should divide contracts into lots wherever possible to increase participation in their procurement procedures; underlines that in 2014 the Council awarded a framework contract for 10 years, with a value over EUR 93 million, for management, maintenance, repair and adaptation of technical installations in its present or future buildings to a single company without splitting it into lots; mentions that the Commission proceeded in the same way in 2015 for its 5-year contract "Your Europe Advice" - the Union's free legal service, with a value of nearly EUR 9 million; emphasises that lack of division along with excessively long duration of framework contracts (10 or seven years, with a record of 17 years on a contract awarded by the Council for the Justus Lipsius building) crushes competition, encourages opacity and potential corruption; asks therefore all institutions to put an end to these proceedings, which are fully opposing the spirit of transparency and good practice, that the Union should promote;

287. Requires that all Union institutions develop and implement adequate tools and methods for audits and evaluations, in order to acknowledge and signal the presence of irregularities; reiterates that better monitoring, detection, analysis, and reporting technology are needed in order to fight fraud and corruption; insists that this knowledge has to be made available to Member States as well; emphasises the central role of the whistle-blowers in revealing wrongdoing and reminds that all European institutions and agencies must adopt internal binding rules for the protection of whistle-blowers, according to Article 22c. of the Union Staff Regulation, entered into force on January 1st, 2014;
288. Agrees with the Court that the Commission should propose amendments to the Union Financial Regulation to allow for a rapid review of complaints from economic operators who consider that they have been unfairly treated; notes that such a review should take place before economic operators may turn to the Union Ombudsman or to the Union courts;
289. Considers that law enforcement in public procurement can be ensured first and foremost by establishing competent and independent investigative bodies and agencies focusing on the investigation of corruption in public procurement; points out that Union institutions and member states should share information and intelligence on public procurement among themselves as well as with OLAF, Europol, Eurojust and other investigative bodies; strongly recommends that the institutions with investigative powers, particularly OLAF, improve their case management system to produce reports and statistics on the different types of allegations under investigation and the outcome of these investigations;
290. Welcomes the Court's conclusion that the Union institutions need to set up a single public repository of information related to their procurement contracts in order to allow effective ex post monitoring of their procurement activities;
291. Stresses that central collection of public procurement data helps build meaningful, accurate and detailed statistics with the objective to prevent, detect and investigate corruption in public procurement and take the appropriate countermeasures; stresses that adding data fields in the central procurement databases (including TED) could hint at red flag situations with respect to irregularities in public procurement; calls on the EU institutions to ensure that such databases are filled out in a timely and complete way;
292. Underlines the role of investigative journalists and NGOs in ensuring transparency in the public procurement process and detecting fraud or potential conflicts of interests; strongly believes that the above-mentioned categories should have full access to ARACHNE, ORBIS and other related instruments and databases allowing to detect any suspicions of conflict of interest or corruption in public procurement in Union institutions as well as in all Member States, particularly with regard to acquisitions made using European funds;
293. Urges all institutions and agencies to always publish CVs and declarations of interests for middle and high management, members, experts and any type of leading bodies or structures, even in cases of experts detached from member states, as the CVs of such experts should be publicly available at all times; underlines that a declaration of absence of conflict of interest which some institutions and agencies still use is not the

appropriate document to publish, given that assessment of presence or absence of conflict of interest should always belong to an independent third-party organisation or body;

294. Calls on the Court to regularly publish track records of all abuses related to whistleblowing cases as well as all situations of conflict of interest or revolving doors detected during monitoring or auditing processes and requests the Court to publish at least annually special reports on policy and cases of conflict of interest found in all European agencies and joint undertakings, in particular those related to industries;
295. Welcomes the recommendation of the Court for the Union institutions to use peer reviews for mutual learning and exchange of best public procurement practice.

