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REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies
(2016/2151(DEC))

Committee on Budgetary Control

Rapporteur: Joachim Zeller

CONTENTS

| | | Page |
|----|--|-------------|
| 1. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission..... | 4 |
| 2. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2015 | 6 |
| 3. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2015..... | 9 |
| 4. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015 | 12 |
| 5. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2015..... | 15 |
| 6. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2015..... | 17 |
| 7. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency for the financial year 2015 | 19 |
| 8. | PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on the closure of the accounts of the general budget of the European Union for the financial year 2015, Section III – Commission | 21 |
| 9. | MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION with observations forming an integral part of the decisions on discharge in respect of the | |

| | |
|--|-----|
| implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies | 23 |
| OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS..... | 75 |
| OPINION OF THE COMMITTEE ON DEVELOPMENT..... | 78 |
| OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS..... | 83 |
| OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY..... | 86 |
| OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM..... | 90 |
| OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT..... | 94 |
| OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT..... | 98 |
| OPINION OF THE COMMITTEE ON FISHERIES..... | 103 |
| OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION..... | 106 |
| OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS | 110 |
| OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY..... | 113 |
| INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE..... | 116 |
| FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE..... | 117 |

1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working documents (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s 2015 Annual Management and Performance Report for the EU Budget (COM(2016)0446),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD(2016)0322),
- 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, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2015 (05876/2017 – C8-0037/2017),
- 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

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.

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

- having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies and in its resolution of ... on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015²;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² Texts adopted of that date, P8_TA-PROV(2017)0000.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2015³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working documents (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM[(2016)0628), and to the accompanying Commission staff working document (SWD[(2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (05874/2017– C8-0038/2017),
- 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

¹ OJ L 69,13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 2.

⁴ OJ C 449, 1.12.2016, p. 51.

⁵ OJ C 380, 14.10.2016, p. 147.

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

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC⁴,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies and in its resolution ofon the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 343, 19.12.2013, p. 46.

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

3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2015³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working documents (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628) and to the accompanying Commission staff working document (SWD(2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (05874/2017– C8-0038/2017),
- 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

¹ OJ L 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 10.

⁴ OJ C 449, 1.12.2016, p. 61.

⁵ OJ C 380, 14.10.2016, p. 147.

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

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC⁴,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the Executive Agency for Small and Medium-sized Enterprises discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of ... on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Executive Agency for Small and Medium-sized Enterprises, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 73.

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

4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD (2016)0338, SWD (2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD (2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (05874/2017 – C8-0038/2017),
- 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

¹ OJ L 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 2.

⁴ OJ C 449, 1.12.2016, p. 41.

⁵ OJ C 380, 14.10.2016, p. 147.

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

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC⁴,
 - having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency⁵,
 - 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 and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of ...on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015⁶;
 3. Instructs its President to forward this decision, the decision on discharge in respect of

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 69.

⁵ OJ L 363, 18.12.2014, p. 183.

⁶ Texts adopted of that date, P8_TA-PROV(2017)0000.

the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2015³
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD(2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the European Research Council Executive Agency for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (05874/2017 – C8-0038/2017),
- 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

¹ OJ L 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 9.

⁴ OJ C 449, 1.12.2016, p. 157.

⁵ OJ C 380, 14.10.2016, p. 147.

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

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC⁴,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of... on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission, and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 346, 20.12.2013, p. 58.

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

6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2015³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD(2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the Research Executive Agency for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year (05874/2017 – C8-0038/2017),
- 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

¹ OJ L 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 11.

⁴ OJ C 449, 1.12.2016, p. 230.

⁵ OJ C 380, 14.10.2016, p. 147.

⁶ OJ L 298, 26.10.2012, p. 1.

and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of ...on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015⁴.
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 346, 20.12.2013, p. 54.

⁴ Texts adopted of that date, P8_TA-PROV(2017)0000.

7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency for the financial year 2015 (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the final annual accounts of the Innovation and Networks Executive Agency for the financial year 2015³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD(2016)0322),
- having regard to the Court of Auditors’ report on the annual accounts of the Innovation and Networks Executive Agency for the financial year 2015, together with the Agency’s replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (058742017– C8-0038/2017),
- 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

¹ OJ L 69, 13.3.2015.

² OJ C 380, 14.10.2016, p. 1.

³ OJ C 417, 11.11.2016, p. 11.

⁴ OJ C 449, 1.12.2016, p. 219.

⁵ OJ C 380, 14.10.2016, p. 147.

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

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC⁴,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0150/2017),
- 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;
1. Grants the Director of the Innovation and Networks Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of.....on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Innovation and Networks Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 352, 24.12.2013, p. 65.

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

8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the general budget of the European Union for the financial year 2015, Section III – Commission (2016/2151(DEC))

The European Parliament,

- 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 – C8-0269/2016)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2014 financial year (COM(2016)0674), and to the accompanying Commission staff working document (SWD(2016)0338, SWD(2016)0339),
- having regard to the Commission’s 2015 Annual Management and Performance Report for the EU Budget (COM(2016)0446),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2015 (COM(2016)0628), and to the accompanying Commission staff working document (SWD(2016)0322),
- 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, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2015 (05876/2017 – C8-0037/2017),
- having regard to the Council’s recommendation of 21 February 2017 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2015 (05874/2017– C8-0038/2017),
- 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

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.

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 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,
 - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(2) and (3) thereof,
 - 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 and the opinions of the other committees concerned (A8-0150/2017),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2015;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies, and in its resolution of ... on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015³;
 3. Instructs its President to forward this decision to the Council, the Commission, and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ Texts adopted of that date, P8_TA-PROV(2017)0000.

9. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission,
 - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2015,
 - having regard to Articles 318 and 319 of the Treaty on the Functioning of the European Union¹;
 - having regard to the Regulation (EU, Euratom) No 966/2012 (the “Financial Regulation”) applicable to the general budget of the Union and its rules of application
 - 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 and the opinions of the other committees concerned (A8-0150/2017),
- A. whereas Europe is facing a crisis of confidence in its institutions, a situation for which each individual institution of the Union must accept its own share of responsibility, and which thus requires Parliament to be particularly rigorous when scrutinising the accounts of the Commission;
- B. whereas the Union institutions and Member States should improve their communication policy in terms to properly inform the citizens about results achieved by the Union budget and their added value;
- C. whereas the Parliament must have a strong engagement towards Union citizens concerns about where the Union budget is spent and how the Union protects their interests;
- D. whereas the Union institutions should work towards a robust and resilient Union budgetary system that performs not only with flexibility, but also with agility in both stable and turbulent times;
- E. whereas, cohesion policy brings a clear value added by improving the quality of life of citizens through Europe by being a key policy of solidarity and a vital source of public investment;
- F. whereas the Union institutions need to build a clear understanding and agree on which

¹ OJ C83, 30 March 2010, Luxembourg 2013

European policy priorities and public goods should be financed first to answer our citizens concerns and close the gaps in our policies;

- G. whereas Union spending, while limited to 1% of the Union GNI, is a significant instrument for achieving Europe-wide policy objectives utilising the European added value and on average represents 1.9% of Union Member states general government expenditure;
- H. whereas while the percentages involved in the Union budget as a) a portion of the overall aggregate Member States' expenditure, and b) the unaccounted for/misspent/wasted element of that budget, are small, the actual amounts involved are considerable and thus justify intense scrutiny;
- I. whereas, according to the Treaty on the Functioning of the European Union (TFEU), the Commission bears the ultimate responsibility for the implementation of the Union budget, while Member States are required to sincerely cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management;
- J. whereas when the Parliament grants discharge to the Commission it checks whether or not funds have been used correctly and policy goals achieved.

Budget, programming periods and political priorities

1. Notes that the seven year duration of the current Multiannual Financial Framework (MFF) is not synchronised with the five year mandates of the Parliament and the Commission, and that this also creates discrepancies between the budget for the financial year and its discharge; furthermore, points out that the 10 year strategic planning cycle and Europe2020 strategy are not aligned either with the seven year cycle for managing the Union budget; is of the opinion that this is one of the causes of a major deficiency of the Union political governance since the Parliament and the Commission are bound by previous agreements on political objectives and finances which could create the impression that the European elections are irrelevant in this context;
2. Notes that in 2015 the budget of the Union had to support the achievement of the objectives of two different long term political programmes:
 - a) the Europe 2020 Strategy on the one hand and
 - b) the 10 political priorities set out by President Juncker on the other hand, while also responding to a number of crisis situations: refugees, insecurity in Europe and its neighbourhood, financial instability in Greece and the economic impact of the Russian ban exports, as well as the prolonged impact of the financial crisis and its structural consequences of unemployment, poverty and inequality;
3. Notes that Union policies may have different short-, medium- and long-term objectives, whose realisation cannot necessarily be determined by a single multi-annual financial framework; believes consideration needs to be given to a new balance between political agenda setting, policy implementation and financial frameworks needs;

4. Regrets that the temporary budgetary arrangements do not offer the ideal system to transpose social and political aspirations into useful operational objectives for spending programmes and schemes;
5. Points out that there will be an opportunity in 2020 to bring the long term strategy and policy-making in to line with the budgetary cycle and recommends that this opportunity should be availed of;
6. Is worried that in 2015 the share of the Climate-related spending of the Union budget was only 17.3% in 2015 and was only 17.6% in average for the period 2014-2016 according to the European Court of Auditors (the “Court”)¹ while the objective was to reach, at least, 20% over the financial period; stresses therefore that according to the Court there is a serious risk that the 20% target will not be met without more effort to tackle climate change;
7. Points out furthermore that the 20% climate-related spending was decided before the Paris agreement; is convinced that further efforts should be made in order to make the Union budget even more Climate-friendly; underlines, moreover, that the revision of the MFF creates an excellent opportunity to ensure that the 20% target of spending on climate-related actions is reached and to provide for a possible increase of this threshold in line with the EU's international commitments taken during the COP 21;
8. Welcomes the performance based budgeting approach launched by the European Commission; considers that the EU budget should be more efficient and more effective than ever due to the scarce financial resources; regrets however that the European Commission focuses mainly on the outputs rather than on the outcomes.

Measures to be taken

9. Endorses the suggestion made by the Court in its “Briefing paper on the mid-term review of 28.10.2016” (points 39 and 40) of the MFF that it is time for the Commission to explore other options, for example:
 - a rolling budgeting programme with a five years planning horizon, clause(s) of revision by objectives and policies and rolling evaluation programme;
 - determining the duration of programmes and schemes on policy needs rather basing it on the length of the financial planning period; requiring Member States and the Commission to present well-justified needs for (a) Union funding and (b) results to be achieved, before spending is set;
10. Calls on the Commission to put on the agenda of the next experts' meeting on Budget Focused Results (BFOR) the suggestions made by the Court in its "briefing paper on mid-term review" of 28. 10.2016 (points 39 and 40) and the recommendations of the High-level group on own resources in order to prepare the next ‘Conference on EU Budget focused on Results’ initiative that could debate the policy areas in which the Union budget should be spent before deciding upon the financial framework;

¹ ECA special report 31/2016

11. Endorses all recommendations made by the Court in its special report 31/2016 and especially that the Commission should explore all potential opportunities, including the midterm MFF revision and the revision of some legal bases, to ensure a further real shift towards climate action; calls on the Court to issue a follow-up report on the climate-related spending of the EU budget by the end of 2018;
12. Calls on the Commission to make greater use of the opportunities regarding the performance reserve within the existing legal framework, in order to create a genuine financial stimulus to effectively improve financial management; requests furthermore a reinforcement of the performance reserve as an instrument, by increasing the performance-dependent component in the following legislative framework;
13. Calls on the Commission to orient its priorities towards the successful achievement of the Europe 2020 Strategy by using the instruments of the European Semester;
14. Calls on the Commission to establish draft political priorities for the financial period beginning in 2021, and submit the text to the Parliament at an early stage;
15. Regrets that the Commission did not perform a full-scale review of the Europe 2020 Strategy in order to ensure its implementation under the Strategic Agenda for the Union in Times of Change, adopted by the European Council in June 2014, as this Agenda envisages;
16. Calls on the Commission to take into account the Paris agreement and to increase immediately the Climate-related spending target in the EU budget from 20% to 30%;
17. Calls on the Commission to draft the forthcoming EU budgets in order to make it more efficient and more effective and to better align them with the EU 2020 targets, EU's climate targets, and EU's international commitments.

Shadow budgets

18. Points out that numerous financial mechanisms supporting Union policies are not directly financed by the Union budget or recorded in the Union balance sheet: these include the European Financial Stability Facility, the European Stability Mechanism, the Single Resolution Mechanism and the European Investment Fund linked to the European Investment Bank;
19. Notes that other mechanisms are partially recorded in the Union balance sheet such as the blending facilities and the European Fund for Strategic Investments (EFSI);
20. Points out the increasing use of financial instruments principally composed of loans, equity instruments, guarantees and risk sharing instruments under indirect management for the 2014-2020 period, and points out further that the European Investment Bank (EIB) Group managed almost all of the financial instruments under indirect management; does not believe there is enough information available for an assessment of what these instruments have achieved, especially with regard to their social and environmental impact; emphasises that financial instruments can supplement grants but should not replace them;

21. Regrets that the increasing use of such financial instruments, and also the financial instruments in shared management (the financial engineering instruments), poses higher risks not just for the EU budget remaining a credible instrument and sufficient for both current and future objectives, but also for accountability and the coordination of Union policies and operations; underlines that extending the use of financial instruments should be preceded by a comprehensive evaluation of their results, achievements and efficiency; points out that the Court's special reports¹ which stated that the Financial instruments do not work as expected and/or are oversized and/or are unsuccessful in attracting private capital;
22. Warns the Commission that the Financial Instruments or any funding arrangement are not necessarily bound by the EU political objectives and targets and might finance projects which are not in line with the EU commitments;
23. Points out that the launch of EFSI has affected the delay in the launch of the Connecting Europe Facility and that EFSI will also impact the use made of some other financial instruments.

Measures to be taken

24. Urges the Commission to propose measures to make Union Funding arrangements for implementation of the EU budget - which currently include different tools and combinations between them as for example programmes, structural and investment funds, trust funds, strategic investment fund, guarantee funds, facilities, financial instruments, macro-financial assistance instruments, etc. - clearer, simpler, more coherent and better equipped to ensure sufficient transparency, accountability, performance and public understanding of how Union policies are funded and what benefits they bring; regrets that the proposal for a new financial regulation from September 2016 does not address these problems in an adequate manner;
25. Calls on the Commission to re-evaluate the *ex-ante* assessment for the Connecting Europe Facility debt instrument in the light of the creation of the EFSI and also to submit to Parliament an assessment of the impact of EFSI on other Union programmes and financial instruments;
26. Asks the Court to evaluate the contribution of the financial instruments and funding arrangements (as listed in para 13) to the Europe 2020 strategy; calls on the Commission to take any relevant measures in order to ensure that the Financial Instruments and any funding arrangement are compatible with the EU strategy, targets and commitments the EU has taken;
27. Welcomes Commissioner Oettinger's intention to bring the various shadow budgets, in the long run, back under the roof of the Union budget; this would hugely increase democratic accountability; is of the firm opinion that this problem should be solved as soon as possible, but at the latest by the end of the next financial programming period; calls on the Commission to prepare a communication on this issue before November 2017;

¹ ECA special report 05/2015 & 19/2016

Budgetary and financial management

28. Regrets that the backlogs in the use of 2007-2013 Structural Funds are significant; notes that by the end of 2015, payment of 10 % of the total EUR 446,2 billion allocated to all approved operational programmes (OPs) was still outstanding;
29. Stresses that this situation may indeed pose a significant challenge and undermine the effectiveness of ESI Funds as in some Member States the unclaimed Union contribution, together with required co-financing, exceeds 15% of the total general government expenditure when the last two financial framework periods, 2007-2013 and 2014-2020, are taken into account;
30. Notes with concern the fact that, by the end of 2015, five Member States (Czech Republic, Italy, Spain, Poland and Romania) and principle beneficiaries accounted for more than half of the unused commitment appropriations for Structural Funds that have not led to payments for the programming period 2007-2013, the reasons for this delay being various: lack of capacity and administrative assistance, lack of national resources to co-finance EU operations, delays in submitting regional programmes for the 2014-2020 MFF, etc.;
31. Points out that a new feature in this MFF is that unused amounts under the payment ceiling and under the commitments ceiling automatically increase the flexibility for subsequent years;
32. Stresses that the level of commitments in 2015 was higher than in any previous year and just within the overall limit (97.7 % of the amount available);
33. Points out that in 2015 three-quarters of operational spending went to schemes operating under the rules of the previous MFF: i. e. subsidies to farmers for 2014, cohesion projects, research projects under the seventh framework programme which began in 2007;
34. Finds unacceptable that by the end of 2015 fewer than 20% of the national authorities responsible for European Structural and Investment funds - with the exception of the European Agricultural Fund for Regional Development (EAFRD) – had been designated by the Member States; those designations are a necessary step for Member States' authorities to submit statements of expenditure to the Commission; is of the opinion that the considerable novelties introduced for the 2014-2020 period lead to administrative difficulties despite efforts for simplification;
35. Points out that difficulties with completing the compliance assessment procedures concerning the new management and control system, that generally fall at the beginning of the programming period are a serious cause for absorption delays;
36. Notes that the global economic recession, which has a direct effect in the form of the budgetary restraint measures applied to public budgets and difficulties in obtaining internal financing is also a main factor for delaying absorption;
37. Deeply regrets that, as a consequence, there is a risk that delays in budget execution for the 2014-2020 programming period will be greater than those experienced for the 2007-

2013; fears that the forthcoming MFF might start with an unprecedented high level of "RAL" which might endanger the management of the EU budget in the first years; expects the Commission to have learnt from this with a view to preventing similar delays in the future;

38. Notes that the Commission adopted in March 2015 a payment plan presenting short term measures to reduce the level of unpaid bill but points out that while those measures seek to improve shorter term cash-flow management, dealing with the high level of outstanding commitments requires a longer term perspective and a thorough evaluation of the root causes (administrative and operational difficulties, macro-economic restrictions, etc.) in order to devise an effective strategy so they do not occur in the future;
39. Stresses that the triggering of Article 50 might create troubles in the way the EU budget is managed, especially concerning the payments; points out the need to cover this crucial element in any transitional or final agreement with any withdrawing Member State.

Measures to be taken

40. Requests that the Commission takes measures to strictly observe the rules and timetables regarding outstanding commitments including:
 - 1) closure and decommitment of the 2007-2013 programmes;
 - 2) proper use of net correction in cohesion;
 - 3) a reduction of cash held by fiduciaries and
 - 4) the compilation of payment plans and forecasts where outstanding commitments are significant;
41. Requests once again that the Commission establish annually an updated long-term cash-flow forecast, spanning a seven-to-ten-year time horizon covering budgetary ceilings, payments needs, capacity constraints and potential decommitments in order to better match payments needs and funds available;
42. Requests that as a matter of urgency, given the poor situation in which several Member States now find themselves, the Commission considers in its budgetary and financial management the capacity constraints and the specific socio-economic conditions of certain Member States; calls on the Commission to use all available instruments through technical assistance and the new Structural Reform Support Programme to support these Member States in order to avoid the underutilisation of funds and to increase the absorption rates especially in the area of the ESI funds;
43. Reiterates the need for simplification and clarity of rules and procedures at both EU and national level in order to facilitate access to EU funds for beneficiaries and to ensure sound management of those funds by the administrative services; believes that simplification will contribute to the speedy allocation of funds, higher absorption rates, increased efficiency and transparency, fewer implementation errors and reduced

payment periods; considers that a balance needs to be struck between simplification and the stability of rules, procedures and controls; notes that, in any case, providing potential applicants and beneficiaries with sufficient information and guidelines is a necessary precondition for successful implementation;

44. Calls on the Commission to refrain from new cuts of the technical assistance at its disposal and to come up with an action plan for effective and timely absorption with particular emphasis on those Member States and regions lagging behind and having low absorption rates.