Part XXIII – Special Report No 18/2016 of the Court of Auditors entitled “The EU system for the certification of sustainable biofuels”

296. Welcomes the Special Report by the Court on the Union system of certification of sustainable biofuels, especially the comments and recommendations issued by the Court; notes that the Commission accepted four out of five recommendations in full, and one in part; invites the Commission to reconsider full acceptance of the recommendation on the reliability of data provided by the Member States;
297. Notes that the Union is considered to be a leader in global environmental policy, setting environmental standards at international level and providing best practice on protecting the environment and maintaining a competitive presence in the global market; notes that in its 7th Environment Action Programme (EAP) the Union makes it an objective for 2050 to ‘live well, within the limits of our planet’; notes that one of the priorities is to ensure that ‘prosperity and healthy environment stem from an innovative, circular economy where nothing is wasted and where natural resources are managed sustainably, and biodiversity is protected, valued and restored in ways that enhance our society’s resilience’;
298. Notes that the Union made a commitment in the RED to ensuring that by 2020 the share of energy from renewable sources used in all forms of transport is at least 10 %, which can be achieved only through substantial use of biofuels; notes, however, that production of biofuels may itself be linked to certain risks in relation to land use and that it is therefore necessary to ensure its sustainability;
299. Stresses that the establishment of an effective and reliable system for certification of sustainable biofuels constitutes one of the important steps towards fulfilment of the policy priorities stated in the 7th EAP; notes that the sustainability of biofuels is certified by voluntary schemes recognised by the Commission; regrets that the Court did not find the Union certification system for the sustainability of biofuels to be fully reliable;
300. Notes with regret that the Commission’s recognition procedure does not take account of some of the key aspects of sustainability and fair trade, such as land tenure conflicts, forced or child labour, poor working conditions for farmers, dangers to health and safety and the impact of indirect land-use changes, which in different contexts are considered extremely relevant; considers this to represent an inconsistency in the Commission’s

policies; calls on the Commission to redevelop its assessment procedures in a more comprehensive manner and to include these aspects in its verification procedure for the voluntary schemes; calls on the Commission to require voluntary schemes to report once a year on the basis of their certification activities and relevant information concerning the abovementioned risks;

301. Notes that to date the Commission has submitted two reports on the impact of Union biofuel policy on social sustainability in the Union and third countries and on the availability of foodstuffs at affordable prices; notes with regret that the information contained in the reports was rather limited and provided only unclear conclusions; calls on the Commission to improve the reporting system and to provide the Parliament with a detailed analysis in order to inform the public about these important issues;
302. Notes with great concern that the production of biofuels can compete with cultivation of food crops and that massive dissemination of crops grown for biofuel production can have an immense impact on environmental and health standards in developing countries, for example in South America and South Asia, and that this can lead to massive deforestation and a decline in traditional agriculture, which has long-term socioeconomic impacts on local communities; regrets that the Commission's reports do not address wider development issues in developing countries; calls on the Commission to adopt a more consistent and coherent approach towards its policies on environment, energy, development and other related issues; calls on the Commission to pay particular attention to the impact of ILUC;
303. Notes with regret that the Commission has granted recognition to voluntary schemes that do not have appropriate verification procedures to ensure that the origin of biofuels produced from waste was indeed waste or that the biofuel feedstock cultivated in the Union in fact fulfilled the Union's environmental requirements for agriculture; calls on the Commission to verify that Union biofuel feedstock producers actually comply with the Union's environmental requirements for agriculture; calls on the Commission to provide sufficient evidence of the origin of waste and residues used for the production of biofuels;
304. Notes with concern that some recognised schemes were insufficiently transparent or had governance structures comprising only representatives of a few economic operators; calls on the Commission to ensure that the voluntary schemes are free of conflicts of interest and to provide for effective communication with other stakeholders;
305. Calls on the Commission to further ensure transparency of the voluntary schemes and economic operators by requiring the schemes to set up an official website providing publicly available detailed information on the voluntary schemes, their certification procedures, staff employed, certificates issued, audit reports, complaints, and the economic operators they cooperate with;
306. Notes with concern that the Commission does not supervise the functioning of recognised voluntary schemes and thus cannot obtain assurances about the quality of certifications; notes with regret that a specific complaint system is lacking, which prevents the Commission from verifying that the complaints are dealt with correctly; calls on the Commission to introduce a supervision system that will ascertain whether the voluntary schemes' certification complies with the standards laid down for

recognition; calls on the Commission to request that the voluntary schemes set up transparent, user-friendly, informative and accessible complaints systems on their websites; calls on the Commission to supervise the complaints systems and to take action if necessary;

307. Welcomes the fact that the Commission issues guidance notes to the voluntary schemes which contribute to promoting best practice and to increased effectiveness; notes, however, that the notes are not binding and are not fully implemented; invites the Commission to consider making the guidance notes binding for the voluntary schemes in order to ensure that the requirements are fulfilled;
308. Notes that the Member States are responsible for ensuring that the statistics concerning sustainability of biofuels reported to the Commission are reliable, but that there is a risk of overestimation of the statistics; calls on the Commission to introduce a requirement for the Member States to support their statistics with appropriate evidence in the form of, for example, a certificate or declaration issued by the entity in charge of collecting data on sustainable biofuels and transmitting them to the national authority, which sends them to Eurostat;
309. Reiterates that the data submitted by the Member States are often not comparable, because of varying definitions; invites the Commission to harmonise the definition of waste substances not previously included in the RED list used for the production of advanced biofuels in installations existing before the adoption of Directive (EU) 2015/1513 amending the RED;
310. Notes with concern that the specific value (double counting) of biofuels produced from waste and residues increases the risk of fraud; points out that there is a need for dialogue between the Commission and the Member States on monitoring and fraud prevention; invites the Commission to initiate such a dialogue;
311. Welcomes the example of a voluntary scheme mentioned in the Court's report which sets high standards for sustainable production aimed not only at preventing ecological damage, including by protection of soil, water and air, but also at safeguarding appropriate working conditions and protection of employees' health on farms, as well as respect for human, labour and land rights; considers this to be an example of best practice; invites the Commission to consider creating a platform for the voluntary schemes where best practices could be exchanged;

Part XXIV – Special report No 19/2016 of the Court entitled “Implementing the EU budget through financial instruments - Lessons to be learnt from the 2007-2013 programme”

312. Welcomes the findings and recommendations of the Court's Special Report N° 19/2016: Implementing the EU budget through financial instruments - Lessons to be learnt from the 2007-2013 programme;
313. Regrets that the overall view of the financial instruments could not describe a successful action to improve the investments in Union; notes that the Commission, in primis, and Member States have assumed higher risks and regrets that there was no significant private-sector contribution to them;

314. Stresses the high levels of management costs and fees compared to the actual financial support to final recipients; points out that specific ERDF and ESF funds size should be revised to take, wherever possible, advantage of the significant economies in the cost of operating funds;
315. Considers that the Commission is in a privileged position to provide additional guidance to Member States on how to set up such financial instruments within Member States or at Union level (which are managed directly or indirectly by the Commission); stresses the importance of ensuring that financial instruments are not subject to unacceptable tax avoidance schemes;
316. Is concerned that tax rulings were used in some cases to make financial instruments more attractive for private-sector investors; regrets that the Commission considers that advance tax agreements cannot be considered per se as going against its own policy; calls the Commission to prevent any form of tax ruling concerning the use of the Union financial instrument;
317. Shares the view that lessons learnt from the audited programming period (2007-2013) be reflected when setting up the financial instruments for the European Structural and Investment Funds; considers in particular that proposals should be oriented towards performance and results rather than mere compliance;
318. Regrets that the legal basis in the previous period made it possible for Member States to freeze part of the contribution in the accounts of the banks and financial intermediaries managing the funds, without being actually used for its intended purposes; notes the modifications introduced by the Commission in its closure guidelines; calls the Commission to actively monitor the situation in order to avoid such practice;
319. Endorses that the leverage effect should illustrate the extent to which private funding has been attracted by both the Union's and Member States' initial financial contributions; regrets that the findings from Court's Special Report show that the financial instruments in both shared and central management were not successful in attracting private capital; considers that Member States' co-financing of FIs should be seen, together with the Union contribution, as a part of public funding;
320. Request the Commission to provide a definition for the leverage of financial instruments applicable across all areas of the Union budget, which clearly distinguishes between the leverage of private and national public contributions under the OP and/or of additional private or public capital contributions, and takes into account the type of instrument involved;
321. Draws attention to the need to provide ab initio clear and concrete estimated leverage for future financial instruments funds; expects that the Commission ensures, for the ERDF and ESF financial instruments under the 2007-2013 programme period, that Member States provide complete and reliable data on private contributions on capital endowments, both through the OPs and in addition to them;
322. Is of the opinion that before taking a decision for financial engineering measures of relevant infrastructural projects, the managing authorities should make sure that their proposal is duly justified by an independent ex-ante evaluation of high quality, based on

a standardized and commonly agreed methodology; supports that before approving the operational programmes, that include relevant infrastructural projects, the Commission should verify their consistency with the independent ex-ante evaluation and ensure the quality of the latter;