Financial engineering instruments

45. Regrets that only 75 %¹ of the contributions to the financial engineering instruments for the programming period 2007-2013 were paid out to the final recipients by the end of 2015 in shared management (57 % paid out at the end of 2014 and 37 % paid out at the end of 2012) and that cash held in financial instruments under indirect management remained high (EUR 1,3 billion in 2015; EUR 1,3 billion in 2014; EUR 1,4 billion in 2013);
46. Notes with concern the fact that unused amounts of financial instruments remain relatively high, 80% of which were concentrated in five Member States at the end of 2014 (of which Italy constituted 45% of the total); considers that the Commission ought to carry out a comprehensive assessment of these instruments before the end of 2018 in order to determine whether they should be carried over into the next financial programming period;
47. Requests that the Commission recover unused cash balances in financial instruments under shared management and remaining unused funds in indirect management financial instruments from previous MFFS for which the eligibility periods has expired.

The Court's statement of assurance

48. Welcomes the fact that the Court gives a clean opinion on the reliability of the accounts for 2015 as it had done since 2007, that the Court concluded that revenue was free from material error in 2015 and notes with satisfaction that the commitments underlying the accounts for the year ended 31 December 2015 are legal and regular in all material respects;
49. Deeply regrets that for the 22nd year in a row payments are materially affected by error because of the fact that the supervisory and control systems are only partially effective;
50. Regrets that despite the improvement, payments are affected by a most likely error rate of 3,8 %; recalls that the most likely error rate for payments was estimated in the financial year 2014 at 4,4 %, in the financial year 2013 at 4,7 %, in the financial year 2012 at 4,8 % and in the financial year 2011 at 3,9 %;

¹ European Commission DG REGIO Summary of data on the progress made in financing and implementing financial engineering instruments reported by the managing authorities in accordance with Article 67(2)(j) of Council Regulation (EC) No 1083/2006, Programming period 2007-2013 Situation as at 31 December 2015 20.09.2016, P 61.

51. Stresses that even if the situation has improved in recent years the most likely error rate is still significantly above the materiality threshold of 2%; stresses that if the Commission, the authorities in the Member States or the independent auditors had made use of all information available to them, they could have prevented, or detected and corrected a significant proportion of the errors before the related payments were made; cannot accept that available information not be used to reduce the level of errors; firmly believes that the Member states have a crucial role in this regard; urges the Members states to use all available information to prevent, detect and correct any error and to act accordingly;
52. Regrets that due to a change in the legal framework of the common agricultural policy in 2015, the Court no longer includes cross compliance in its transaction testing making the comparison with the previous financial year more difficult; in 2014, such errors contributed 0,6 percentage points to the overall estimated level of error for MFF heading 2 'Natural resources' whilst their annual contribution to the overall estimated level of error was between 0,1 and 0,2 percentage points over the period 2011-2014;
53. Notes with concern that if the corrective measures taken by the Member States and the Commission had not been applied to the payments audited by the Court, the overall estimated level of error would have been 4,3 % rather than 3,8 %;
54. Notes that the type of management has a limited impact on the level of error as the Court finds nearly the same estimated level of error under shared management with the Member States (4,0 %) and for expenditure managed directly by the Commission (3,9 %);
55. Points out that the Court found highest estimated levels of error in spending under 'Economic, social and territorial cohesion' (5,2%) and for "Competitiveness for growth and jobs" (4,4%) whilst "Administrative expenditure" had the lowest estimated level of error (0,6%); underlines that, in general, errors do not constitute fraud; recommends that the Court should initiate a Special Report examining and comparing those areas with a view to producing a concise 'best-practice' document;
56. Notes that the different risk patterns of reimbursement schemes and entitlement schemes have had a major influence on the level of errors in the different spending areas; where the Union reimburses eligible costs for eligible activities on the basis of cost declarations made by beneficiaries the level of error is 5,2% whilst where payments are made on meeting conditions rather than reimbursing costs the error rate is 1,9%; recommends that the Court should examine and compare those areas with a view to concluding a Special Report on Best Practice.

Annual management and performance report: management achievements and Commission Internal Governance tools

57. Notes that compared with the situation in 2014, the amount at risk in payments, as determined by the Commission in its 2015 annual management and performance report, has decreased by some 10 % which is notably due to the reduction in the amount at risk reported in agriculture;
58. Stresses that the Commission recognises that spending is affected by a material level of

error, as presented in its 2015 annual and management performance report, COM (2016) 446, the amount at risk being in a range from EUR 3,3 to 4,5 billion which represents between 2,3 % and 3,1 % of the payments; notes that the Commission estimates that it will in future years identify and correct errors for between EUR 2,1 to 2,7 billion;

59. Shares the view of the Court that the Commission's methodology for estimating its amount at risk error has improved over the years but that individual estimations of directorates general of the level of irregular spending are not based on a consistent methodology (see in particular paragraph 1.38 of the 2015 Court annual report); recommends that this practice should be regularised and standardised as soon as possible;
60. Notes that, despite improvements, the Commission has not eliminated the risk that the impact of corrective actions is overstated;
61. Points in particular to the fact that for more than three quarters of 2015, Commission directorates general base their estimates of amount at risk on data provided by national authorities whilst it appears from the annual activity reports of the concerned Commission directorates general (DG AGRI and DG REGIO) that the reliability of Member States' control reports remains a challenge, although the data reporting of Member States has improved; considers it unacceptable that the Member states do not cooperate fairly with the European Commission regarding the control reports and their reliability;
62. Underlines that the control burden for end-users would decrease if a 'Single Audit' approach were applied, in which case a European audit would not be carried out separately, but would build on national audits. Such a continuing line of accountability would however only be possible if national audits are adequate and if Commission and Member States agreed on the principles and interpretations; calls on the Commission to be proactive in this regard by publishing guidelines;
63. Believes that granting discharge should depend on the necessary improvement in financial management at Member State level; points to the instrument of national declarations in this context which could help to achieve greater accountability and ownership at national level;
64. Points out that owing to the specificity of multiannual programming and the complexity and accumulation of regional, national and EU rules applying to the budget procedure, and since errors can be corrected more than 10 years after they have occurred, it is artificial to base the estimated impact of future corrections upon recorded corrections over the last six years;
65. Emphasises, in this context, that if the Commission were sure of the effectiveness of its corrective capacity the directors general should not issue any financial reservation in their annual activity reports;
66. Points out that the Commission reports¹ a total of implemented financial corrections

¹ see paragraph 1.39 of the 2015 ECA annual report

and recoveries amounting to EUR 3,9 billion; notes that the Court classified them in three categories: EUR 1,2 billion in corrections and recoveries at source applied before the Commission accepted expenditure (on agriculture, cohesion and direct/indirect management); EUR 1,1 billion in withdrawals by Member States applied after accepting expenditure by replacing ineligible amounts with new cohesion projects; EUR 1,6 billion in net corrections (on agriculture and direct/indirect management);

67. Stresses that where there is a high risk of irregularity it is best practice to discuss the risk and to quantify the level and likely impact; regrets that Commission reporting on this subject pays significant attention to “corrective capacity” rather than to quantifying and analysing the nature of the errors it identifies, and undertaking relevant preventive measures for avoiding such errors; points out in particular that the Commission communications on “Protection of the Union budget” provides no estimate of the level of irregularity present in initial or in approved claims for reimbursement;
68. Shares the view expressed by the Court in its special report 27/2016 that the distinction introduced by the Kinnock-Prodi reform between the “political responsibility of Commissioners” and the operational responsibility of directors-general means that it has not always been made clear whether ‘political responsibility’ includes taking responsibility for the directorates-general budget execution, or whether it is distinct from it (see point 5 of the executive summary of the Court’s special report 27/2016);
69. Points out that the College of the Commissioners does not assume responsibility for the annual accounts by drafting a foreword or a report from the President or the Commissioner for budget, and that the Commission does not establish an annual statement on governance or on internal control, in line with best practice and the common practice of Member States.

Measures to be taken

70. Calls again on the Commission and the Member States to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payments is made, the year in which the related error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts;
71. Calls again on the Commission to issue, on an annual basis, a single, proper "Statement of Assurance" based on the annual activity reports of the directors-general and to produce its own statistical estimate of the level of error; asks the Commission to evaluate separately the amount of EU money it envisages to recuperate as recoveries or financial corrections linked to the financial year 2015;
72. Asks the Commission to conduct a careful analysis of so-called ‘retrospective projects’ i.e. the practice of inserting into the regional operational programme projects already launched by the authorities using other funds and which may incorporate or replace measures or projects that present operational problems or are in breach of the rules, said analysis to include ex-ante assessments verifying that replacement projects meet the planned objectives;
73. Calls on the Commission to add an annual statement on governance and on internal

control to the financial statement, covering in particular:

- a description of the internal governance tools of the Commission,
- an assessment of the operational and strategic risk activities during the year; and a mid- and long-term fiscal sustainability statement,
- and to provide in its Communication on the Protection of the Union budget an estimate of the level of irregularity present in initial or in approved claims for reimbursement;

74. Calls on the Member States to deliver reliable data to the European Commission especially concerning the control reports.

Political Reservations

75. Endorses the reservations issued by the directors general of DG REGIO, MARE, HOME, DEVCO and AGRI, in their annual activity report; is of the opinion that those reservations demonstrate that the control procedures put in place in the Commission and the Member States cannot give the necessary guarantees concerning the legality and regularity of all the underlying transactions in the corresponding policy areas;

76. Questions why that the Director General of the Directorate-General for Research and Innovation, as in previous years, continues to issue a horizontal reservation covering all payments and cost claims under the 7th Framework Programme (FP7); calls on the Commission to develop, at long last, a more meaningful, risk based approach and use specific reservations when needed.

Getting results from the Union budget

Annual management and performance report: performance evaluation

77. Notes that the 2015 Annual Management and Performance Report for the Union Budget, adopted by the Commission on 5.7.2016,¹, combines two former reports: the Evaluation Report produced in accordance with Article 318 of the Treaty on the Functioning of the European Union and the Synthesis Report required by Article 66 (9) of the Financial Regulation;

78. Welcomes the fact that for each of the budget headings, the report provides implementation information on the progress of the 2014-2020 MFF programmes, evidence on the results of the 2007-2013 MFF programmes and also presents the links with the Europe 2020 Strategy;

79. Regrets that the so-called evaluation report, on the one hand, confuses descriptions of activities with results, and, on the other hand, attempts to evaluate the impact of policies and makes promises for the future;

80. Points out that Member States are not required to include common indicators in their programmes, with the exception of the Youth Employment Initiative and EAFRD, and

¹ COM (2016) 446 final

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

81. Regrets that instead of simplifying its internal governance tools the Commission has added a new multiannual strategic plan for every Commission department based on common general objectives that cover the ten political priorities of the Juncker-Commission, and which support the Europe 2020 goals and the Treaty obligations;
82. Reiterates its call for thematic concentration, as expressed in its discharge report on budget year 2014; calls on the Commission to inquire to what extent thematic concentration could contribute to simplification and a decrease of the regulatory burden and control burden;
83. Calls on the Commission to adopt its Annual Management and Performance report in due time so that the Court can take it in account in its annual report; insists that the information provided by this report should be as objective as possible and contain a comprehensive assessment of the results achieved in the previous year by the Commission when pursuing its policies; asks the Commission to reflect on the need for a long term political programming period, as with the 10-year Europe 2020 strategy;
84. Draws attention to the need for the process of establishing performance indicators to be transparent and democratic, involving all the EU institutions, partners and stakeholders concerned in order to make the indicators adequate for measurement of the implementation of the EU budget, as well as to answer the EU citizens expectations.

Measures to be taken

85. Calls on the Commission to better evaluate in its next performance reports the outputs and the outcomes of all policies; calls on the Commission to clearly and synthetically show the contribution of European policies to EU objectives and to evaluate their respective contribution to the Europe 2020 targets.

Horizon 2020

86. Recalls that Horizon 2020 is an ambitious, wide-ranging programme whose general objective is based on three priorities: excellent science, industrial leadership, and societal challenges;
87. Notes that the Juncker Commission has adopted ten political priorities for 2014-2019 that are not exactly the same as the Europe 2020 priorities; this leads to a situation where the legal framework and the budget allocation for Horizon 2020 reflect the Europe 2020 strategy, while the Commission when implementing Horizon 2020 has since 2014 refocused strategic planning and management arrangements on the ten political priorities;
88. Regrets that the Commission has not so far mapped out the relationship between the two sets of priorities, and asks the Commission to clarify those links;
89. Stresses that a key success factor for Horizon 2020 is effective synergy and complementarity between national and European research and innovation programmes;

notes that the Commission plans to analyse the impact and synergies between Horizon 2020 and the European Structural Investment Funds (ESIF) in the context of the Horizon 2020 interim evaluation;

90. Takes note of the two examples of complementarities between national and EU research programmes given in the Court's Annual Report 2015 and that the supreme audit institutions of Bulgaria and Portugal have found that while there are some areas in which national and Union research programmes are complementary in their countries, there were also some weaknesses at national level as to the indicators related to Horizon 2020 within national action plans and strategies and some issues regarding coordination and interaction between all the participants engaged in Horizon 2020 at the national level¹; takes note, as well, that Bulgaria was the first member state using voluntarily the Horizon 2020 policy Support Facility and encourages the Commission to continue supporting member states which need to modernise their research and innovation sectors;
91. Recalls that the legal framework of Horizon 2020 introduces several important elements for performance management, such as objectives and key performance indicators; stresses that overall the objectives and indicators which have been agreed do represent a real improvement on the previous framework programmes;
92. Points out that there remain a number of weaknesses in the performance indicators used in Horizon 2020, such as
 - 1) in relation to the balance of indicators which measure only inputs or outputs rather than results and impact²,
 - 2) the absence of baselines and
 - 3) a lack of ambition in targets;
93. Regrets that the Court found that the Commission is not using its Horizon 2020 work programmes and associated calls for proposals to increase the required targeted focus on performance (³);
94. Notes with satisfaction that, as to the proposals and grant agreements examined by the Court, sufficient emphasis had been put on performance in the objectives when required by the Commission, and that the same applies for the evaluation process of these proposals;
95. Regrets that in the individual work programmes which drive Horizon 2020 and connected calls for proposals the use of the wider concept of “expected impact” rather than “expected result” increases the risk that information provided for this part is too broad and the performance assessment of Horizon 2020 will be difficult to aggregate⁴;
96. Is concerned that the Commission does not always use key performance concepts (for

¹ see paragraphs 3.22 and 3.23 of the ECA annual report

² see paragraph 3.29 of the ECA annual report

³ see paragraphs 3.33 to 3.38 of the 2015 ECA annual report

⁴ see paragraph 3.56 of the 2015 ECA Annual report

example, “output”, “results”, “outcomes”, and “impact”) consistently;

97. Regrets that the Court found that the current setup does not enable the Commission to monitor and report separately the spending and performance of research and development (R&D) and innovation within Horizon 2020; in addition, while the financial contribution of Horizon 2020 within Europe 2020 is well established in the budgetary process through the published programme statements, it is regrettable that the Commission has not yet reported on the implementation of Horizon 2020 and its contribution to Europe 2020 in a meaningful way; calls on the Commission to report on the implementation of Horizon 2020 and its contribution to Europe 2020 in a meaningful way as results of the programme become available;
98. Suggests that the role for the National Contact Points (NCP) should be increased in order to provide quality technical support on the ground; considers that annual assessment of results, trainings and stimulation of well performing NCPs will increase the success rate of Horizon 2020 programme.

Measures to be taken

99. Calls on the Commission to present, in its future performance reports, the contribution of Horizon 2020 to Europe 2020 in a clear and exhaustive way.

Management plans and the annual activity reports of four directorates-general responsible for expenditure under ‘Natural resources’.

100. Regrets the observations made by the Court that many of the objectives used in management plans and annual activity reports of the DGs for agriculture and rural development (AGRI) for Climate Action (CLIMA), for Environment (ENVI) and for Maritime Affairs and Fisheries (MARE) were taken directly from policy or legislative documents and lacked the level of detail necessary for management and monitoring purposes.

Measures to be taken

101. Requests that the Commission:
 - assess the performance of work programmes by translating high-level objectives set out in the Horizon 2020 legislation into operational objectives at work programme level;
 - further clarify the links between the Europe 2020 strategy (2010-2020), the MFF (2014-2020) and the Commission priorities (2015-2019);
 - ensure across all its activities consistent use of the terms “input”, “output”, “result”, and “impact”, in line with its better regulation guidelines;
 - take measures ensuring the same pay for researchers doing the same work within the same project;
 - provide a list, by nationality, of all the enterprises quoted on the stock-exchange and/or which show a profit in their annual statement of accounts and which

receive funds from Horizon 2020.

Revenue

102. Welcomes the fact that the Court overall audit evidence indicates that revenue is not affected by a material level of error and, in particular, that the examined systems are effective for GNI and VAT based own resources, that the examined systems are overall effective for the traditional own resources, the key internal controls in Member States visited by the Court being nevertheless partially effective and that the Court found no errors in the transactions tested;
103. Recalls that a reservation is a means by which a doubtful element in GNI data submitted by a Member State is kept open for possible correction and welcomes the fact that the Court did not identify serious problems in the lifted reservations reviewed in 2015;
104. Is concerned by the fact that although progress has been made to improve the reliability of the Greek GNI data, the reservations have not been lifted; notes that it is the only outstanding general reservation at the end of 2015, covering 2008 and 2009;
105. Regarding customs duties, notes that the Court found that the methodology used for the checks performed to verify whether tariff and import regulations are respected by importers (which include “post-clearance” audits), the quality and the results they produced varied across the Member States; the Court especially highlighted the interruption of the three-year time-barring in France for debt notifications, a practice which differs from those in other Member States and leads to different treatment of economic operators within the Union ¹;
106. Regarding traditional own resources, notes that at the end of 2015 the Commission also had a list of 325 open points concerning non-compliance with Union customs rules that they had identified through inspections in Member States;
107. Points out that as to the customs duties and sugar levies statements, the Court found inefficiencies in the management of the amounts receivable (known as the B accounts) in the Member States and that the Commission identified similar shortcomings in 17 of the 22 Member States they visited;
108. Stressed that the Court identified risks related to customs debt recovery from companies registered outside the EU or from citizens of non-EU countries and found a number of cases from different Member States that were unable to collect debts from citizens or companies based, for example, in Belarus, the British Virgin Islands, Russia, Switzerland, Turkey and Ukraine;
109. Stresses that the impact of the major revisions to the GNI balances could be smaller if a common Union revision policy harmonising the timetable for major revisions had been in place;
110. Deplores that structural and legal elements having led to the political incident which occurred by the end of October 2014 as to the contributions of some Member States are

¹ see paragraph 4.16 of the 2015 ECA annual report

still in place.