323. Recommends to managing authorities that the fund manager's remuneration be linked to the quality of investments actually made, as measured by their contribution to the achievement of the strategic OP objectives and to the value of the resources returned to the operation from investments undertaken by the instrument;
324. Strongly supports that the Commission should carry out a comparative analysis of the implementation costs of grants and financial instruments (in central and shared management) for the 2014-2020 programme period with a view to establishing their actual levels; notes that such information would be particularly relevant in view of preparing the legislative proposals for the post-2020 period; asks for a complete performance evaluation before the end of 2019 in order to consider the future of such instruments.

Part XXV – Special report No 20/2016 of the Court of Auditors entitled “Strengthening capacity in Montenegro: progress but better needed in many key areas”

325. Welcomes the Court's report, endorses its recommendations and encourages the Commission to take these recommendations into account when working on strengthening the administrative capacity in Montenegro;
326. Welcomes that the Union pre-accession assistance has helped to strengthen administrative capacity; notes however that the progress in several key areas has been only very slow;
327. Regrets that although projects generally delivered the expected outputs, the results were not always sustainable, for which the political will of national authorities and external factors are partly responsible; calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations; calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a clear requirement;
328. Regrets the low commitment of the national authorities that negatively influences the progress of administrative capacity strengthening; calls on the national authorities to follow-up on the project outputs delivered in order to increase the effectiveness; stresses that strong political will is needed to effectively address the de-politicisation and taming of the state administration;
329. Welcomes that the projects were coordinated well with other IPA projects or donor interventions in most cases; nevertheless stresses that there were also cases of weaker coordination leading up to overlapping of some of the efforts; invites the Commission to better align its activities aimed at Montenegro with other projects involving multiple beneficiaries;

330. Regrets that there was insufficient information that could show progress over time in strengthening administrative capacity in the Commission's reports; notes that the reports did not always assess the same parts of the public administration and the criteria for assessing the administrative capacity were not always clear, which made the comparison over time more difficult;
331. Welcomes however the new reporting methodology for an annual assessment in the 2015 progress reports that shown better harmonisation of assessment scales and better comparability; invites the Commission to build upon this reporting system also in the future;
332. Notes that the Commission has used the non-financial means of support to the reform process in a form of a political dialogue well, however stresses that major issues remain unresolved;
333. Regrets that despite certain results achieved in the past year in terms of implementing anti-corruption legislation, the progress in the fight against corruption remains slow; stresses that the entire rule of law system needs to deliver more results with a special focus on strengthening the fight against corruption and organised crime; calls on the Commission to encourage the national authorities to strengthen the capacity in the area of financial investigation and whistle-blower protection;
334. Welcomes that the Anti-Corruption Agency started its work in 2016; notes however that corruption remains prevalent in many areas and continues to be a serious problem;
335. Notes from the Court that the decentralisation of the project management can deliver valuable capacity building in the operating structures due to detailed ex ante checks; further notes that spreading good practice on project management accumulated in the IPA structures to the rest of the public administration operating in the same area can provide a potentially effective results; calls on the Commission to exploit these option in order to boost the effectiveness of the capacity building in Montenegro; calls on the Commission to encourage the national authorities to consider using good practice for capacity building;
336. Notes that Montenegro is considered to be the most advanced country in the region in its accession process; stresses that the Union has played an irreplaceable role in the country; however notes with regret that Montenegro has been recently torn by political instability and polarisation, and by an increasingly tense battle for influence between Russia and NATO, whose forces the country will join in 2017; invites the Commission to continue the political dialogue with the national authorities in order to help reaching compromises between government and opposition.