Measures to be taken

111. Calls on the Commission to:

- take the necessary steps to harmonise the time limits of debt notifications to economic operators following a post clearance audit across Member States;
- ensure that Member States provide correct declarations of the amounts collected from customs duties in the quarterly statements, and provides guidance on what should be recorded;
- facilitate to the extent possible the recovery of customs debts by the Member States, where the debtors are not based in a Union Member State;
- improve checks on the calculations of the contributions from the European Economic Area and the European Free Trade Association and the calculation of correction mechanisms and
- put in place the needed arrangements to reduce the impact of revisions of methods and sources presented by Member States for the compilation of their GNI.

Follow-up of the 2014 Commission discharge¹

112. Points out that the Commission agreed to start new actions on 88 requests made by the Parliament in its resolution accompanying the decision on the Commission discharge for the financial year 2014;
113. Notes that, according to the Commission, for 227 requests from the Parliament the required action had already been taken or is ongoing, and that for reasons related to the existing legal and budgetary framework or its institutional role or prerogatives, the Commission cannot accept 35 requests from the Parliament.
114. Regrets that the Commission's answers remain at times vague and ambiguous;
115. Welcomes that the Commission followed through on five of the six principal commitments;
116. Insists, nevertheless, that the Commission instructs its directorates general to publish all country specific recommendations they have issued in the context of the European semester in their respective annual activity reports (sixth commitment);
117. Asks the Commission to reconsider its position in particular as regards the reliability of data transmitted by Member States, the transparency as to the final beneficiaries of Union funds, the transparency of the activities of the Ethical Committee, the fight against corruption and the reform of the administrative structures of the European Schools;

¹ COM82016) 674 final, SWD(2016) 338 final, SWD(2016) 339

118. Strongly condemns the fact that the Commission does not feel the need to further publish the EU anti-corruption report; is of the opinion, that whatever the Commission's intentions on fighting corruption, this last minute cancellation sends out the wrong signal not only to the Member States but also to the citizens; reiterates its opinion that corruption is still a challenge for the EU and the Member States; and that without effective anti-corruption measures it undermines the economic performance, the rule of law and the credibility of democratic institutions within the EU;

Calls on the European Commission to finalise and publish the 2016 anti-corruption report, to act swiftly and robustly to eliminate corruption in the Member States and EU institutions, and to commission an independent assessment of the anti-corruption standards in the EU institutions themselves.

119. Strongly reiterates its call on the Commission to develop a system of strict indicators and easily applicable, uniform criteria, based on the requirements set out in the Stockholm Programme, to measure the level of corruption in the Member States and evaluate the Member States' anti-corruption policies; invites the Commission to develop a corruption index in order to categorise the Member States; is of the opinion that a corruption index could provide a sound basis on which the Commission could establish its country specific control mechanism when controlling the spending EU resources.

Competitiveness for growth and jobs

EU 2020

120. Notes that despite the repeated error rate, and delays in its implementation and closure, the ex-post evaluation of FP7, undertaken by a high-level expert group⁸⁶, considered FP7 to have been a success; the high-level group underlined in particular that FP7:

- encouraged scientific excellence at an individual and institutional level,
- promoted ground-breaking research through the novel programme FP7-IDEAS (European Research Council),
- engaged industry and SMEs strategically,
- reinforced a new mode of collaboration and an open innovation framework,
- strengthened the European Research Area by catalysing a culture of cooperation and constructing comprehensive networks fit to address thematic challenges,
- addressed certain societal challenges through research, technology and innovation through FP7-Cooperation,
- encouraged harmonisation of national research and innovation systems and policies,
- stimulated mobility of researchers across Europe: FP7-People has created the necessary conditions for an open labour market of researchers,
- promoted investment in European research infrastructures,

- reached a critical mass of research across the European landscape and worldwide;
121. Regrets that the public stakeholder consultation in the context of the FP7 evaluation, held between February and May 2015, pointed to the following weaknesses:
- high administrative burden and cumbersome legal and financial rules,
 - high degree of over-subscription,
 - insufficient focus on societal impact,
 - the scope of topics and calls was too narrow,
 - insufficient focus on industry participation,
 - high threshold for newcomers; low average success rate for proposals and applicants of 19% and 22% respectively;
 - weak communication;
122. Deeply regrets that the target to invest 3% of Member States' gross domestic product (GDP) into research by 2020 will most likely not be met; considers therefore that the recurrent cuts in the EU budget concerning the research programs should be halted; calls on all Member States to rise to the challenge; also calls on the Commission to draw the necessary conclusions for mid-term revision of the MFF and for the next MFF;
123. Welcomes the progress made in delivering on the Innovation Union commitments: by mid-2014 all commitments had either been achieved or were on track;
124. Welcomes also that the share of Horizon 2020 funds allocated to small and medium-sized enterprises increased from 19,4% in 2014 to 23,4% in 2015 and recommends that this trend should be proactively encouraged;
125. Considers it unacceptable that the DG R&I has not complied with its request that the Commission's directorates general should publish all their country specific recommendations in their annual activity reports; notes with concern that only a limited number of territories are represented in the 20 most important Horizon 2020 projects.

General issues

126. Points out that chapter five of the Court's report covers payments in the following areas: research (EUR 10,4 billion), education, training, youth and sport (EUR 1,8 billion), space (EUR 1,4 billion), transport (EUR 1,3 billion), other actions and programmes (EUR 1,1 billion), energy (EUR 0,5 billion) and competitiveness of enterprises and small and medium-sized enterprises (COSME) (EUR 0,3 billion); research therefore accounts for 62 % of the spending;
127. Notes that the responsibility to implement the research framework programmes is shared amongst different Commission directorates-general, executive agencies, joint undertakings and so called Article 185 bodies (partnerships with the Member States), all of which requires close coordination;

128. Clarifies that the Court's audit almost exclusively concerned payments under the Seventh Research Framework Programme (FP7);
129. Is concerned that the annual activity report of DG R&I indicated that by the end of 2015 1915 FP7 projects worth EUR 1,63 billion were still not completed; this could delay the implementation of Horizon 2020.

Management and control systems (MCS)

130. Emphasises that the Court considers the supervisory and control systems for research and other internal policies to be "partially effective";
131. Is concerned that, in 2015, of the 150 transactions that the Court audited, 72 (48 %) were affected by error; on the basis of the 38 errors which the Court had quantified, it estimated the level of error to be 4,4 %; furthermore, in 16 cases of quantifiable errors, the Commission, national authorities or independent auditors had sufficient information to prevent or detect and correct the errors before accepting the expenditure; if all this information had been used to correct errors, the estimated level of error for this chapter would have been 0,6 % lower;
132. Deplores that in 10 out of 38 transactions subject to quantified error, the Court reported errors exceeding 20 % of the examined items; these 10 cases (9 from the Seventh Research Framework Programme and one from the 2007-2013 Competitiveness and Innovation Programme) account for 77 % of the overall estimated level of error for "Competitiveness for growth and jobs" in 2015;
133. Regrets that most of the quantified errors which the Court found (33 out of 38) concerned the reimbursement of ineligible personnel and indirect costs declared by beneficiaries and that almost all of the errors found by the Court in cost statements were due to beneficiaries misinterpreting the complex eligibility rules or incorrectly calculating their eligible costs which leads to the obvious conclusion that those rules need to be simplified;
134. Welcomes the fact that, according to the Court, compliance with procurement rules improved significantly;
135. Questions why the director general of DG R&I issued again, as in previous years, a horizontal reservation concerning all cost claims under FP7 (EUR 1,47 billion); is of the opinion that horizontal reservations in general cannot be considered as an instrument of sound financial management; acknowledges however that certain parts of FP7 expenditure were not covered by a reserve where there was evidence that the risks (and so the residual error rates) were significantly lower than for all expenditure; within RTD this applies to expenditure by given joint undertakings; outside DG RTD this also applies to expenditure by the Research Executive Agency under the Marie Curie programme, and all expenditure from the European Research Council Executive Agency;
136. Is surprised that the European Institute of Innovation and Technology (EIT) did not participate, in 2015, in the common support centre (CSC) for research and innovation;

137. Is concerned that FP7, according to the Commissioner, will not be fully executed and evaluated before 2020, which could cause delays in future follow-up programmes; urges the Commission to publish the evaluation report as soon as possible and at the latest before it presents the post Horizon 2020 research programme.

Horizon 2020

138. Notes that under Horizon 2020 only advance payments were made until the end of 2015; warns the Commission that a late start of the Horizon 2020 project could delay the implementation of the programme; warns against financial backlogs at the end of the programme;
139. Is concerned about the Court's findings that multiannual programmes setting political objectives like EU 2020 or Horizon 2020, while advancing in parallel, are not really linked¹ ;
140. Regrets furthermore that the first monitoring report on Horizon 2020 gave only little information about synergy effects between the programme and structural funds² ; calls on the Commission to report on these synergy effects as results of the programme become available;
141. Is deeply concerned by the Court's opinion³ that Horizon 2020 is not sufficiently performance driven.

Measures to be taken

142. Reiterates its demand, already made in the 2014 Commission discharge resolution⁴, that the Commission should instruct all directorates general to publish all country specific recommendations they have issued in the context of the European semester in their respective annual activity reports;
143. Calls on the Member States to make an extra effort with the view to meeting the target of 3 % GDP being invested in research; this would boost excellence and innovation; calls on the Commission therefore to examine the possibility of proposing a Science Covenant at local, regional and national level, building on the dynamic already created by the Covenant of Mayors; calls on the Member states and the Parliament to make an effort through the Union budget too;
144. Calls on the Commission to revise the key performance indicator "EU innovation output", as in the Commission's own words "the composite nature of the indicator is not (...) suited to establish targets."⁵
145. Urges the Commission to follow-up in particular the 16 cases of quantifiable errors, in which Commission, national authorities or independent auditors had sufficient

¹ European Court of Auditors, Annual Report 2015, point 3.19

² European Court of Auditors, Annual Report 2015, point 3.22

³ European Court of Auditors, Annual Report 2015, Section 3

⁴ P8_TA-PROV(2016)0147 of 28 April 2016, point 8

⁵ 2015 Annual Activity Report, Directorate General for Research and Innovation, Brussels 2016, page 11, footnote 8

information to prevent or detect and correct the errors before accepting the expenditure; and further, to inform its competent committee in detail about the corrective measures taken before the end of October 2017;

146. Calls on the Commission to inform its competent committee in detail about the 10 transactions that accounted for 77 % of the errors and the remedial measures taken;
147. Calls on the Commission to modernise its MCS so that horizontal reservations are rendered superfluous; asks the Commission to inform its competent committee on the measures taken before November 2017;
148. Calls on the Commission, together with the Court, further to clarify the links between the Europe 2020 strategy (2010-2020), the multi-annual financial framework (2014-2020) and the Commission priorities (2015-2019) through, for instance, the strategic planning and reporting process (2016-2020). This would strengthen monitoring and reporting arrangements and enable the Commission to report effectively on the contribution of the Union budget towards Europe 2020 objectives.

Miscellaneous

149. Takes note of the exclusive attribution of operating grants under budget line 04 03 01 05 "Information and training measures for workers' organisations" to only two specific trade union institutes, the European Trade Union Institute and the European Centre for Workers Questions; reminds the Commission that operating grants and framework partnerships shall be basically treated as grants and hence be subject to open tendering procedures and publication; expresses its general concern regarding the justification of such attribution practices on grounds of de facto monopolies or bodies' technical competence, high degree of specialisation or administrative power (Article 190 1 c, f Rules of Application); brings into consideration that in particular lasting exclusive attributions of operating grants to bodies on these grounds may actually lead to such de facto monopolies, high competences, specialisations and powers, hence further justifying exclusive attributions of operating grants on the basis of Article 190 of the Rules of Application;
150. Reminds the Commission in that regard that exceptions to the rules of transparency and publication as established in articles 125ff of the Financial Regulation are to be interpreted and applied restrictively; invites the European Parliament, the Council and the Commission to strive towards clearly defining both the time frame and the scope of application for exceptions to the principles of transparency and publication, with the clear aim to further restrict their use.

Measures to be taken

151. Requests the Commission to apply and interpret restrictively exceptions to the rules of transparency and publication as established in articles 125ff of the Financial Regulation; Requests the Commission to clearly define both the time frame and the scope of application for exceptions to the principles of transparency and publication, with the clear aim to further restrict their use.

Economic, social and territorial cohesion

152. Notes the fact that, according to the ex-post evaluation of the European Regional Development Fund (ERDF)/ Cohesion Fund (CF) 2007-2013¹, EUR 1 of cohesion policy investment will generate EUR 2,74 of additional Gross Domestic Product (GDP) by 2023; welcomes the fact that Structural and Cohesion Funds were invested mainly in small and medium enterprise innovation (EUR 32,3 billion), generic enterprise support (EUR 21,4 billion), in research and technology development (RTD) infrastructure (EUR 17,5 billion), transport investments (EUR 82,2 billion), energy investment (EUR 11,8 billion), environmental investment (EUR 41,9 billion), culture and tourism investments (EUR 12,2 billion) and urban and social infrastructure (EUR 28,8 billion);
153. Welcomes that ERDF/CF were able, to a certain extent, to counter balance the effects of the 2007-2008 financial crises, indicating that without structural funds' intervention the economic and social divergence among European regions would have grown even more;
154. Welcomes the achievements of the cohesion policy shown by the ex-post evaluations of the 2007-2013 programming period in relation to the EU 2020 targets:
- by ERDF and CF: Headlines 1 "Employment" and 2 "R&D and innovations" - 41 600 research jobs were created and 400 000 SMEs were supported; Headline 3 "Climate change and Energy" - 3900 MW additional capacity of renewable energy production were created;
 - by the European Social Fund (ESF): Headlines 1 "Employment" - at least 9.4 million people gained employment (of which more than 300.000 people supported became self-employed); Headline 4 "Education" - at least 8.7 million people gained a qualification/certificate;
155. Notes, however, that very few programmes had a focus on results or measured impact; therefore little to nothing is known about the sustainability of the investments;
156. Highlights, however, that in 2015 very few programmes had a focus on results or measured impact; therefore urges the Commission to set and agree at inter-institutional level the necessary set of indicators to implement the budget based on result; notes, however, at this stage little to nothing is known about the sustainability and the European added value of the investments;
157. Regrets that it is not informed about the measures the Commission asked Member States to undertake in the context of the European semester; calls on the Commission to inform the European Parliament about the measures taken by the Member states in the context of the European semester;
158. Is very concerned that the Court had signalled delays in the start of the 2014-2020 programming period already in its 2014 annual report; and that still, at the end of 2015, fewer than 20 % of the national authorities responsible for ESI funds had been

¹ SWD(2016) 318 final

designated.

The European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF): general issues

159. Welcomes the fact that the Court has aligned the chapters in its Annual Report to the heading under the MFF; is of the opinion, however, that the funds under this heading are of such financial importance - ERDF EUR 28,3 billion; CF EUR 12,1 billion; ESF EUR 10,3 billion - that the Court's audit strategy should keep the ERDF and the CF on the one hand, and the ESF on the other, identifiable;
160. Is concerned that, in particular towards the end of a programming period, Member States focused on absorption funds available under national envelopes rather than on achievement of policy objectives; calls on the European Commission to help the worst performing member states through technical assistance, especially at the end of the financial period;
161. Is anxious that the 16 Member States that have not yet transposed the directive on public procurement, the 19 Member States that have not transposed the directive on award of concession contracts, and the 17 Member States that have not yet transposed the directive on procurement by entities operating in the water, energy, transport and postal services sectors, do so as quickly as possible as the directives aim at further simplification; calls on the Commission to verify progress in these areas;
162. Highlights the importance of the Youth Employment Initiative (YEI): by the end of November 2015, close to 320,000 young people had been included in actions supported by the YEI and 18 out of 22 Member States had launched actions under it; 28 % of the available YEI funding had been committed, 20 % had been contracted out to beneficiaries and 5 % had been paid to beneficiaries; notes that three Member States had not yet committed any funding by the end of November 2015 (Spain, Ireland and the United Kingdom);
163. Takes note of the preliminary results of the implementation of the ESF and YIE in 2014-2015 and that 2.7 million participants took part in ESF and YEI activities, including 1.6 million unemployed and 700,000 inactive people;
164. Regrets, at the same time, that a first study¹ seems to also point to a lack of effectiveness of the services delivered and deficiencies in data collecting in some Member States.

Management and control systems (MCS)

165. Notes that in 2015 more than 80% of the payments were interim payments to OPs of the 2007-2013 programming period, whose eligibility period ended 31 December 2015; the advance payments to the 2014-2020 programming period amounted to around EUR 7,8 billion;

¹ First results of the Youth Employment Initiative, Final report to the DG Employment, Social Affairs and Inclusion of the European Commission, June 2016

166. Expresses concern at the fact that in Italy there have been unacceptable delays in payments to trainees under the Youth Guarantee; calls on the Commission to monitor the situation and to draw up a specific action plan for those Member States in which this problem is occurring;
167. Acknowledges that the Court examined 223 transactions (120 transactions concerned ERDF, 52 concerned the CF, and 44 the ESF);
168. Is worried about the fact that the Court quantified the estimated level of error at 5,2% (2014: 5,7%); is alarmed that the Court, as in previous years, had to conclude that “In 18 cases of quantifiable errors made by beneficiaries, national authorities had sufficient information to prevent or detect and correct the errors before declaring the expenditure to the Commission; urges the Member States to use all information to prevent, detect and correct the errors; urges the Commission to check whether the Member States use all information to prevent, detect or correct the errors; if all this information had been used, the estimated level of error for this chapter would have been 2,4 percentage points lower.”¹
169. Takes note that in the area of ERDF/CF expenditure, the Court identified that the main risks to regularity were that on the one hand, beneficiaries declare costs that are ineligible according to national eligibility rules and/or the less numerous eligibility provisions in the EU structural funds regulations, or, on the other hand, noncompliance with EU and/or national public procurement rules when awarding contracts; the Commission estimated the risk of error in this policy area between 3% and 5,6%;
170. Takes note that in the area of ESF expenditure, the Court identified that the main risk to regularity related to the intangible nature of the investments in human capital and the involvement of multiple, often small-scale, partners in the implementation of projects; the Commission estimated the risk of error in this policy area between 3% and 3,6%;
171. Notes with regret that one of the main sources of expenditure-related errors under the heading ‘Economic, social and territorial cohesion’ continues to be breaches of the rules on public procurement; points out that the serious breaches of the rules on public procurement include the direct award of additional contracts or additional works or services for which no justification is given, the illegal exclusion of bidders, conflicts of interest and discriminatory selection criteria; regards as essential a policy of complete transparency in respect of information concerning contractors and subcontractors, with a view to addressing errors and abuses of the rules;
172. Underlines that simplification, including the simplified cost option, reduces the risk of error; points, however, to the fact that management authorities are apprehensive about additional workload, legal uncertainties and the risk that any irregularity could be considered as a systemic error;
173. Welcomes the fact that Member States’ annual control reports became more reliable over the years: in only 14 cases (ERDF/CF) adjusted the Commission error rate reported by Member States upwards by more than 2%;

¹ European Court of Auditors, Annual Report concerning the financial year 2015, point 6.36

174. Regrets that DG REGIO saw the need to issue 67 reservations (down from 77) due to unreliable MCS in 13 Member States and one reservation concerning the Instrument for Pre-Accession Cross-Border Programme Greece-FYROM; of the 67 programmes under reservation 22 can be allotted to Spain, 10 to Hungary and 7 to Greece; meanwhile, the estimated financial impact of these reservations decreased from EUR 234 million in 2014 to EUR 231 million in 2015 for ERDF/CF;
175. Regrets also that DG EMPL issues 23 reservations (down from 36) due to unreliable MCS in 11 Member States; takes note that the estimated financial impact of these reservations decreased from EUR 169,4 million in 2014 to EUR 50,3 million in 2015 for the ESF;
176. Supports the Commission's plans that improving impact evaluations of cohesion policy programmes should be made a priority¹; asks the Commission how the findings will be incorporated in any legislation for the next programming period.