Part XXVI – Special Report No 22/2016 of the Court of Auditors entitled “EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011 but critical challenges ahead”

337. Welcomes the Court's dedicated work on the decommissioning of nuclear power plants

as demonstrated in the current and 2011 Special Report¹;

338. Supports the recommendations of the Court, of which the Commission fully accepted the majority;
339. Recalls that since 2012 the Committee on Budgetary Control took a particular interest in the question of nuclear decommissioning, and therefore organised fact-finding missions to the three nuclear power plants in 2012, 2013 and 2014;
340. Underlines that nuclear safety is of prime importance, not only for the Member States concerned but for the population in the whole Union;
341. Emphasises that, in Lithuania, the removal and safe interim storage of nuclear rods from Unit 2 must be a priority;
342. Recalls that, in Lithuania, one of the main reasons for delays was that technical and commercial disputes between national authorities and external contractors remained unsolved for years; to avoid such a problem interfering with the decommissioning process dedicated project management teams should be designated; asks the Commission if such project management teams are in place in all three Member States concerned;
343. Reminds the Commission that the Slovakian Supreme Audit Office had scheduled an audit in JAVYS2 for 2015; asks to be informed about the findings of this audit; in this context, calls on the competent Bulgarian and Lithuanian authorities to audit also the decommissioning processes in Ignalina and Kosloduy;
344. Is worried about delays in works on facilities for the storage of low and intermediate-level radioactive waste; calls on the Commission to update Parliament's competent committee on progress made before the 2015 Commission discharge vote in parliament;
345. Calls on the Commission to inform its competent committee about the efforts to close the financing gap, in particular in Lithuania;
346. Recalls that the Court estimated the decommissioning costs in the three Member States, including high-level waste and spent nuclear fuel disposal at EUR 11 388 million; considers that the costs of decommissioning should not include the costs for high-level waste and spent fuel disposal, which falls in the responsibility of Member States and should be covered by national funds;
347. Calls on the Commission to present, together with the three Member States concerned, a report regarding the actual status of the management of the spent fuel and radioactive waste generated by the decommissioning of the three nuclear power plants;
348. Calls on the Commission to work together with the Member States in identifying

¹ Special Report No 16/2011, EU financial assistance for the decommissioning of nuclear plants in Bulgaria, Lithuania and Slovakia: achievements and future challenges (<http://eca.europa.eu>).

² Jadrové vyrad'ovacia spoločnosť (JAVYS): The owner of the nuclear power plant and responsible for the decommissioning of the Bohunice nuclear power plant

geological depositories for high-level nuclear waste, if the waste cannot be recycled.

349. Insists that dedicated funding programmes for nuclear decommissioning in Lithuania, Bulgaria and Slovakia should be discontinued after 2020;
350. Calls on the Commission to ensure that all future costs associated with nuclear decommissioning and the final disposal of spent fuel are accounted for properly and calculated in accordance with international standards and European Union legislation;
351. Calls on the Commission to evaluate action plans in the three countries with the view to suggesting common tenders for similar projects, especially for consultancy and the design of waste storage facilities;
352. Calls on the Commission to evaluate the decommissioning process in Lithuania, Bulgaria and Slovakia, including the cost-effective use of Union financial assistance, during the financial period 2007-2013;
353. Calls on the European Bank for Reconstruction and Development (EBRD) to audit the functioning of the Decommissioning Support Funds between 2007 and 2013;
354. Is shocked by the Court's findings that Commission's assessment of the respective financing plans and detailed decommissioning plans for the 2014-2020 financing period, i.e. of the second and third ex-ante conditionalities respectively¹, was inadequate; asks who shoulders the financial responsibility for this failure in the Commission; in this context, wants to be informed about the completed action plan which remedied the discovered weaknesses.

Part XXVII – Special Report No 23/2016 of the Court of Auditors entitled “Maritime transport in the EU: in troubled waters - much ineffective and unsustainable investment”

355. Welcomes the Court's report and endorses its recommendations;
356. Welcomes the fact that the maritime transport has been growing in the Union in the last decade despite the considerable differences of utilisation between MS ports;
357. Underlines that Member States' ports' investment policy is established in accordance with political decisions taken at national level which can diverge from the Union strategy, also defined by those same Member States; is of the opinion that it is the Commission's primary role to ensure the coherence of those decisions;
358. Acknowledges that port infrastructure investments are long-term investments; regrets that in most cases the return on investment is however low and slow;
359. Regrets that national port development strategies were mostly developed but that robust implementation plans as well as coordination remain an issue;
360. Is strongly concerned that the Court found a lack of reporting on aggregated capacity

¹ See COM(2011) 783 final, Council Regulations (Euratom), No 1368/2013 and No 1369/2013 and Commission Implementing Decision C(2014) 5449

data as well as unreliable reporting on available capacity;

361. Regrets that Member States do not provide data on the capacity of core ports, which hinders the Commission's capacity monitoring; stresses the importance of an improvement of the situation so the Commission can put forward a Union-wide port development plan;
362. Considers that the coordination between EIB and Commission services' can be improved with better cooperation and more transparent procedures.