Financial engineering instruments (FEI)

177. Notes that the managing authorities of the Member States reported a total of 1 052 FEIs (including 77 holding funds (HF) and 975 specific funds) operating at the end of 2015: 89 % account for FEIs for enterprises, 7 % for urban development projects and 4 % for funds for energy efficiency/renewable energies.
178. Is aware that those FEIs were set-up in 25 Member States (all Member States except Ireland, Luxembourg and Croatia) and received financial support from 188 OPs, including one Cross Border Cooperation (CBC) operational programme.
179. Acknowledges that the total value of OPs contributions paid to the FEIs amounted to EUR 16,9 billion, including EUR 11,7 billion of structural funds (ERDF and ESF); recognises, furthermore, that payments to final recipients have reached EUR 12,7 billion by the end of 2015, out of which EUR 8,6 billion structural funds, thus reaching an absorption rate of almost 75 % of the OP amounts paid to FEIs;
180. Points out that recipients in Poland, Hungary and France are the prime beneficiaries of the FEIs;
181. Shares the Court's view that the Commission should ensure that all the expenditure related to ERDF and ESF financial instruments for the 2007-2013 programming period are included sufficiently early in the closure declarations to enable audit authorities to carry out their checks; in addition, the Commission should encourage all Member States that implemented financial instruments to carry out specific audits on the implementation of these instruments in view of the closure;
182. Is deeply worried that the financial complexity created by more than 1 000 FEI constitute a major part of the "galaxies of budgets" which renders democratic accountability impossible.

¹ Reply to question 19 in the written questions to Commissioner Cre u.

European Investment Bank

183. Is deeply concerned about the generally higher costs and fees for EIB/EIF-managed funds implementing financial instruments under shared management which have been revealed by the Court's findings in its Special report 19/2016 on 'Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period' and encourages the Court to conduct similar audit for the current period;
184. Calls on the Commission to present annually by June every year starting from 2018 a report on implementation from the beginning of the current MFF and state of play, including results achieved, of all financial instruments managed and implemented by the EIB Group, which operate with resources from the EU budget, in order to use it in the discharge procedure.

Specific cases

185. Notes that the European-Anti Fraud Office (OLAF) opened administrative investigations, such as in Germany related to the Volkswagen Group on the basis of emissions scandal, in France related to the National Front and its President and into the project in the Czech Republic known as "Stork Nest" on the basis of alleged irregularities; calls on the Commission to inform its competent committee immediately when the investigations are completed;
186. Is deeply concerned that in Hungary, the Court and DG REGION discovered serious irregularities related to the construction of metro line 4 in Budapest; based on an OLAF administrative enquiry, which began in 2012 and which was only recently concluded due to the complex nature of the case, the Commission may have to recover EUR 228 million and the European Investment Bank may have to recover EUR 55 million; the mismanagement was discovered at project level; the OLAF case report also recommends judicial follow-ups in Hungary and the United Kingdom; calls on the Commission to keep its competent committee regularly informed on the progress made and measures taken;
187. Deplores the adoption by the Romanian Parliament of two ordinances which could impede an effective fight against corruption and which, in addition, could offer the possibility of pardoning politicians who may have been implicated in illegal acts; such new legislative measures could have a very negative impact on the Commission's endeavour to protect the Union's financial interests as Romania is an important recipient of structural funds; calls on the Commission to inform its competent committee about the measures taken by the Commission to address the situation in time for the 2015 discharge vote.

Measures to be taken

188. Reiterates its demand, already made in the 2014 Commission discharge resolution¹, that the Commission should instruct all directorates general to publish all country specific recommendations they have issued in the context of the European semester in their

¹ P8_TA-PROV(2016)0147 of 28 April 2016, point 8

respective annual activity reports;

189. Asks the Court that, given their financial importance, its audit strategy should keep the ERDF and the CF on the one hand, and the ESF on the other, separately identifiable;

190. Calls on the Commission:

- to make sure that the management and control systems concerned in the 15 Member States¹ which showed weaknesses, are reinforced, and report on its effort to its competent committee in writing before October 2017;
- to clarify the distinction between recoverable and non-recoverable value-added tax;
- to report on the amount de-committed (country, fund, amount) after the financial period 2007-2003 came to an end;
- in line with the Court's recommendation, when making its legislative proposal for the next programming period, to propose necessary updates of the design and delivery mechanism for the ESI funds taking into account also the suggestions of the high level simplification group in order to strengthen the cohesion policy contribution to tackle disparities in inequalities between EU regions and Member States; calls on the Commission to prepare a communication on this issue at an early stage;
- to foresee for the next programming period more manageable and measurable performance indicators as Parliament attributes equal importance to legality and regularity checks, on the one side, and to performance, on the other;
- to foresee full transparency and access to documentation for infrastructure work financed by the Union, focusing particularly on data relating to contractors and subcontractors;

191. Fully supports Commissioner Oettinger's stated view that financial instruments and "shadow budgets" must be brought back, in the long run, under the roof of the Union budget, as this would mean that the Commission would be answerable to the Parliament; calls on the Commission to prepare a communication on this issue before November 2017.

Common agricultural policy

192. Recalls that the direct aid schemes introduced by the 2013 CAP reform only entered into force in claim year 2015 and that the present report relates to the expenditure of budget year 2015, corresponding to the direct aid applications lodged in 2014, the last year of the old CAP schemes.

Compliance issues

193. Points out that the estimated level of error of the Court lies at 2,9 % for MFF Heading 2

¹ European Court of Auditors, Annual Report concerning the financial year 2015, point 6.9, footnote 8

“Natural Resources” in the financial year 2015; notes that this level is similar to that of 2014, when taking into account the change of approach of the Court regarding cross-compliance errors that are no longer included in the error rate;

194. Calls on the Commission, therefore, with a view to improving accountability and reporting at senior management levels, to examine a more flexible and efficient application of the rule on internal mobility of managers in cases where a long time in post is combined with high error rates constantly being noted by the Court and sustained reservations about the results of management in the services concerned;
195. Points out that for “Market and direct support”, the error rate estimated of by the Court is 2,2%, slightly above the materiality threshold of 2 % (same level as in 2014), whilst in “Rural development and other policies” the estimated level of error remains high at 5,3% but is lower than the 6 % estimated last year;
196. Stresses that errors in direct support area were nearly all due to an overstated number of eligible hectares despite the fact that the reliability of data in the Land Parcel Identification System has been constantly improving over recent years, and points out that in rural development, half of the errors were caused by the ineligibility of the beneficiary or project, 28% by procurement issues, and 8% by infringements to agri-environmental commitments;
197. Strongly regrets that for both areas, direct support and rural development, national authorities could have reduced the level of error to a level close to or below materiality¹ as they either had sufficient information to detect the error or they made the error themselves; urges the Members states to use all available information to prevent, detect and correct any error and to act accordingly;
198. Welcomes the fact that the Commission significantly reduced the number of open conformity procedures: from 192 in 2014 to 34 in 2015, and that following changes in legislation designed to streamline the procedure, the Commission now monitors the audit cycle more closely in order to comply with the internal and external deadlines.

Management authorities

199. Regrets that the Court found deficiencies affecting some of the key control functions of Member States paying agencies and that these related to:
 - a) for EAGF:
 - * The LPIS, the administrative controls;
 - * The quality of on-the-spot inspections;
 - * The lack of consistency in defining the parameters for maintaining land in Good Agricultural and environmental condition (GAEC) and;

¹ Avoiding these errors would have reduced our estimated level of error by 0.9 percentage points for “Market and direct support” and by 3.2 percentage points for “Rural development and other policies”.

- * The recovery procedures for incorrect payments;
- b) for rural development support:
- * Deficiencies in administrative checks related to eligibility conditions, in particular those concerning public procurement;
- c) regarding cross-compliance, to the reliability of control statistics and sampling.

Reliability of the data communicated by the Member States

200. Notes that in 2015, for the first time, the certification bodies were required to ascertain the legality and regularity of the expenditure; regrets that the Commission could use the work of those bodies only to a limited extent due to significant weaknesses in methodology and implementation such as:

- * Inadequate audit strategies;
- * Samples being drawn that were too small;
- * Insufficient skills and legal expertise of Certification Bodies' auditors;

201. Deeply regrets that there is still a problem as to the reliability of the data communicated by the Member States as:

- a) in Direct payments:
- * DG AGRI made adjustments (top ups) for 12 out of 69 paying agencies with an error rate above 2 % (but none above 5 %) while only one paying agency had initially qualified its declaration;
 - * DG AGRI has issued reservations for 10 paying agencies: 3 for Spain, one each for France, Bulgaria, Cyprus Italy (Calabria), Romania, and one each for Spain and France as to POSEI (Programme d'Options Spécifiques à l'Éloignement et à l'Insularité for the ultra-peripheral regions);
- b) in rural area:
- * DG AGRI made adjustments (top ups) for 36 out of 72 paying agencies and in 14 cases the adjusted error rate was above 5%;
 - * DG AGRI issued a reservation for 24 Paying agencies comprising 18 Member States: Austria, Belgium, Bulgaria, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Ireland, Italy (4 paying agencies), Latvia, the Netherlands, Portugal, Romania, Sweden, Spain (3 paying agencies) and the United Kingdom (2 paying agencies);
 - * In addition DG AGRI issued reservations concerning public procurement for 2 Member States: Germany and Spain;

202. Stresses that for EAGF, the error rates established by the DG AGRI and the Court are

diverging¹ whilst for EAFRD the adjusted error rate of 4,99 % indicated by DG AGRI is broadly in line with the Court's estimated level of error.

Performance issues

203. Notes that as in 2014, the Court examined performance related issues for selected rural development transactions and is concerned by the facts that there was insufficient evidence that costs were reasonable in 44 % of projects, and that there were deficiencies in targeting measures and selecting projects, including weak links to Europe 2020 objectives; calls on the European Commission to take all possible measures to improve this worrying situation.

Key performance indicators

204. Is concerned about the reliability of the data used by the Commission to measure Key Performance Indicator 1 (KPI 1) as defined by DG AGRI concerning the agricultural factor income; believes that the current trend in part time farming due to low commodity prices is not accurately accounted for, notes in particular that:
- a) the Commission is unable to give precise figures of farmers who have left their jobs in 2015 due to the dairy and pig meat crises as “it does not have readily available data on new entrants or on the number of farmers who have left the sector” (written questions 1 and 3 -hearing of Commissioner Hogan f 29 November 2016);
 - b) 2013 is the last year for which figures on the number of farms are available: 10 841 000 farms managed each time by one farmer;
 - c) the number of recipients of the CAP first pillar is in 2015: 7 246 694 EU farmers and 127 268 beneficiaries supported under market measures;
 - d) the agricultural factor income is calculated per “annual work unit” which corresponds to the work performed by one person who is occupied on an agricultural holding on a full-time basis, the total farm labour force in the EU-28 being the equivalent of 9,5 million annual working units in 2013 of which 8,7 million (92 %) were regular workers²³;
 - e) the Court concluded in its special report 1/2016 that the Commission system for measuring the performance of the CAP in relation to farmers' incomes is not sufficiently well designed and that the quality and quantity of statistical data used to analyse farmers' incomes have significant limitations;

¹ Annual Activity Report of DG AGRI states that the aggregated adjusted error rate has fallen from 2.61 % in 2014 to 1.47 % in 2015

² Full-time means the minimum hours required by the relevant national provisions governing contracts of employment. If the national provisions do not indicate the number of hours, then 1 800 hours are taken to be the minimum annual working hours: equivalent to 225 working days of eight hours each.

³ According to the last Farm Structure Survey (Eurostat) the overall change in the EU-28's farm labour force during the period 2007–13 was a fall of 2.3 million annual work units (AWU), equivalent to a reduction of 19.8 %

205. Fears that the Commission is not well equipped to provide comprehensive yearly data as to KPI 1, nor – as a result – to precisely and comprehensively monitor the evolution of farmer income;
206. Considers that KPI 4 on the employment rate in rural development is not relevant, given that the employment rate in rural development is not solely influenced by the CAP measures, given also that the objective of maintaining and creating rural jobs is shared with many other instruments, notably other ESI funds.

Fair CAP

207. Stresses the large differences between the Member States as to average income by farmers ⁽¹⁾ and recalls that last year the Parliament found that “it was unsustainable that 44,7 % of all Union farms had an income of less than EUR 4000 per year, that on average 80 % of the beneficiaries of CAP direct support receive around 20 % of the payments and 79 % of the beneficiaries of CAP direct support receive EUR 5000 or less per year”²;
208. Takes note that the director general of DG AGRI reported in one page of its Annual activity report for 2015 on the “Trends in the distribution of direct payments” and stressed once again that it is up to the Member States to use the options offered by the 2013 CAP reform to redistribute the CAP subsidies;
209. Considers that direct payments do not fully play their role as a safety net mechanism for stabilising farm income, particularly for smaller farms, given that the current unbalanced distribution of payments leads to 20% of all farms in the EU receiving 80% of all direct payments, which does not reflect the level of production and is a legacy of Member States continuing to base payments on historic criteria, although recognising that the size of the farms, big or small, depends on each Member States; is the opinion that larger farms do not necessarily need the same degree of support for stabilising farm incomes as smaller farms in times of income volatility since they may benefit from economies of scale which are likely to make them more resilient; considers that capping the direct payments, as initially proposed by the European Commissions and endorsed by the European Parliament, could deliver sufficient financial resources to make the CAP fairer.

Bio fuels

210. Points out that according to the findings reported by the Court in its special report 18/2016 on the EU system for certification of sustainable bio fuels, the EU certification system for the sustainability of biofuels is not fully reliable and had been prone to fraud because the Commission granted recognition decisions to voluntary schemes which did not have an appropriate verification procedure to ensure that the origin of biofuels produced from waste was indeed waste.

¹ see the reply to written question 3 - hearing of Commissioner Hogan of 29 November 2016

² paragraph 317 of the European Parliament resolution of 28 April 2016 with observations forming an integral part of its decision on the discharge

Simplification

211. Insists that in its special report 25/ 2016 the Court checked whether the LPIS allowed Member States to reliably check the measurement and eligibility of land claimed by the farmers and whether the systems were being adapted to meet the requirements of the 2014-2020 CAP, in particular those concerning greening obligations;
212. Is concerned by the conclusions of the Court that six major changes potentially affecting the LPIS were introduced in May 2015 and that the complexity of the rules and the procedures required to deal with those changes has further increased the administrative burden for Member States.

Czech paying agency

213. Asks the Commission to speed up the conformity clearance procedure opened on 8 January 2016 to get detailed and precise information on the risk of a conflict of interest concerning the State Agricultural Intervention Fund in the Czech Republic; takes note that a failure to remedy a conflict of interest may ultimately result in the withdrawal of the accreditation of the paying agency by the competent authority or in imposing financial corrections by the Commission and asks the Commission to inform the Parliament without delay if at the end of the conformity clearance procedure information related to possible cases of fraud, corruption or any illegal activity affecting the financial interests of the EU are transmitted to OLAF by DG AGRI.

Conformity clearance inquiry

214. Considers that the simplification of the CAP and the reduction of administrative burden for beneficiaries and paying agencies should be priorities for the Commission in the years to come; that whilst the Commission should strive to keep the positive trend in the efficiency of its management of CAP and the CAP error rates by concentrating its attention on maintaining its corrective capacity and on the corrective actions to be taken by Member States, it should consider refraining from starting or pursuing conformity clearance inquiries of minor scope.

Measures to be taken

215. Calls on the Commission to:
 - a) continue its efforts to follow up on cases where national legislation is not compliant with Union legislation, including all legal means at its disposal in particular suspension of payments;
 - b) annually monitor the results of the LPIS quality assessment performed by Member States and check that all Member States with negative assessments actually take the necessary remedial action;
 - c) re-examine 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;

- d) ensure that all Member States' action plans addressing errors in rural development include effective actions on public procurement;
- e) monitor and actively support the certification bodies in improving their work and methodology on the legality and regularity of expenditure and in particular in delivering opinions on the legality and regularity of the CAP expenditure of a quality and scope which enable the Commission to ascertain the reliability of paying agencies' control data or, where appropriate, estimate the necessary adjustment of paying agencies' error rates on the basis of those opinions, with a view to implementing the single audit approach in the area of agricultural spending;
- f) update DG AGRI's audit manual by including detailed audit procedures and documentation requirements for the verification of the data supplied by Member States and used for calculating financial corrections;
- g) take the necessary measures in order to obtain from the Member States precise and comprehensive data as to the number of EU farmers and regarding the farmer income in order to really measure and monitor Key Performance Indicator (KPI) 1 mentioned in the annual activity report of the Director General of DG AGRI concerning the agricultural income;
- h) redefine KPI 4 relating to employment in rural area in order to stress the specific impact of the CAP measures on the employment in those areas;
- i) trigger regular debates between the Member States in the Council regarding the implementation of the provisions introduced by the 2013 CAP reform for redistributing the direct payments between beneficiaries and to fully report on the progress made in this regard in the annual activity report of DG AGRI;¹
- j) assess in the context of its reflections on a simplified and modernised CAP whether the direct payment scheme is properly designed for stabilising farm income of all farms or whether a different policy design, or model of distribution of direct payments could result in better adjusting public funds to the objectives;
- k) substantially modify the system of certification of sustainable bio fuels and in particular effectively verify that Union biofuel feedstock producers comply with Union environmental requirements for agriculture, provide sufficient evidence of the origin of waste and residues used for the production of bio fuels and assess whether the voluntary schemes' governance reduces the risk of conflicts of interest;
- l) lift the threshold below which conformity clearance inquiries in accordance with Article 52 of Regulation (EU) No 1306/2013 do not need to be pursued from EUR

¹ Member States must reduce the differences between per-hectare payment levels to beneficiaries on their respective territories (this is referred to as "internal convergence"). In principle (exceptions apply), they must also reduce by at least 5 % the receipts above EUR 150 000 which any beneficiary obtains from the basic payment scheme or the single area payment scheme. In addition, Member States have the option to redistribute up to 30% of their direct payments national envelope to the first 30 ha on every farm ("redistributive payment"), as well as to set an absolute upper limit on each beneficiary's receipts from the basic payment scheme or the single area payment scheme ("capping").

50,000 to 100,000¹;

- m) reconsider the introduction of a binding cap for the direct payments.