Part XXVIII– Special Report No 25/2016 of the Court of Auditors entitled “The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved”

363. Recommends that, based on a quantified cost-benefit analysis and an assessment of risks, the Member States, in the current CAP period, strengthen their efforts to increase LPIS data reliability based on timely and thoroughly conducted updates of the system. Given the complexity of pro-rata assessment, the Member States using this option should, in the current CAP period, make further efforts to develop a pro-rata catalogue with clear description and assessment criteria and to use complementary technical tools in order to increase the objectivity of ortho-imagery analysis and ensure reproductibility. Member States should also consider the possibility of recording data on ownership and lease rights in their LPIS whenever feasible and cost-effective.
364. Recommends that, with the support of the Commission, the Member States, in the current CAP period, develop and set up a framework for assessing the cost of running and updating of their LPISs. This should enable the Member States to measure the performance of their LPISs and the cost-effectiveness of system improvements.
365. Recommends that the Member States ensure that, using their LPISs, they reliably identify and register, and then effectively monitor, ecological focus areas, permanent grassland and new categories of land. They should also assess the cost versus benefits of including in their LPISs all landscape elements protected under cross-compliance or agri-environmental schemes in order to further enhance the monitoring and protection of such elements beneficial for the environment and for biodiversity.
366. Recommends that the Commission re-examines the current legal framework in order to simplify and streamline the LPIS-related rules for the next CAP period, e.g. by re-considering the need for the 2 % stability threshold and the 100-tree rule.
367. Recommends that the Commission, before the start of the quality assessment exercise 2017, carries out a cost-benefit analysis to determine whether the representativeness of quality assessment samples could be improved so that a better coverage of the population of parcels in the LPIS can be achieved.
368. Recommends that starting in 2016, the Commission improves the monitoring of quality assessment results by analysing any inconsistencies in quality assessment reporting, following them up, providing feedback to the Member States, and ensuring that

remedial action plans are prepared and executed when needed. The Commission should also carry out a detailed annual trend analysis for each Member State and reference parcel type so that potential problems can be identified in good time.

Part XIX– Special Report No 26/2016 of the Court of entitled “Making cross-compliance more effective and achieving simplification remains challenging”

369. Recommends that the Commission examines as part of the impact assessment for the CAP post 2020 how to further develop its set of indicators to assess the performance of cross-compliance. Also it examines how to take into account farmers’ levels of compliance with the cross-compliance rules in its indicators, with the purpose to strengthen the application and enforcement of environmental standards in agriculture to ensure the consistency of the CAP.

In order to ensure that the problems encountered are not repeated, the Commission will take different requirements according to local territorial needs into consideration. Furthermore, payment levels should be linked more closely to the demands placed on farmers that would make it possible to address specific environmental problems and will also compensate farmers for the restrictions that have been put on them at the same time.

370. Recommends that the Commission from now on improves the sharing of the information on cross-compliance related infringements between concerned services in order to help them to identify the reasons for breaches and to take appropriate measures to address them.
371. Asks for the CAP post-2020 that, the Commission envisages to ameliorate the rules regarding cross-compliance on-the-spot checks and will call on the Member States to carry out their existing administrative checks in an efficient way by using all relevant information available. This would allow a more effective targeting of key control points.
372. Recommends that the Commission analyses as part of the impact assessment for the CAP post-2020 the experience of having two systems operating with similar environmental objectives (GAEC standards and greening) with a view to promoting further synergy between them. This analysis should take into consideration criteria such as the environmental impact of the standards and the historical level of compliance by farmers.
373. Encourages the Commission to develop a methodology to measure the costs of cross-compliance after the report on the performance of the CAP due by the end of 2018.
374. Recommends that for the CAP post-2020, the Commission encourages a more harmonised application of penalties at Union level by further clarifying the concepts of severity, extent, permanence, reoccurrence and intentionality. To achieve this objective a minimum conditions should be introduced at Union level.

375. Is of the opinion that as a lesson to be learned from the 2007-2013 period, for the period 2014–2020 and after, the indicators should assess the actual results of the implementation of cross-compliance.