Global Europe

Error rates

216. Points out that according to the findings of the Court, spending on "Global Europe" is affected by a material level of error with an estimated level of error is 2,8 %, (2,7 % in 2014);
217. Regrets that when excluding the multi-donor and budget support transactions the error rate for the specific transactions directly managed by the Commission has been quantified at 3,8 % (3,7 % in 2015);
218. Notes that if all the information gathered by the Commission - and the auditors appointed by the Commission - had been used to correct errors, the estimated error rate for the chapter Global Europe would have been 1,6% points lower; urges the Commission to use all available information to prevent, detect and correct any error and to act accordingly;
219. Points out that the budget support transactions examined by the Court were free from errors of legality and regularity;
220. Points out that the most significant type of error, representing 33 % of the estimated level of error concerns expenditure not incurred: i.e. expenditure not incurred at the moment the Commission accepted and in some cases cleared it;
221. Points out that the most frequent type of error, representing 32% of the estimated level of error, concerns ineligible expenditure, i.e.
- a) expenditure related to activities not covered by a contract or incurred outside the eligibility period;
 - b) non-compliance with the rule of origin;
 - c) ineligible taxes and indirect costs wrongly charged as direct costs.

Declaration of assurance

222. Recalls that in his declaration of assurance, the director general of DG NEAR considers that for both of the financial instruments managed by DG NEAR - European Neighbourhood Instrument (ENI) and Instrument Pre Adhesion (IPA) - the financial exposure from the amount at risk is below the materiality threshold of 2% and the

¹ see Article 35(1) of Commission Implementing Regulation (EU) No 908/2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency

average determined error rate for the whole directorate general is 1,12%;

223. Regrets that this statement is not consistent with the audit work of the Court and notes that DG NEAR recognises in its report that the approach followed needs further improvement;
224. Notes in particular that DG NEAR calculated a residual error rate for 90 % of the expenditure resulting in three rates: a residual error rate for IPA direct management, a residual error rate for IPA indirect management and a residual error rate for ENI covering all management modes; for the remaining 10 % of expenditure DG NEAR used other sources of assurance;
225. Stresses that the Court found that the calculation of the residual error rate as to the management mode “indirect management by beneficiary countries”, which combines results from non-statistical sampling by the audit authorities with the historical residual error rate calculated by DG NEAR, is not sufficiently representative and does not provide accurate information on the amount of payments at risk; points out that according to the Court there is a risk that the calculation underestimates the level of error and may potentially impact on the assurance provided by the director general;
226. Welcomes the fact that the director general of DG DEVCO put an end to the former practice of overall reservation concerning the legality and regularity of transactions in respect of all DG DEVCO’s operations and that following the recommendations of the Parliament made a risk differentiated declaration of assurance in the 2015 annual activity report;
227. Notes that a specific reservation covering the African Peace Facility was issued due to control weaknesses identified by the Commission’s Internal Audit Service; considers that such a reservation should have been issued earlier as the deficiencies detected were present since the establishment of the facility in 2004; states that the practice of an overall reservation concerning all DG DEVCO has obviously contributed to a lack of transparency regarding the financial management of DG DEVCO;
228. Notes that DG DEVCO assessed two spending areas as high risk:
 - 1) Grants in direct management;
 - 2) Indirect management with international organisations;
but shares the views expressed by the Court that a reservation could have been justified as regards indirect management with beneficiary countries in particular because grants implemented indirectly by beneficiary countries should require a similar level of risk analysis as grants implemented directly;
229. Points out that according to the findings of the Court (see paragraphs 48-50 of the Court’s 2015 annual report on the EDF), the corrective capacity of DG DEVCO has been overestimated by not excluding recoveries of prefinancing and earned interest and cancellations of recovery orders from the calculation of the average annual amount of recovery order issued for errors and irregularities between 2009 and 2015.

Weaknesses in control and preventing systems

230. Stresses that the Court found weaknesses in the Commission's control systems as:
- the expenditure verifications carried out by auditors appointed by beneficiaries in some cases failed to detect the errors leading to the Commission's acceptance of non-eligible costs;
 - delays were identified in the validation, authorisation and payment of expenditure by the Commission;
 - the specific rules set up by the Commission for the twinning instruments (under the European Neighbourhood and Partnership instrument) concerning lump sum and flat rate costs were drafted in such a way that they created risk that the implementing Member States partner yields a profit.

External assistance management reports

231. Regrets once again that the external assistance management reports issued by the heads of Union delegations are not annexed to the annual activity reports of DG DEVCO and DG NEAR as is foreseen by article 67. 3 of the Financial Regulation; regrets that they are systematically considered as confidential whilst in accordance with article 67.3 of the Financial Regulation, "they shall be made available to the European Parliament and the Council having due regard, where appropriate to their confidentiality";
232. Notes that because analysis of key performance indicators had been done in DG NEAR for the first time it is not possible to take any conclusion in terms of "trends" and that in 2015, five key performance indicators were not calculated for DG NEAR;
233. Points out that:
- a) overall, the performance of delegations has improved, as measured by the number of benchmarks reached on average per delegation;
 - b) the total value of the project portfolio managed by delegations has decreased from EUR 30 billion to EUR 27,1 billion and that
 - c) the share of projects with implementation problems has decreased from 53,5 % to 39,7 %.
234. Stresses that 1) the Instrument for Stability, 2) the MIDEAST Instrument and 3) the European Development Fund are still the programs with worryingly high levels of implementation difficulties and that an unacceptable 3 of 4 EUR spent with the European Development Fund are at risk of not reaching their objectives or of being delayed;
235. Notes that information on 3782 projects has been reported by the heads of delegations for EUR 27.41 billion of commitments and that:
- a) 800 projects (21.2 %) worth EUR 9,76 billion (35,6 % of the entire project portfolio) are exposed to some type of output risk – either a priori or current output risk, projects financed from the European development fund accounting for 72 % of the total amount at risk (EUR 7 billion);

- b) 648 projects (17,1 %) worth EUR 6 billion (22 % of the entire project portfolio) are at risk of being delayed, projects financed from the European development Fund accounting for two thirds of all delayed projects;
 - c) 1125 projects (29,75 %) worth EUR 10,89 billion (39,71 %) are at risk of not reaching their objectives or with delayed implementation, the European development fund accounting for 71 % of the EUR 10,8 billion at stake;
236. Welcomes that for the first time the Commission questioned the heads of Union delegations about the *a priori* risk of projects which may offer a first step into a centralised risk management process; recommends that on the basis of the information available regarding the difficult field in which delegation may operate the Commission intensifies its dialogue with the delegations on how to manage this risk during the implementation phase of the project;
237. Notes that the four worst performing delegations for which DG DEVCO is responsible are Yemen, Central African Republic, Gabon and Mauritania whilst the ranking of the four worst performing delegations for which DG NEAR is responsible are Syria, Egypt, Albania and Kosovo;
238. Expects that DG DEVCO will progress in the achievement of the following priorities in 2016 and will report on them in its annual activity report for 2016:
- a) Increase the accuracy of financial forecasting on decisions and contracts;
 - b) Increase the percentage of payments made within the 30 day period;
 - c) Increase the effectiveness of controls;
 - d) Improve performance of all delegations with less than 60 % of their KPIs marked “green” in 2015, in particular through the adoption of action plans and information systems.
239. Expects DG NEAR to achieve the following priorities in 2016 and report on them in its annual activity report for 2016:
- a) Introduce the five KPIs that were missing in the external assistance management report 2015 exercise;
 - b) Improve the monitoring possibilities for KPIs.

Union spending on migration and asylum in neighbourhood countries

240. Recalls that one important aspect of the Union external relations is that the fight against poverty should also aim to create the conditions of preventing the uncontrolled arrival of irregular migrants in Europe;
241. Endorses the main findings reported by the Court in its special report 9/2016 concerning “EU external migration spending in Southern Mediterranean and Eastern neighbourhood countries until 2014” and stresses in particular that the existing fragmentation of instruments hinders parliamentary oversight of 1) the way funds are

implemented and 2), the identification of responsibilities, and therefore makes it difficult to assess the financial amounts actually spent to support external action on migration.

World Bank

242. In light of the alarming information provided by Politico on 2 December 2016 regarding “Conflict of interest fears over Georgieva’s World Bank dealings” recalls that Parliament called on the Commission in its last discharge resolution concerning the Commission’s budget for 2014 to review the code of conduct for commissioners by the end of 2017, including by defining what constitutes a conflict of interest; stresses that without a detailed definition of what constitutes a conflict of interest, Parliament will not be able to properly evaluate fairly and consistently the existence of actual or potential conflict of interests;
243. Considers that the new funding arrangement concluded by the Commission with the World bank¹ replacing a flat management fee with a more complex formula, and foreseeing in particular that certain projects directly carried out by the World Bank may be subject to a 17% charge on the cost of personnel and consultants, will probably be detrimental to the budget of the Union and could result in payments exceeding the 7% cap on management fees forbidden by article 124.4 of the Financial Regulation;
244. Stresses that the management fee paid to the World Bank will not be used for development and cooperation projects; wonders why the World Bank should be remunerated by the Commission for banking activities that are at the core of its mission of banker.

International Management Group (IMG)

245. Congratulates the Commission on the outcome of proceedings in Case T-381/15 on 2 February 2017; asks which contracts with IMG are still underway at present.

Measures to be taken

246. Calls on:
- DG DEVCO and DG NEAR to enhance the quality of expenditure verifications contracted by beneficiaries, namely by introducing new measures such as the use of a quality grid to check the quality of the work performed by the beneficiary contracted auditors and the revision of the auditors’ terms of reference;
 - DG NEAR to take action to ensure that funding channelled through a twinning instrument is in accordance with the non-profit rule and adheres to the principle of sound financial management;
 - DG NEAR to revise the RER methodology in order to provide statistically accurate information on the amount at risk for payments made under IPA Indirect

¹ Commission decision of 12.4.2016 amending Commission Decision C(2014) 5434 authorising the use of reimbursement on the basis of unit costs for activities implemented by a World Bank Group entity under the Framework Agreement with the Union

- management;
- DG DEVCO to revise the estimate of its future corrective capacity by excluding from the calculation recoveries of unspent prefinancing and earned interests and cancellation of recovery orders previously issued;
 - DG DEVCO and DG NEAR to publish the external assistance and management reports issued by the heads of Union delegations as an annex to their annual activity reports as foreseen by article 67.3 of the Financial Regulation and to indicate in their annual activity reports the measures taken to redress the situation in delegations with implementation problems, to shorten the delays and to simplify the programmes;
 - the Commission to make public the declarations of assurance of the heads of Union delegations;
 - the Commission to:
 - 1) Clarify objectives;
 - 2) Develop, expand and improve the performance measurement framework of its migration and asylum policies in neighbourhood countries;
 - 3) Focus available financial resources on clearly defined and quantified target priorities and,
 - 4) Further consolidate the link between development and migration;
 - the Commission to include in the code of conduct for commissioners the definition of what constitutes a conflict of interest, to fundamentally reconsider the need to foresee in its funding arrangements with international organisations and entrusted entities provisions regarding their remuneration for staff costs linked to activities that are at the core of their mission and to report fully to the Parliament by the end of 2017 on its reflections in this regard but also on the impact of the application of the new cost recovery policy.

Migration and security

247. Welcomes the fact that, given the political sensitivity of the issue, the Court addressed for the first time the migration and security policy in the second part of chapter 8 of its annual report; notes that with EUR 0,8 billion this area represents a small but increasing part of the Union budget;
248. Deplores that the Court did not formulate any error rate regarding this policy area whilst the director general of DG HOME estimates in his 2015 annual activity report a residual multiannual error rate of 2,88% for non-research grants directly managed by DG HOME;
249. Shares the concerns expressed by the Court regarding the fact that audits of the solidarity and management of migration flows performed by the Commission did not cover tests of controls on most key processes and that for this reason there is a risk that

some annual programmes with ineffective control systems have been considered by the Commission to provide reasonable assurance and consequently will not be the focus of the Commission's ex-post audits;

250. Recalls that deficiencies were detected by DG HOME in the management and control systems of the European Refugees Fund, Return Fund, European Fund for Integration of Third-Country Nationals and the External Borders Fund for the period 2007-2013 by Czech Republic, Germany, France and Poland;
251. Is of the opinion that KPI 1 included in the DG HOME annual activity report for 2015 is not relevant as the rate of return of irregular migrants to third countries is not significantly influenced by management by DG HOME;
252. Deplores that the Commission considers that it is "difficult if not impossible to provide an estimated cost paid for migrants/seeker country by country as the management of migratory flows comprises a wide range of activities"¹ ;
253. Asks the Court to provide the budgetary control authority with a most likely error rate concerning migration and security policy in its annual report for the year 2016 and to evaluate the corrective capacity of the Commission services in this policy area;
254. Expresses concern over checks carried out on funds for refugees, which are frequently allocated by the Member States in emergencies in ways that do not comply with the rules in force; regards it as essential that the Commission introduce more rigorous checks, including with a view to ensuring that the human rights of refugees and asylum seekers are upheld.

Measures to be taken

255. Recommends that DG HOME:
 - a) carefully quantify and analyse in its annual activity report the nature of the errors it identifies and provide more information concerning the reliability of its "corrective capacity";
 - b) promote the use of simplified cost options, the use of lumps sums and standardised "unit costs" in the management of its funds;
 - c) carefully draw lessons from the past regarding the deficiencies detected in the management of the European Refugee Funds, Return Fund, European Fund for Integration of Third-Country Nationals and the External Borders Fund for the period 2007-2013;
 - d) provide the budget and budgetary control authority with the most precise data possible as to the cost paid for migrants/asylum seekers in order to solidly justify the amounts of budgetary requests for funding programmes, while acknowledging the unquantifiable value of any and all human life;
 - e) test the effectiveness of Member States internal control systems used for the

¹ reply to written question 23 - hearing of Commissioner AVRAMOPOULOS of 29 November 2016

SOLID programmes over most key processes : selection and award procedures, award procedures, project monitoring payments and accounting;

- f) organise and favour more synergy between all the services in charge if programmes possibly influencing the migration flows.

Administration

256. Notes that an official can be appointed to a senior expert or a senior assistant post which opens the possibility to be promoted to the AD 14 grade or AST 11, and that once an official is appointed to a senior expert post, there is no possibility to move him/her back to an administrator job; regrets the inconsistency between this measure and those aiming to reduce administrative expenses or reinforce the link between grade and function; calls on the Commission to end this practice;
257. Notes with concern that the average number of years in the grade before promotion have decreased for the grades AD 11 and higher; for grade AD 12, for example, in 2008 an official was promoted only every 10,3 years on average while in 2015 he/she was promoted every 3,8 years, which shows that the promotions in the upper salary grades have been speeded up; asks the Commission to slow down promotions in grades higher than AD 11 or AST 9;
258. Emphasises that geographical balance, namely the relationship between staff nationality and the size of Member States, should still remain an important element of resources management particularly with respect to the Member States that have acceded to the Union since 2004, welcomes the fact that the Commission has reached a more balanced composition of officials from the Member States which joined the Union before and since 2004; but points out that the latter Member States are still underrepresented at the higher level of administration and in managerial posts, for which progress is still awaited;
259. Notes with concern the excessively high prices charged for medical services in Luxembourg and the difficulties in ensuring that members of the EU institutions' Joint Sickness Insurance Scheme receive treatment on an equal footing with Luxembourg's citizens; calls on the institutions, and the Commission in particular, to demand and guarantee that Article 4 of Directive 2011/24/EU, under which Member States are required to ensure that healthcare providers on their territory apply the same fees for patients from other Member States as for domestic patients, be enforced in all Member States, and in the Grand Duchy of Luxembourg especially; calls too for it to impose the appropriate sanctions where this Directive is not complied with.

OLAF

260. Notes that the College of Commissioners lifted the OLAF director general's immunity, following a request by Belgian authorities, in the context of investigations linked to the "Dalli case"; is of the opinion that the director general is confronted with a three-fold conflict of interest:
- while the College was in the process of deciding on lifting his immunity, the Director General considered the possibility of opening OLAF investigations

against Members of the Commission,

- once the College had taken its decision to lift his immunity, the Director General took legal action against the Commission for an alleged irregularity in the adoption of its decision; at the same time the Director General continued to represent the Commission on policy matters related to his portfolio,
- after the lifting of his immunity had been confirmed, the Belgian public prosecutor opened an investigation into the Director General's role in the case in question, while continuing to serve as the OLAF Director General's interlocutor for fighting fraud against the EU's financial interests in Belgium;

Considers that these conflicts of interest could damage both OLAF's and the Commission's reputation; asks therefore the Commission to place the OLAF Director-General on leave until the end of the investigation conducted by the Belgian authorities, and to appoint a temporary substitute;

- * is shocked by news reports that, according to OLAF calculations, the U.K. customs' 'continuous negligence' deprived the EU of EUR 1.987 billion in revenues in lost duties on Chinese merchandise; and that a highly sophisticated organised crime network also stripped EUR 3.2 billion from the value-added-tax income of major EU countries such as France, Germany, Spain and Italy;
- * asks to be granted access to the complete case file and to be kept regularly informed.

Code of conduct

261. Is of the firm opinion that there is a growing need for strong ethics regulation in order to fulfil Articles 17 TEU and 245 TFEU; insists that well-functioning codes of conduct demand continuous attention; stresses that a code of conduct is only an effective preventative measure if properly applied and if compliance is systematically reviewed, not only in cases of incidents;
262. Notes the Commission proposal to revise the codes of conduct for commissioners; regrets however that the revision is limited to the extension of the cooling-off period to three years only for the former President of the European Commission; calls on the Commission to review the code of conduct for Commissioners by the end of 2017, including by implementing the European Parliament's recommendation that the ad hoc ethical committee be reformed to extend its powers and include independent experts, by defining what constitutes a "conflict of interest", as well as introducing criteria for assessing the compatibility of post-office employment and extending the cooling off period to three years for all Commissioners;
263. Points out that an important step with regard to conflicts of interest is to increase the transparency of the European Commission President, the ad hoc ethical committee of the Commission and of the Secretariat General, when reviewing situations of potential conflict; notes that only if the opinions of the ethical committee are published proactively can the public hold the Commission accountable;

264. Calls on the College of Commissioners to take a decision now that the recommendation of the ethical ad-hoc committee in the case of the former Commission President has been finalised so as to refer the case to the European Court of Justice for it to give an opinion on the matter.

Expert groups

265. Welcomes the Commission Decision of 30 May 2016 establishing horizontal rules on the creation and operation of Commission EGs, but regrets the fact that, despite many non-governmental organisations having expressed their interest, the Commission did not organise a full public consultation; reiterates the importance of reviving forms of involvement of representatives of civil society and the social partners in crucial areas such as the transparency and the functioning of the European institutions;
266. Recalls that a lack of transparency has a negative effect on the trust that EU citizens have in the EU institutions; believes that the effective reform of the Commission's EGs system, based on clear principles of transparency and balanced composition, will improve the availability and reliability of data, which will in turn help increase people's trust in the EU;
267. Takes the view that the Commission should make progress towards a more balanced composition of the EGs; deplors the fact, however, that as yet no express distinction is drawn between those representing economic and non-economic interests so as to guarantee a maximum of transparency and balance;
268. Recalls that both Parliament and the European Ombudsman have recommended to the Commission to make the agendas, background documents, minutes of meetings and deliberations of EGs public.

Special advisors

269. Calls on the European Commission to publish the names, the function, the grade and the contract (working hours, length of the contract, place of work) of all special advisors; considers that there is a risk of conflicts of interest with the special advisors; is of the firm opinion that conflicts of interest should be avoided as it would undermine the credibility of the institutions; calls on the Commission to publish the declarations of interest of the special advisors.

European Schools

270. Notes that individual schools are responsible for the annual accounts (which make up the “General Framework”); the appropriations available in the 2015 budget amounted to EUR 288,8 million to which the Commission contributed EUR 168,4 million (58 %);
271. Is shocked that after all these years of alleged reforms, the Court continues to be extremely critical of the European schools’ financial management:

“II. The Schools did not prepare their annual accounts within the legal deadline. Numerous errors were found, most of which were corrected (as a result of the review) in the final version of the accounts. They constitute systematic weaknesses in the

accounting procedures. (...)

IV. The payment systems of the two selected Schools were affected by significant weaknesses: no automatic link between the accounting and payment systems and no strict segregation of duties, payments made outside the accounting system not automatically rejected by the system and a poor level of control generally. These weaknesses represent a significant risk in terms of the legality and regularity of payments.

V. The Court also found several significant weaknesses in procurement procedures, which risked compromising the principles of transparency and equal treatment.

VI. In a few cases, the Court did not find evidence of the qualifications of recruited staff and noted omissions in their personal files.

VII. As a result, the Court was unable to confirm that the financial management was sound”;

272. Deplores the fact that “(...) the Court was unable to confirm that the financial management was sound”;
273. Deplores also that the Commission, in line with the Court’s findings and due to a case of suspected fraud which occurred between 2003 and 2012, issued again a reputational reservation on payments;
274. Notes that the size of the budget allocated to the European Schools system is considerably larger than that received by all but 2 of the 32 agencies; believes that the financial accountability of the European Schools system should be raised to a level comparable to that of the European agencies, including by means of a dedicated discharge process for the EUR 168,4 million put at its disposal;
275. Recalls that the Parliament in its 2010 Commission discharge procedure had already questioned “the decision-making and financing structures of the Convention on the European Schools”; and had demanded that the Commission “explore with the Member States a revision of that Convention and [...] report by 31 December 2012 on the progress made”; notes that no progress report was ever received by Parliament;
276. Notes the ongoing financial and organisational crisis in the European Schools system is growing more acute because of the plans to open a fifth school in Brussels and the possible consequences of the withdrawal of one Member State from the European Schools Convention at some point in the future; questions whether the European schools system as currently organised and financed has the resources to cope with the planned expansion to five schools in Brussels; notes that this risks creating even more significant problems in the future by over-stretching some language sections that, under current resourcing models, only have the capacity to cover four Brussels schools (in the case of the German-language sections) or three (in the case of the English-language sections);
277. Finds it unacceptable that Member State representatives continue to grant discharge to the European schools, although the Commission, which pays 58% of the annual budget,

and the Court advise against it;

278. Fully endorses the Court's 11 recommendations issued in its report of 11 November 2015 on the annual accounts of the European Schools for 2014 comprising accounting, staff, procurement procedure, control standard and payment issues;
279. Welcomes the updated action plan drawn up by DG Human Resources and Security with the view to addressing the Commission's reservation and the Court's observations;
280. Calls on the Commission to prepare a communication to the Parliament and the Council reflecting on how the administrative structure of the European schools could best be reformed before November 2017;
281. Calls for the Commission to play its full part in all aspects of the process of reform covering managerial, financial, organisational and pedagogical issues; asks that the Commission submit annually a report giving its assessment of the state of progress in these areas to the Parliament, to ensure its relevant committees can scrutinise the management of the schools system and evaluate the use it makes of the resources put at the system's disposal out of the Union budget; asks that the relevant commissioner give the matter his close attention, and specifically calls on him to participate personally in the biannual meetings of the board of governors; reiterates Parliament's view that a 'comprehensive review' of the European Schools system is urgently required; calls for the first draft of the review in question to be provided by 30 June 2017.

Committees Opinions

Foreign Affairs

282. While welcoming the progress achieved, notes that 6 out of 10 civilian missions under the Common Security and Defence Policy (CSDP) have not yet been recognised by the Commission as compliant with Article 60 of the Financial Regulation; urges the Commission to step up work in order to accredit all civilian CSDP missions, in line with the Court's recommendation, allowing them to be entrusted with budget implementation tasks under indirect management;
283. Welcomes the establishment of the Mission Support Platform aimed at reducing the administrative burden and increasing the efficiency of civilian CSDP missions; regrets its limited size and scope and reiterates its call for further progress towards a shared services centre, which would lead to further budgetary and efficiency gains through centralising all mission support services that do not need to be ensured locally;
284. Reiterates its view that the Union's financial rules need to be better adapted to the specificities of external action, including crisis management, and stresses that the current revision of the Financial Regulation needs to deliver greater flexibility;
285. Is concerned by the lack of direct means of control in regard to the use of macro-financial assistance by recipient third countries; calls on the Commission to tie assistance of this kind more closely to measurable parameters;
286. Welcomes equally the recommendations suggested by the Court in its special report

13/2016 on the EU assistance for strengthening the public administration in Moldova and in the Special report 32/2016 on EU assistance to Ukraine; considers that the EU should fully use the leverage of conditionality and ensure proper monitoring of the implementation of the reforms undertaken in order to positively contribute to the reinforcement of democratic practices both in Moldova and Ukraine.

Development and Cooperation

287. Welcomes in this context the Court's special report No 9/2016 on the Union's external migration spending in Southern Mediterranean and Eastern Neighbourhood countries; highlights that the Court comes to the conclusion that the Union's external migration spending has failed to demonstrate its effectiveness, that it is impossible to measure its results, that the Commission's approach to ensure that migration has a positive development impact is unclear, that return and readmission support is having little impact and that respect for human rights of migrants, which should underpin all actions, remains theoretical and is only rarely translated into practice;
288. Welcomes the fact that the Court's special report No 15/2016 on humanitarian aid spending in the Great Lakes region; highlights that the Court concludes that humanitarian aid to the population affected by conflict in the African Great Lakes area was, generally, managed effectively by the Commission; stresses the stark contrast with migration spending and sees this as further proof that well planned development policies deliver much better results than short term driven migration activism;
289. Is very worried by a noticeable trend in recent Commission proposals to ignore legally binding provisions of Regulation (EU) No 233/2014 of the European Parliament and of the Council¹ when it comes to official development assistance eligible expenditure and eligible countries for Development Cooperation Instrument spending; recalls that legality of the Union spending is a key principle of sound financial management and that political considerations should not take precedence over clearly spelled out legal provisions if the Commission wants to remain credible on rule of law issues; reminds the Commission in this context about the recent judgment of the Court of Justice² on cooperation with Morocco and the Western Sahara issue, in which the Court ruled that the Union has consistently infringed international law;
290. Supports the use of budget support in general, but urges the Commission to more clearly assess and define the development outcomes to be achieved through budget support in each case and above all to enhance control mechanisms concerning recipient states' conduct in the fields of corruption, respect of human rights, rule of law and democracy; expresses deep concern about the potential use of budget support in countries lacking democratic oversight, either due to the lack of a functioning parliamentary democracy, freedoms for civil society and the media, or due to a lack of capacity of oversight bodies;

¹ Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

² Judgment of the Court of Justice of 21 December 2016, *Council v Front Polisario*, C-104/16 P, ECLI:EU:C:2016:973.

291. Calls on the Commission to incorporate an incentive-based approach to development by introducing the more-for-more principle, taking as an example the European Neighbourhood Policy; believes that the more and the faster a country progresses in its internal reforms to the building and consolidation of democratic institutions, the eradication of corruption, the respect for human rights and the rule of law, the more support it should receive from the Union; stresses that this “positive conditionality” approach, accompanied by a strong focus on financing small-scale projects for rural communities, can bring real change and guarantee that Union tax payers’ money is spent in a more sustainable manner;
292. Regrets that no prior consultation of Parliament took place when setting up the EU Emergency Trust Fund (EUTF) for Africa; calls for more effective efforts to enhance the transparency of decisions on EUTF projects and underlines the lack of an adequate format for the regular consultation of Parliament and regrets that no action has been taken in this respect.

Employment and Social Affairs

293. Notes the Court’s recommendation that the Commission use the experience acquired in the 2007 to 2013 programming period and report on a focused analysis of the national eligibility rules for the 2014 to 2020 programming period and that, based on this, it provide guidance to Member States on how to simplify and avoid unnecessary complex or burdensome rules;
294. Calls on the Commission to consider the possibility of including Union funding programmes in its Annual Burden Survey as agreed in the Interinstitutional Agreement on Better Law-making of 13 April 2016; highlights that the introduction of annual burden reduction targets that include EU funding programmes would increase compliance and therefore contribute to a reduction in the error rate;
295. Welcomes the increased focus on results under the 2014 to 2020 programming period; considers, however, that further developing result indicators and monitoring systems would contribute to sound financial accountability and increase the efficiency of future operating programmes.

Environment, Public Health and Food Safety

296. Is satisfied with the work carried out by the five decentralised agencies which are under its remit and which carry out technical, scientific or managerial tasks that help the Union’s institutions to elaborate and implement policies in the area of environment and climate policy, public health and food safety, as well as with the way those agencies’ budgets are implemented;
297. Is satisfied with the overall implementation of the LIFE+ operational budget, which amounted to 99,95 % in 2015 for commitment appropriations and 98,93% for payment appropriations; stresses that LIFE+ has helped to increase public awareness and participation in legislation and the implementation of the environmental policy of the Union, in addition to improving governance in this sector; notes that, in 2015, EUR 225,9 million were committed for action grants, EUR 40 million were used for financial instruments managed by the European Investment Bank and EUR 59,2 million were

used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development; notes that EUR 10,2 million were used for administrative support to LIFE and for support to the Executive Agency for Small and Medium-Sized Enterprises;

298. Takes note that DG CLIMA has increased its implementation rate to 99,9% of EUR 108 747 880 in commitment appropriations and 91,77% of EUR 47 479 530 in payment appropriations, and that if the administrative expenditure is not taken into account, the rate of payment implementation reaches 96,88%;
299. Encourages the budgetary authority to focus on pilot projects and preparatory actions with true added value for the Union in the future; acknowledges that ten pilot projects and five preparatory actions amounting in total to EUR 1 400 000 in commitment appropriations and EUR 5 599 888 in payment appropriations have been implemented;
300. Acknowledges that an evaluation of the second Health Programme (2008-2013) was finalised in 2015; welcomes that the third Health Programme was reinforced in 2015 to support and foster exchange of information and good practices in Member States facing challenges linked to significant reception of migrants, asylum seekers and refugees, in particular in relation to DG SANTE's preparation of a personal health record for migrants' health assessment to be used at "Hotspots" and reception areas and an additional budget for projects linked to migrants' health.

Transport and Tourism

301. Notes that in 2015 EUR 12,8 billion was allocated to 263 transport projects through grant agreements signed in 2015 under the 2014 Connecting Europe Facility calls for proposals; further notes that the Connecting Europe Facility funding has generated EUR 28,3 billion of total investments, combining a Union contribution with regional and Member States budgets, as well as loans from the European Investment Bank;
302. Notes that for the area of "Competitiveness for growth and employment", to which transport belongs, the Court only audited seven transactions under the responsibility of DG MOVE; notes that errors were found in only one of the transactions audited and that those errors concern non-compliance with public procurement rules;
303. Points out that the EIB's evaluation report notes geographical imbalances and sectoral concentrations in the Infrastructure and Innovation Window portfolio and that financing under the Infrastructure and Innovation Window is concentrated (63%) in three Member States; calls on the Commission to urgently assess the impact of EFSI for the Union as a whole; regrets that EFSI is not sufficiently used for the financing of innovative transport projects in all modes of transport, for instance to promote sustainable means of transport or to further encourage the digitalisation process as well as barrier-free accessibility;
304. Regrets that the Commission (DG MOVE) has not yet established a formalised consolidated strategic document for the supervision on the TEN-T core network corridors development; encourages the Commission to adopt such a strategic document regarding supervision activities and transparency; recalls that transparency and consultation with all stakeholders contribute to the success of transport projects;

305. Points out that transport projects in 2014-2020 will be financed from several sources, including the Connecting Europe Facility , the CF, the EFRD and the EFSI; calls on the Commission, therefore, to develop synergies that will enable these different sources of funding to allocate the funds available more efficiently, as well as the blending of these resources; calls on the Commission to annually deliver and publish, inter alia on its websites, easily accessible lists of transport, including modal share percentages, and tourism projects, that are co-financed through the mentioned funds.

Regional Development

306. Calls on the Commission through the HLG¹ to pay specific attention to national eligibility rules in its audit of national management and control systems, helping Member States to simplify them to allow changes to be made; in this context, underlines the importance of applying the single audit principle; calls on the Commission through simplified and effective guidance to clarify the notion of recoverable VAT to avoid different interpretation of the term 'non-recoverable' VAT and avoid a sub-optimal use of Union funds; calls on the Commission, Member States and the regional authorities to ensure that beneficiaries are provided with consistent information about funding conditions, particularly concerning the eligibility of expenditure and the relevant ceilings for reimbursement;

307. Deplores the fact that managing authorities presented a lower level of cost claims for reimbursement in 2015 than in 2014, which led to a fall in the level of unpaid cost claims from EUR 23,2 billion in 2014 to EUR 10,8 billion in 2015, of which EUR 2,8 billion had remained unpaid since the end of 2014; points out that delays in the budgetary execution for the 2014-2020 period should not be greater than those for the previous period and lead to an accumulation of unpaid claims towards the end of the funding period; urges the Commission to monitor the situation closely with Member States and adapt its payment plan accordingly;

308. Regrets that, as of 30 June 2016, not all Member States had transposed the directives on public procurement and urges the Commission to continue to assist Member States to increase their capacity to transpose those directives, as well as to implement all their action plans on ex ante conditionalities, which is an essential pre-requisite for prevention of fraudulent and non-fraudulent irregularities; stresses the importance of implementing the action plan on public procurement for ESI Funds in 2014-2020 with a view to simplifying, speeding up and harmonising electronic public procurement procedures;

309. Takes note that the average disbursement rate for ERDF¹) and ESF financial instruments was 57 % at the end of 2014, which represents only a 10 % increase compared to 2013; regrets the Court's observation on the extension of the eligibility period of disbursements made to final recipients within financial instruments by means of a Commission decision rather than an amending regulation; expresses concern in the event that the Court were to rule all disbursements after 31 December 2015 as irregular; notes with concern that a significant share of initial endowments of ERDF and ESF financial instruments during 2007-2013 programming period was spent on management

¹ High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds

costs and fees;

310. Welcomes the Court's approach to focus on performance and considers it good practice that managing authorities define relevant result indicators measuring the contribution of the projects to the achievement of the objectives set for the OPs in accordance with the additionality criterion; stresses the need to intensify communication; calls on the Commission to identify more efficient channels of communication in order to increase the visibility of investments using ESI Funds; calls on the Commission to develop a limited number of relevant indicators which can help measure performance;
311. Urges the Commission and Member States to make the best use of the territorial instruments by ensuring that in due time the integrated urban development strategies are approved for financing, which will allow cities to invest in comprehensive strategies, exploit synergies between policies and ensure a more effective long-term impact on growth and jobs.

Agriculture and Rural Development

312. Asks the Court to continue to provide separate assessments for the EAGF, the EAFRD and Heading 2, also beyond the next financial year, as separate assessments allow for targeted action for improvement of the considerably different error rates;
313. Urges both the Commission and Member State authorities to continue to address and reduce the complexities in relation to direct payments, wherever possible, and in particular if there are many different levels involved in the administration of EAGF and
314. Welcomes a new generation of additional financial instruments, believes that they must be designed with clearer objectives and a sufficient degree of scrutiny at the end of the period of implementation to demonstrate their impact and ensure that they do not result in an increased error rate;
315. Calls, in relation to national payment agencies in the Member States that have fallen short of expectations in the past three years, for EU officials who are already in post rather than nationals of the Member State concerned, to be responsible in those payment agencies;
316. Draws attention to the multi-annual nature of the agricultural policy management system and emphasises that the final evaluation of irregularities related to the implementation of the directive will be possible only at the end of the programming period;
317. Notes that the simplification of the CAP should not put viable food production at risk and calls for measures to shift towards a low-carbon economy in the agri-food and forestry sectors.

Fisheries

318. Is satisfied to see that the follow-up to the reservations DG MARE expressed in its 2014 annual report in respect of the management and control system for the European

Fisheries Fund programmes (2007-2013) has significantly reduced, to only five, the number of OPs and Member States concerned;

319. Is reassured that the internal control system implemented by DG MARE provides sufficient assurance to adequately manage the risk relating to the legality and regularity of the transactions;
320. Welcomes the fact that of the 12 specifically fisheries-related transactions audited by the Court, none shows a quantifiable error;
321. Regards it as regrettable, however, that the vast majority of Member States forwarded details of their OPs relating to the European Maritime and Fisheries Fund very late, which causes long delays in the mobilisation of funds;
322. Notes in consequence that no expenditure was declared to the Commission before 30 June 2015 and therefore no expenditure was monitored by that date; points out that Member States are responsible for implementing appropriations under shared management.

Culture and Education

323. Reiterates that the incorporation of all mobility programmes for young people in the EU into ERASMUS+ is primarily intended to increase their efficacy, and therefore urges the Commission to stick to the agreed aims and programme budget lines in order to avoid the programme losing its focus;
324. Welcomes the responsiveness of both Erasmus+ and Creative Europe in reacting to the emerging challenges of refugee/migrant integration and anti-radicalisation in 2015;
325. Notes that loans under the Student Loan Guarantee Facility (Erasmus+ Master Loan) were made available for the first time in 2015, with two banks in Spain and France launching the scheme; insists that, to become a viable loan facility, it will be vital to ensure broad geographic coverage and for the Commission to monitor closely the lending conditions;
326. Recalls that 2015 was the first year in which the Creative Europe programme was managed across two Commission Directorates-General, DG EAC and DG CNECT; insists on the need for a coordinated approach so that internal organisational challenges do not impair the functioning of the programme or public perception of it.

Civil liberties, Justice and Home Affairs

327. Calls on the Commission to draft and submit to the discharge authority a track record of cases of conflicts of interest identified;
328. Regrets that key performance indicators in DG-HOME's annual activity report do not cover the numbers of people assisted, resettled, relocated and returned in 2015; regrets the lack of indicators to evaluate the effect of measures adopted to reinforce coordination and cooperation between national law enforcement authorities;
329. Encourages the development of clearer and long-term political priorities with more

concrete translation into operational priorities; in this respect stresses the importance of closer cooperation with other bodies, especially the agencies;

330. Regrets the lack of alignment of the Commission's Information Security governance structures with recognised best practices (as per IAS audit report).