Part XXX – Special Report No 27/2016 of the Court of Auditors entitled "Governance at the European Commission - best practice?"

376. Recommends that the Commission, as required of European public interest entities, when it decides not to follow best practice explains its reasons for not doing so, strongly focussing on results while well capturing the lessons from experience;

377. Recommends that the Commission:

- (a) invites the IAS to carry out more audit work on high level governance issues;
- (b) completes the process of aligning its internal control framework with the COSO 2013 principles;
- (c) further brings forward the publication of the annual accounts;
- (d) brings together information already presented in a variety of existing reports so as to form a single accountability report or suite of reports under the authority of its President, containing the accounts but also incorporating the following elements:
 - a governance statement;
 - a discussion of operational and strategic risks;
 - a report on non-financial performance;
 - information on activities during the year and the achievement of policy objectives;
 - a report on the role and conclusions of the audit committee; and
 - a mid- and long-term fiscal sustainability statement, together with, where appropriate, links to information contained in other reports;
- (e) presents this single accountability report or suite of reports for audit of the accounts. The latter report(s) must be analytical, compact, easily understandable and accessible to auditors, employees and Union citizens, while strictly following the International Accounting Standards and the use of best practice;
- (f) publishes as part of the annual accounts or accompanying information an estimate of the level of error based on a sound methodology, and engages stakeholders, including the Parliament, at every step while choosing the statistical method for error estimation; the methodology should be clear and consistent;
- (g) updates and publishes its governance arrangements on a regular basis and explains its choice of structures and processes in relation to the framework it chooses;

(h) turns the APC into an audit committee with a majority of independent external members, and expands its mandate to cover risk management, financial reporting and the work and results of ex post verification units and audit directorates.

378. The Parliament insists that:

- a) high-level governance of international organisations must follow a business model and should be transparent, accountable, responsible and, most importantly, efficient;
 - (e) b) high-level governance must adapt to a fast-changing world, and must evolve and detect potential challenges before they become problems;
- b) horizontal and vertical relationships between the Commission's different structures need to be clear and traceable; continuing the process of cutting red tape is a must; stronger coordination between the different structures is also recommended;
- c) we need more visibility of the results in the Member States from the annual governance; sound data made public and presented effectively can support important decisions;
- d) solid ex ante, ex post and mid-term evaluation should ensure the value of every euro spent; to facilitate engagement the document should provide information on the relevant costs and benefits of all expenditure;
- e) strategic use of public procurement should be promoted: every year Member States spend around 14 % of their budget on purchase of services, works and supplies; public procurement should and must be used as an important tool for achieving the Europe 2020 objectives.

Part XXXI – Special Report No 28/2016 of the Court of Auditors entitled “Dealing with serious cross-border threats to health in the EU: important steps taken but more needs to be done”

379. Welcomes the Court's report, endorses its recommendations, and encourages the Commission to take these recommendations into account when implementing further steps to deal with serious cross border threats to health in the Union;

380. Reiterates the Court's recommendation that lessons learned from the first reporting cycle need to be adequately applied ahead of the next report. In order to ensure that future reporting is adequate, the process needs to be consistent across all Member States;

381. Recognises the progress made since the 2008-2013 health strategy but stresses the need for better and more strategic monitoring;

382. Supports the ECA's recommendation that the Health Security Committee (HSC) develops a strategic plan to address the operational and strategic challenges it faces;

383. Notes that the European Centre for Disease Prevention and Control (ECDC) has no formal process to respond effectively to requests for assistance;

384. Stresses that the various Commission services which have functions related to health and DG Health & Food Safety develop a structured approach to improve co-operation;
385. Regrets that Member States have not acted collectively to speed up the joint procurement of the pandemic influenza vaccine and recognises that influenza is an issue that affects health services in individual Member States on an annual basis. A co-ordinated approach across Member States will benefit the health of Union citizens and reduce costs;
386. Calls on the Commission, Member States and the ECDC to work together to further develop the Early Warning and Response System (EWRS). It's important that such a system, which has been used extensively is upgraded to reflect changes in technology to ensure optimum use.

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387. Instructs its President to forward this resolution to the Council, the Commission and the Court, and to arrange for its publication in the *Official Journal of the European Union* (L series).