Gender issues

331. Points out that gender equality should be a cross-cutting objective for all policy areas; notes, however, that some of the programmes do not have specific targeted actions with specific budget allocations to fulfil this objective and a better collection of data should result not only in the quantification of appropriations allocated to actions contributing to gender equality but also in an improvement of the evaluation of the impact of those Union funds;
332. Repeats its calls on the Commission to consider gender budgeting at all stages of the budgetary process, including, inter alia, in the implementation of the budget and the assessment of its execution, including EFSI, ESF, ERDF, Horizon 2020, in order to combat the discrimination taking place in Member States; stresses that a common set of quantifiable result and impact indicators, which would allow for better assessment of the implementation of the budget from the gender perspective, should be incorporated in the planning, implementation and evaluation of the budget, in line with the Budget Focused on Results initiative and the focus on performance;
333. Calls on the Commission to use gender budgeting analysis of both new and existing budget lines and, where possible, to make necessary policy changes to ensure that gender inequality does not occur indirectly.

2.2.2017

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III - Commission and executive agencies (2016/2151(DEC))

Rapporteur: Zigmantas Bal ytis

SUGGESTIONS

The Committee on Foreign Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes with regret that the level of error in Heading 4 for the 2015 financial year, as estimated by the Court in its annual report, has not decreased compared to 2014 and amounts to 2,8%; points out, nevertheless, that this is below the level of error identified in other headings, in spite of the fact that Union external aid activities frequently take place in crisis-struck regions and politically difficult environments;
2. Supports all recommendations formulated by the Court based on its findings; welcomes the fact that the Commission has fully implemented 5 out of the 7 recommendations the Court made in the 2012 and 2013 reports and urges the Commission to take steps to conclude implementation of the remaining ones;
3. Notes with concern the persisting deficiencies in the quality of expenditure verifications carried out by auditors contracted by beneficiaries, which in some cases lead to the Commission's acceptance of ineligible costs and recognizes the need to improve grant supervision; underlines that delays were also identified in the validation, authorization and payment of expenditures by the Commission;
4. Is concerned by the fact revealed by the Court's audit that DG NEAR's evaluation of the amount of payments at risk is not sufficiently accurate and expects a swift revision of DG NEAR's methodology;
5. While welcoming the progress achieved, notes that 6 out of 10 civilian missions under the

Common Security and Defence Policy (CSDP) have not yet been recognised by the Commission as compliant with Article 60 of the Financial Regulation; urges the Commission to step up work in order to accredit all civilian CSDP missions, in line with the Court's recommendation, allowing them to be entrusted with budget implementation tasks under indirect management;

6. Welcomes the establishment of the Mission Support Platform aimed at reducing the administrative burden and increasing the efficiency of civilian CSDP missions; regrets its limited size and scope and reiterates its call for further progress towards a Shared Services Centre, which would lead to further budgetary and efficiency gains through centralising all mission support services that do not need to be ensured locally;
7. Encourages further progress on upgrading the CSDP warehouse in order to allow for the reuse of equipment that is no longer needed and its reallocation between missions based on actual needs, thus achieving savings as well as making necessary equipment more readily available;
8. Reiterates its view that the Union's financial rules need to be better adapted to the specificities of external action, including crisis management, and stresses that the current revision of the Financial Regulation needs to deliver greater flexibility.
9. Is concerned by the lack of direct means of control in regard to the use of macro-financial assistance by recipient third countries; calls on the Commission to tie assistance of this kind more closely to measurable parameters;
10. Takes note of the Court's special reports 11/2016, 20/2016 and 21/2016 that focus on EU pre-accession assistance for strengthening administrative capacity in the Western Balkans; welcomes all the recommendations made by the Court and encourages the Commission to implement them; draws attention in particular to the importance of ensuring responsive, targeted and flexible assistance to the candidate and potential candidate countries from the Western Balkans, as well as of making full use of available instruments for stimulating the necessary reforms for a European path of these countries;
11. Welcomes equally the recommendations suggested by the Court in the special reports 13/2016 on the EU assistance for strengthening the public administration in Moldova and in the Special report 32/2016 on EU assistance to Ukraine; considers that the EU should fully use the leverage of the conditionality and ensure proper monitoring of the implementation of the reforms undertaken in order to positively contribute to the reinforcement of democratic practices both in Moldova and Ukraine.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 31.1.2017 |
| Result of final vote | +: 46 -: 11 0: 1 |
| Members present for the final vote | Francisco Assis, Petras Auštrevičius, Amjad Bashir, Bas Belder, Goffredo Maria Bettini, Mario Borghese, Victor Bontinaru, Elmar Brok, Klaus Buchner, Javier Couso Permuy, Andi Cristea, Arnaud Danjean, Georgios Epitideios, Anna Elbieta Fotyga, Eugen Freund, Michael Gahler, Sandra Kalniete, Manolis Kefalogiannis, Tunne Kelam, Afzal Khan, Janusz Korwin-Mikke, Andrey Kovatchev, Eduard Kukan, Barbara Lochbihler, Sabine Lösing, Andrejs Mamikins, Ramona Nicole Mănescu, Alex Mayer, David McAllister, Tamás Meszerics, Francisco José Millán Mon, Demetris Papadakis, Ioan Mircea Pașcu, Tonino Picula, Cristian Dan Preda, Jozo Radoš, Sofia Sakorafa, Jacek Saryusz-Wolski, Alyn Smith, Jordi Solé, Jaromír Štáňa, Dubravka Šuica, László Tőkés, Ivo Vajgl, Elena Valenciano, Hilde Vautmans |
| Substitutes present for the final vote | Angel Dzhambazki, Mike Hookem, Othmar Karas, Antonio López-Istúriz White, Norica Nicolai, Urmas Paet, Soraya Post, György Schöpflin, Igor Šoltes, Željana Zovko |
| Substitutes under Rule 200(2) present for the final vote | Raymond Finch, Jasenko Selimovic |

6.3.2017

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III - Commission and executive agencies (2016/2151(DEC))

Rapporteur: Paul Rübzig

SUGGESTIONS

The Committee on Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Recalls that 2015 was the target year for the Millennium Development Goals and for the Union's collective commitment to raise official development assistance (ODA) to 0,7 % of combined gross national income (GNI); deplores the fact that Union's collective ODA reached only 0,47% of GNI and that the target was therefore missed despite a considerable increase; notes further that, according to data published by the OECD's Development Assistance Committee, the ODA from Union institutions decreased in 2015; recalls the Commission's proposal for a new European Consensus on Development which clearly reaffirms the Union's collective commitment to increase to 0.7% the share of GNI devoted to ODA, as well as the specific targets set for the least developed countries; regrets the late publication of the Commission's annual report on external assistance; calls on the Commission to expedite the publication of its overdue Annual EU Accountability Report on Financing for Development for 2015;
2. Highlights the primary importance for an effective Union development policy of internationally agreed development effectiveness principles subscribed to by the Union such as ownership, untied aid, mutually agreed conditionalities, alignment to beneficiary countries' priorities;
3. Welcomes in this context the Court's special report No 9/2016 on the Union's external migration spending in Southern Mediterranean and Eastern Neighbourhood countries; highlights that the Court comes to the conclusion that the Union's external migration spending has failed to demonstrate its effectiveness, that it is impossible to measure its results, that the Commission's approach to ensure that migration has a positive development impact is unclear, that return and readmission support is having little

impact and that respect for human rights of migrants, which should underpin all actions, remains theoretical and is only rarely translated into practice;

4. Welcomes the Court ' s special reports No 15/2016 on humanitarian aid spending in the Great Lakes region; highlights that the Court concludes that humanitarian aid to the population affected by conflict in the African Great Lakes area was, generally, managed effectively by the Commission; stresses the stark contrast to migration spending and sees this as further proof that well planned development policies deliver much better results than short term driven migration activism;
5. Is very worried by a noticeable trend in recent Commission proposals to ignore legally binding provisions of the Regulation (EU) No 233/2014 of the European Parliament and of the Council¹ when it comes to ODA eligible expenditure and eligible countries for Development Cooperation Instrument spending; recalls that legality of the Union spending is a key principle of sound financial management and that political considerations should not take precedence over clearly spelled out legal provisions if the Commission wants to remain credible on rule of law issues; reminds the Commission in this context about the recent judgment of the Court of Justice² on cooperation with Morocco and the Western Sahara issue, in which the Court ruled that the Union has consistently infringed international law;
6. Supports the use of budget support in general, but urges the Commission to more clearly assess and define the development outcomes to be achieved through budget support in each case and above all to enhance control mechanisms concerning recipient States' conduct in the fields of corruption, respect of human rights, rule of law and democracy; expresses deep concern about the potential use of budget support in countries lacking democratic oversight, either due to the lack of a functioning parliamentary democracy, freedoms for civil society and the media, or due to a lack of capacity of oversight bodies;
7. Calls on the Commission to incorporate an incentive-based approach to development by introducing the more-for-more principle, taking as an example the European Neighbourhood Policy; believes that the more and the faster a country progresses in its internal reforms to the building and consolidation of democratic institutions, the eradication of corruption, the respect for human rights and the rule of law, the more support it should receive from the Union; stresses that this “positive conditionality” approach, accompanied by a strong focus on financing small-scale projects for rural communities, can bring real change and guarantee that Union tax payers’ money is spent in a more sustainable manner; on the other hand, strongly condemns any attempt to make aid conditional on border control;
8. Regrets that no prior consultation of Parliament took place when setting-up the EU Emergency Trust Fund (EUTF) for Africa although Parliament enjoys reinforced oversight of European Development Fund programming based on a political

¹ Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

² Judgment of the Court of Justice of 21 December 2016, *Council v Front Polisario*, C-104/16 P, ECLI:EU:C:2016:973.

commitment made by the Commission; calls for more effective efforts to enhance the transparency of decisions on EUTF projects and underlines the lack of an adequate format for the regular consultation of Parliament and regrets that no action has been taken in this respect.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 28.2.2017 |
| Result of final vote | +: 20 -: 1 0: 2 |
| Members present for the final vote | Nirj Deva, Raymond Finch, Doru-Claudian Frunzulic , Enrique Guerrero Salom, Heidi Hautala, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Stelios Kouloglou, Arne Lietz, Linda McAvan, Norbert Neuser, Vincent Peillon, Maurice Ponga, Cristian Dan Preda, Lola Sánchez Caldentey, Elly Schlein, Eleftherios Synadinos, Eleni Theocharous, Bogdan Brunon Wenta, Anna Záborská, Željana Zovko |
| Substitutes present for the final vote | Ádám Kósa, Paul Rübig |

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

| 20 | + |
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| GUE/NGL | Stelios Kouloglou, Lola Sánchez Caldentey |
| NI | Eleftherios Synadinos |
| PPE | Teresa Jiménez-Becerril Barrio, Ádám Kósa, Maurice Ponga, Cristian Dan Preda, Paul Rübig, Bogdan Brunon Wenta, Željana Zovko, Anna Záborská |
| S&D | Doru-Claudian Frunzulic , Enrique Guerrero Salom, Arne Lietz, Linda McAvan, Norbert Neuser, Vincent Peillon, Elly Schlein |
| VERTS/ALE | Heidi Hautala, Maria Heubuch |

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| EFDD | Raymond Finch |

| 2 | 0 |
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| ECR | Nirj Deva, Eleni Theocharous |

Key to symbols:

+ : in favour

- : against

0 : abstention

31.1.2017

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III - Commission and executive agencies (2016/2151(DEC))

Rapporteur: Marian Harkin

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes with concern that the estimated error level in the policy area of economic, social and territorial cohesion is 5,2 %, which represents a small decrease of 0,5 % from last year but is still too high and remains far from the target of 2 %;
2. Notes that the principal sources of error in this area are the inclusion of ineligible expenditure in the beneficiaries' cost declarations, the selection of ineligible projects, activities and beneficiaries and the infringement of public procurement and State aid rules which cannot always be categorised as an administrative error; stresses the need to take steps immediately to reduce those sources of error and further notes that ineligible projects and activities carried out by ineligible providers are sometimes selected; calls on the Member States to refrain from such practices;
3. Deplores the fact that, as was already the case in previous years, Member States had sufficient information available to prevent and correct errors before claiming reimbursement and stresses strongly that if Member States, as is their obligation, had used that information the estimated errors would have been 2,4 % lower and that, in addition, the error at Member State level contributed a further 0,6 % to error levels; stresses that combined this would bring the estimated error level below the material threshold of 2 %; stresses the utmost importance to strengthen the Commission's administrative support to the Member States;
4. Notes with concern that, by the end of 2015, fewer than 20 % of the national authorities responsible for the European Structural and Investment Funds ("ESIF") had been designated and that, consequently, there is an urgent risk that delays in budgetary

execution for the 2014 to 2020 programming period will be greater than those in the 2007 to 2013 period; stresses that this delay poses a high burden on beneficiaries and therefore threatens the stable financing for projects for e.g. the ESF and the Youth Employment Initiative; calls on the Commission and those Member States which lag behind to swiftly take the necessary precautions to ensure that those delays do not give rise to budgetary complications similar to those that were seen at the end of the 2007 to 2013 programming period;

5. Notes the Court's recommendation that the Commission fundamentally reconsider the design and delivery mechanism for the ESIF when making its legislative proposal for the programming period following that for 2014 to 2020 and takes into account the suggestions of the high-level simplification group;
6. Notes the Court's recommendation that the Commission use the experience acquired in the 2007 to 2013 programming period and report on a focused analysis of the national eligibility rules for the 2014 to 2020 programming period and that, based on this, it provide guidance to Member States on how to simplify and avoid unnecessary complex or burdensome rules;
7. Calls on the Commission to consider the possibility of including Union funding programmes in their Annual Burden Survey as agreed in the Interinstitutional Agreement on Better Law-making of 13 April 2016; highlights that the introduction of Annual Burden Reduction Targets that include EU funding programmes would increase compliance and therefore contribute to a reduction in the error rate;
8. Acknowledges the Court's findings¹ regarding the 'Youth Guarantee';
9. Notes the Commission's decision to set up a high-level group of simplification in response to the significant administrative burden on beneficiaries caused by the increasing levels of control;
10. Welcomes the Court's recommendation to the Commission to clarify the links between the Europe-2020 strategy, the multi-annual financial framework and the Commission priorities in order to report effectively on the contribution of the EU budget towards the Europe-2020 objectives;
11. Welcomes the increased focus on results under the 2014 to 2020 programming period; considers, however, that further developing result indicators and monitoring systems would contribute to sound financial accountability and increase the efficiency of future operating programmes.

¹ [See also ECA Special report no 3/2015: EU Youth Guarantee: first steps taken but implementation risks ahead](#)

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 25.1.2017 |
| Result of final vote | +: 46 -: 4 0: 0 |
| Members present for the final vote | Laura Agea, Brando Benifei, Viliija Blinkevi i t , Enrique Calvet Chambon, Ole Christensen, Martina Dlabajová, Lampros Fountoulis, Marian Harkin, Czesław Hoc, Agnes Jongerius, Rina Ronja Kari, Jan Keller, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Jérôme Lavrilleux, Patrick Le Hyaric, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Thomas Mann, Dominique Martin, Joëlle Mélin, Elisabeth Morin-Chartier, João Pimenta Lopes, Georgi Pirinski, Terry Reintke, Sofia Ribeiro, Robert Rochefort, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Romana Tomc, Yana Toom, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Jana Žit anská |
| Substitutes present for the final vote | Georges Bach, Heinz K. Becker, Lynn Boylan, Dieter-Lebrecht Koch, Paloma López Bermejo, Edouard Martin, Evelyn Regner, Csaba Sógor, Helga Stevens, Flavio Zanonato |
| Substitutes under Rule 200(2) present for the final vote | Marco Valli |

1.2.2017

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Giovanni La Via

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Is satisfied with the overall implementation by the Commission of the budgetary headings for environment, climate action, public health and food safety in 2015;
2. Is satisfied with the work carried out by the five decentralised agencies which are under its remit and which carry out technical, scientific or managerial tasks that help the Union's institutions to elaborate and implement policies in the area of environment and climate policy, public health and food safety, as well as with the way those agencies' budgets are implemented;
3. With respect to the overall error rate of the section "Rural Development, fisheries, environment and climate", in the chapter on the environment, notes a slight reduction of the error rate in the report of the Court for 2015, with 5,3% against 6% for the previous year;

Environment and Climate Action

4. Underlines that EUR 369 251 846 have been made available to DG ENV in commitment appropriations, of which 99,83 % has been implemented; notes that, with respect to payment appropriations, it is satisfactory that 99,36% of the EUR 332 260 333 available has been used; notes, moreover, that the LIFE+ administrative expenditure is executed over two budgetary exercises (through automatic carry-overs), and that if this administrative expenditure is not taken into account, the rate of payment implementation reaches 99,72%;
5. Is satisfied with the overall implementation of the LIFE+ operational budget, which

amounted to 99,95 % in 2015 for commitment appropriations and 98,93% for payment appropriations; stresses that LIFE+ has helped to increase public awareness and participation in legislation and the implementation of the environmental policy of the Union, in addition to improving governance in this sector; notes that, in 2015, EUR 225,9 million were committed for action grants, EUR 40 million were used for financial instruments managed by the European Investment Bank and EUR 59,2 million were used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development; notes that EUR 10,2 million were used for administrative support to LIFE and for support to the Executive Agency for Small and Medium-sized Enterprises;

6. Takes note that DG CLIMA has increased its implementation rate to 99,9% of EUR 108 747 880 in commitment appropriations and 91,77% of EUR 47 479 530 in payment appropriations, and that if the administrative expenditure is not taken into account, the rate of payment implementation reaches 96,88%;
7. Stresses that an amount of EUR 4 400 000 has been allocated as contributions to international conventions, protocols and agreements to which the Union is a party, or in relation to which the Union is involved in preparatory work; considers it important, in this context, that the role of the European Parliament be duly reflected;
8. Encourages the budgetary authority to focus on pilot projects (PP) and preparatory actions (PA) with true added value for the Union in the future; acknowledges that ten PP and five PA amounting in total to EUR 1 400 000 in commitment appropriations and EUR 5 599 888 in payment appropriations have been implemented;

Public Health

9. Acknowledges that an evaluation of the second Health Programme (2008-2013) was finalised in 2015; welcomes that the third Health Programme was reinforced in 2015 to support and foster exchange of information and good practices in Member States facing challenges linked to significant reception of migrants, asylum seekers and refugees, in particular in relation to DG SANTE's preparation of a personal health record for migrants' health assessment to be used at "Hotspots" and reception areas and an additional budget for projects linked to migrants' health;
10. Notes that the level of implementation in the Public Health programme 2014-2020 is very good, at 99,9%, and that the payment appropriations available were fully implemented;
11. Notes that DG SANTE was responsible, in 2015, for implementing EUR 237 251 659 on public health budget lines, of which 97,4% has been committed satisfactorily; also takes note that the level of execution of payments is at 97,2%; stresses, however, that all credits under the Health domain were fully implemented, except for the European Centre for Disease Prevention and Control (ECDC), the European Food Safety Authority (EFSA) and the European Medicines Agency (EMA); nevertheless underlines that the under-execution of those commitment appropriations fully corresponds to the outturn of 2014;
12. Acknowledges that the Agencies' accounts showed a positive budget outturn of EUR 3 083 926 (ECDC), EUR 1 089 066 (EFSA) and EUR 1 949 934 (EMA) and that this amount was booked as assigned revenue credits in 2015 to be implemented in 2016;

therefore, taking this consideration into account, recognizes that the implementation rate is also at 100% for those three agencies;

13. As regards payment appropriations, notes that during the Global Transfer procedure in September 2015, EUR 8,1 million in payment credits were returned in the Health domain;

Food Safety, animal health and welfare and plant health

14. Acknowledges that, as regards the commitment appropriations for food and feed safety, animal health, animal welfare and plant health, during the Global Transfer procedure, EUR 12,9 million were returned from the Food and Feed Budget, being EUR 2,4 million from Plant Health and EUR 10,5 million from the Emergency Fund; notes that the remaining commitment appropriations available were fully implemented;
15. Notes that no new pilot projects were voted in 2015; acknowledges that, with regard to the PA on control posts in relation to transport of animals, a balance payment of EUR 0,4 million was made in 2015;
16. Is of the opinion, on the basis of the data available and the implementation report, that discharge can be granted to the Commission with respect to expenditure in the areas of environmental and climate policy, public health and food safety for the financial year 2015.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 31.1.2017 |
| Result of final vote | +: 54 -: 11 0: 0 |
| Members present for the final vote | Marco Affronte, Pilar Ayuso, Zoltán Balczó, Simona Bonafè, Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Mireille D'Ornano, Miriam Dalli, Mark Demesmaeker, Ian Duncan, Stefan Eck, José Inácio Faria, Karl-Heinz Florenz, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Jens Gieseke, Julie Girling, Sylvie Goddyn, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, György Hölvényi, Anneli Jäätteenmäki, Jean-François Jalkh, Benedek Jávor, Karin Kadenbach, Kateřina Konečná, Urszula Krupa, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Miroslav Mikolášik, Gilles Pargneaux, Piernicola Pedicini, Pavel Poc, Julia Reid, Frédérique Ries, Daciana Octavia Sârbu, Renate Sommer, Claudiu Ciprian Tănăsescu, Ivica Tolić, Estefanía Torres Martínez, Adina-Ioana Vălean, Jadwiga Wiśniewska, Damiano Zoffoli |
| Substitutes present for the final vote | Clara Eugenia Aguilera García, Jørn Dohrmann, Herbert Dorfmann, Martin Häusling, Jan Huitema, Peter Jahr, Merja Kyllönen, Gesine Meissner, James Nicholson, Gabriele Preuß, Bart Staes, Tiemo Wölken |
| Substitutes under Rule 200(2) present for the final vote | Dieter-Lebrecht Koch, Jiří Maštálka, Clare Moody |

1.3.2017

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Karima Delli

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that in 2015
 - EUR 2 276 574 666 in commitment appropriations and EUR 1 742 254 807 in payment appropriations was available for transport policies, including the Connecting Europe Facility (CEF), transport security and passengers rights, and transport agencies,
 - EUR 241 000 390 in commitment appropriations and EUR 152 559 306 in payment appropriations was available for research and innovation related to transport, including SESAR2 and the Shift2Rail Joint Undertaking (JU),
 - EUR 75 145 385 in commitment and payment appropriations was available for administrative expenditure;
2. Regrets that, in order to prepare a discharge on the general budget of the European Union - Commission, several different reports need to be explored in order to have a comprehensive view of the budget execution related to transport; further regrets that there is no harmonisation in the financial reporting of appropriations, i.e. whether recovery orders, participation of third countries, assigned revenues etc. have been taken into account, which makes the preparation of the discharge very difficult;
3. Notes that the total commitments outstanding amount at the end of the year 2015 was EUR 4 243 million (EUR 2 843 million in 2014);

4. Notes that in 2015 EUR 12,8 billion was allocated to 263 transport projects through grant agreements signed in 2015 under the 2014 CEF calls for proposals; further notes that the CEF funding has generated EUR 28,3 billion of total investments, combining a Union contribution with regional and Member States budgets, as well as loans from the European Investment Bank (EIB);
5. Notes that for the area of "Competitiveness for growth and employment", to which transport belongs, the Court only audited seven transactions under the responsibility of DG MOVE; notes that errors were found in only one of the transactions audited and that those errors concern non-compliance with public procurement rules;
6. In view of the fact that the creation of the EFSI and of the Guarantee Fund with a 50% target rate has affected the budgetary flexibility in the 2014-2020 MFF and that the planned budget for CEF has been reduced, is of the opinion that the Commission's proposal to prolong EFSI should be supported by an impact assessment regarding this instrument;
7. Points out that the EIB's evaluation report notes geographical imbalances and sectoral concentrations in the Infrastructure and Innovation Window portfolio (IIW) and that financing under the IIW is concentrated (63%) in three Member States; calls on the Commission to urgently assess the impact of EFSI for the Union as a whole; regrets that EFSI is not sufficiently used for the financing of innovative transport projects in all modes of transport, for instance to promote sustainable means of transport or to further encourage the digitalisation process as well as barrier-free accessibility;
8. Regrets that the Commission (DG MOVE) has not yet established a formalised consolidated strategic document for the supervision on the TEN-T core network corridors development; encourages the Commission to adopt such strategic document regarding supervision activities and transparency; recalls that transparency and consultation with all stakeholders contribute to the success of transport projects;
9. Notes that the Innovation and Network Executive Agency (INEA) has not yet formalised a control strategy encompassing all controls to be implemented at the different stages of the grant management process; calls therefore on INEA to develop key performance indicators to measure the effectiveness and efficiency of controls and to fully establish ex-ante and ex-post controls on interim and final payments;
10. Points out that transport projects in 2014-2020 will be financed from several sources, including the CEF, the Cohesion Fund, the European Fund for Regional Development and the EFSI; calls on the Commission, therefore, to develop synergies that will enable these different sources of funding to allocate the funds available more efficiently, as well as the blending of these resources; calls on the Commission to annually deliver and publish, inter alia on its websites, easily accessible lists of transport, including modal share percentages, and tourism projects, that are co-financed through the mentioned funds;
11. Regrets that the Shift2Rail Joint Undertaking has not yet obtained its financial autonomy; notes that as a consequence the budgetary and financial management of the Joint Undertaking is integrated in Commission's (DG MOVE) financial management; however, welcomes the fact that in May 2016 it finally achieved its financial autonomy;
12. Notes that the S2R Joint Undertaking's annual budget for 2015 was EUR 48,04 million in

commitment appropriation, of which EUR 45,33 for operational expenditures and EUR 2,71 million for administrative expenditures; payment appropriations were set at EUR 0,00 for operational expenditures as no grant was signed in 2015, whereas the payment appropriation for administrative expenditures amounted to EUR 2,71 million of which EUR 1,35 of the Union's contribution;

13. Deeply regrets that the 2014 contributions from the S2R Joint Undertaking's members has not yet been collected and that the 2015 contribution (EUR 1,35 million) has only been partially collected;
14. Welcomes the completion of the governance structure, the finalisation of the membership of the S2R Joint Undertaking and the adoption of the strategic master plan, which constituted a pre-requisite to the adoption of the Joint Undertaking first annual work plans and therefore the launch of calls for proposals; deplores, however, that in 2015 the Executive Director had not been appointed;
15. Notes that in December 2015, the S2R Joint Undertaking launched four calls for proposals endowed with EUR 170 million to support innovation in railways with EUR 90 million coming from the Union; notes that the amount of EUR 90 million results from the combination of the 2015 EUR 45,33 million) and 2016 appropriations (EUR 45,25 million);
16. Takes the view that the Commission should further improve transparency in the management of funds;
17. Regrets that appropriations for tourism are not yet adequate, in particular to promote the development of sustainable and accessible tourism projects, and to support SMEs, micro-enterprises as well as developments in the collaborative economy;
18. Proposes that in relation to the sectors for which the Committee on Transport and Tourism is responsible, the Parliament grants to the Commission discharge in respect of the implementation of the Union general budget for the financial year 2015.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 28.2.2017 |
| Result of final vote | +: 38 -: 7 0: 0 |
| Members present for the final vote | Daniela Aiuto, Lucy Anderson, Marie-Christine Arnautu, Georges Bach, Izaskun Bilbao Barandica, Luis de Grandes Pascual, Andor Deli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Bruno Gollnisch, Dieter-Lebrecht Koch, Merja Kyllönen, Miltiadis Kyrkos, Bogusław Liberadzki, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Cláudia Monteiro de Aguiar, Jens Nilsson, Markus Pieper, Salvatore Domenico Pogliese, Tomasz Piotr Porba, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Jill Seymour, Keith Taylor, Pavel Telička, István Ujhelyi, Wim van de Camp, Janusz Zemke, Robert Zielenka, Kosma Złotowski, Elżbieta Katarzyna Łukacijewska |
| Substitutes present for the final vote | Jakop Dalunde, Mark Demesmaeker, Markus Ferber, Karoline Graswander-Hainz, Kateřina Konečná, Franck Proust |

25.1.2017

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Iskra Mihaylova

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Acknowledges that the Annual Report of the Court for 2015 found that the estimated error rate in cohesion policy decreased from 5,3 % in 2013 and 5,7 % in 2014, to 5,2 % in 2015; highlights that the trend of the reduced level of error for the two last programming periods is a result of the strengthened management and control systems of Member States and the corrective measures taken by the Commission; expects the estimated error rate to be further reduced; welcomes the fact that programmes aimed to inform and train beneficiaries as well as simplification measures have contributed to the reduction in the number of errors; calls on the Commission and Member States to propose measures to achieve a balance between greater simplification and strict application of rules and good fiscal management;
2. Notes that the main sources of errors are those found in the application of rules on eligibility, infringements of public procurement rules and State aid rules; calls on the Commission to fundamentally simplify the State aid rules, in particular to ensure better co-ordination with cohesion policy; and consequently calls on the Commission to provide timely information and training to authorities with regard to public procurement and State aid rules; reminds that the Commission should ensure legal consistency between State aid rules applying to European Structural and Investment Funds (“ESI Funds”) and public procurement rules; underlines that for errors made in 2015 there is still a possibility of correction before closure; notes with satisfaction the significant improvements in audit authorities’ controls compared to the previous year; stresses that ineligible costs in expenditure declarations and ineligible projects account for three quarters of the errors, while serious infringements of public procurement rules make up one seventh of the total

(one half in 2014);

3. Recalls that not all irregularities are fraud and that non-fraudulent and fraudulent irregularities must be differentiated; points out that non-fraudulent irregularities result often from poor financial management and control systems as well as the lack of administrative capacity, relating to both knowledge of the rules and of technical expertise concerning the specific works or services;
4. Calls on the Commission through the HLG¹ to pay specific attention to national eligibility rules in its audit of national management and control systems, helping Member States to simplify them to allow changes to be made; in this context, underlines the importance of applying the single audit principle; calls on the Commission through simplified and effective guidance to clarify the notion of recoverable VAT to avoid different interpretation of the term 'non-recoverable' VAT and avoid a sub-optimal use of Union funds; calls on the Commission, Member States and the regional authorities to ensure that beneficiaries are provided with consistent information about funding conditions, particularly concerning the eligibility of expenditure and the relevant ceilings for reimbursement;
5. Points out the overall reinforced procedures in the regulatory framework 2014-2020, where management verifications and controls have to be carried out before the certification to the Commission and is confident that these reinforced procedures should result in lasting reductions in the error rate;
6. Expresses satisfaction with the results for the ESI Funds obtained by the Commission's Task Force for Better Implementation (TFBI), which reduced bottlenecks and delays in the allocation and use of the Structural Funds for 2006-2013;
7. Deplores the fact that managing authorities presented a lower level of cost claims for reimbursement in 2015 than in 2014, which led to a fall in the level of unpaid cost claims from EUR 23,2 billion in 2014 to EUR 10,8 billion in 2015, of which EUR 2,8 billion had remained unpaid since the end of 2014; points out that delays in the budgetary execution for 2014-2020 period should not be greater than those for the previous period and lead to an accumulation of unpaid claims towards the end of the funding period; urges the Commission to monitor the situation closely with Member States and adapt its payment plan accordingly;
8. Notes with concern the delayed start-up of the new 2014-2020 programming period - (most of the cohesion policy payments in 2014 being related to the previous programming period) and that by the end of 2015 fewer than 20 % of the national authorities responsible for ESI Funds had been designated; calls on Member States to speed up this process by launching constant monitoring of progress made in implementing projects and urges the Commission to provide assistance and clarifications; points out that the late designation of management authorities creates serious gaps in the implementation of funding programmes;
9. Regrets that, as of 30 June 2016, not all Member States had transposed the Directives on

¹ High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds

public procurement and urges the Commission to continue to assist Member States increase their capacity to transpose those Directives, as well as to implement all their action plans on ex ante conditionalities which is an essential pre-requisite for prevention of fraudulent and non-fraudulent irregularities; stresses the importance of implementing the action plan on public procurement for ESI Funds in 2014-2020 with a view to simplifying, speeding up and harmonising electronic public procurement procedures;

10. Takes note that the average disbursement rate for 1025 ERDF and ESF financial instruments was 57 % at the end of 2014, which represents only a 10 % increase compared to 2013; regrets the Court's observation on the extension of the eligibility period of disbursements made to final recipients within financial instruments by means of a Commission Decision rather than an amending Regulation; expresses concern in the event that the Court were to rule all disbursements after 31 December 2015 as irregular; notes with concern that a significant share of initial endowments of ERDF and ESF financial instruments during 2007-2013 programming period was spent on management costs and fees;
11. Invites the Commission to re-evaluate the ex-ante assessment for the Connecting Europe Facility debt instrument in the light of creation of the European Fund for Strategic Investments ("EFSI") and to assess thoroughly the impact of EFSI on other Union programmes and financial instruments;
12. Acknowledges the revised Financial Regulation recently proposed by the Commission with its supporting acts, as well as the proposed review of the multiannual financial framework, aiming at simplification of procedures and more flexibility and synergies; urges the Commission, all institutions and stakeholders involved to reconsider the delivery mechanism for the ESI Funds post-2020, taking into account the suggestions of the HLG;
13. Welcomes the Court's approach to focus on performance and considers it good practice that managing authorities define relevant result indicators measuring the contribution of the projects to the achievement of the objectives set for the OPs in accordance with the additionality criterion; stresses the need to intensify communication; calls on the Commission to identify more efficient channels of communication in order to increase the visibility of investments using ESI Funds; calls on the Commission to develop a limited number of relevant indicators which can help measure performance;
14. Urges the Commission and Member States to make the best use of the territorial instruments by ensuring that in due term the integrated urban development strategies are approved for financing, which will allow cities to invest in comprehensive strategies, exploit synergies between policies and ensuring a more effective long-term impact on growth and jobs.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 24.1.2017 |
| Result of final vote | +: 33 -: 1 0: 3 |
| Members present for the final vote | Pascal Arimont, Franc Bogovi , Victor Bo tinaru, Andrea Cozzolino, Rosa D'Amato, Tamás Deutsch, Iratxe García Pérez, Michela Giuffrida, Ivan Jakov i , Marc Joulaud, Constanze Krehl, Sławomir Kłosowski, Andrew Lewer, Louis-Joseph Manscour, Martina Michels, Jens Nilsson, Younous Omarjee, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Pol ák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Maria Spyraiki, Ruža Tomaši , Ramón Luis Valcárcel Siso, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan |
| Substitutes present for the final vote | Petras Auštrevi ius, Ivana Maleti , Dimitrios Papadimoulis, Maurice Ponga, Lauren iu Rebega, Bronis Rop , Iuliu Winkler |

27.1.2017

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Peter Jahr

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that the 2.9% error rate established by the Court for 'Natural Resources' for 2015 - in 2014 it was 3.6% - continues to decline and is the lowest rate for any of the policies under shared management; notes that the estimated error rate is marginally above the 2% materiality threshold; points out that the corrective capacity from financial corrections and recoveries significantly reduces the remaining risk to the EU budget; points out that problems are administrative in nature, in many instances, and hence the error rate should not be taken as a yardstick for fraud, inefficiency or waste;
2. Points out that DG AGRI did a considerable amount of work in 2015 to ensure that Member State authorities were increasingly able to prevent errors in agricultural spending and implement their rural development programmes; congratulates DG AGRI for the positive impact apparent in the 2015 Court Annual Report and believes its actions should provide a good foundation for the key years in the 2014-2020 spending period;
3. Notes that within the Common Agricultural Policy (CAP) there are two very different but complementary policies with divergent error rates: for the first pillar EAGF: 2.2% and for the second pillar EAFRD: 5.3%, with acknowledgement from the Court of the decreasing error rate in rural development over time; notes also the Court's remark that Member States did not sufficiently take EU priorities into account¹, and considers that the difference is accounted for by the fact that the two CAP pillars differ in structure, design, scale and objectives; notes that the bureaucratic burden in respect of funding under the second pillar is contributing to the increase in the number of errors and

¹ Annual Report of the ECA 2015 para 7.76

stresses the need to continue simplifying EAFRD funding procedures; welcomes the fact that direct payments were predominantly regular;

4. Asks the Court to continue to provide separate assessments for the EAGF, the EAFRD and Heading 2, also beyond the next financial year, as separate assessments allow for targeted action for improvement of the considerably different error rates;
5. Stresses that there is a significant difference in types of error, i.e. the distinction between negligence and large errors; notes that most of the quantifiable errors involve overstating of eligible areas and that, overall, they account for 0.7 % of the estimated aggregate error rate while there are only isolated instances of shortcomings on the part of national administrations or of infringements by them; points out furthermore that, in many instances, there has not been an investment failure, but, rather, there has been expenditure on projects, beneficiaries or costs that were ineligible for assistance e.g. because the public procurement procedure was not followed;
6. Highlights the importance of reaffirming the legitimacy of the CAP as one of the principal tools for EU action aimed at the retention and creation of employment and competitiveness in rural areas; calls for a clearer distinction to be made between different types of errors, as some errors detected do not have any negative financial implications, e.g. incorrect declarations of area resulting from overuse: asks that these errors are classified in four categories: 1. errors with no negative financial implications, 2. negligence, 3. gross negligence, 4. fraud; takes the view that the Commission should require Member State action plans to include remedial action to deal with the most frequent causes of error, revise its own strategy for rural development conformity audits, and ensure the correct application of assurance procedure on legality and regularity of transactions; encourages the use of simplified cost options such as standard unit costs where appropriate in rural development programmes, in order to further reduce the error rate, decrease the administrative burden and incentivise entrepreneurship;
7. Welcomes the publication of DG AGRI's 2015 activity report, which clearly shows the contribution made by the CAP to the competitiveness of European farming in general, the agri-food sector and the strengthening of rural areas; calls, therefore, for the CAP to be placed on a sound financial footing in the future, so that it can continue to work towards the objectives enshrined in the Treaties while also making its own contribution to conserving the environment and coping with climate change; acknowledges that, with the Annual Activity Report 2015, Member States have sufficient information to detect and correct errors before declaring the expenditure to the Commission; welcomes the inclusion of a wider range of indicators in its annual activity report to demonstrate trends in the policy area over time and encourages the Commission to continue this practice to better inform the co-legislators and the Court on development of the sector, its impact and wider context;
8. Stresses that the reliability of the error rate for CAP direct payments and rural development programmes as reported by Member States can be further improved by specific action plans where necessary, and by the Member States' use of the available information to detect and correct errors before declaring the expenditure to the Commission, which could lead to a lower error rate as a result of early detection;

stresses that Member States should forward reports in a timely manner;

9. Stresses the importance of the possibility of paying advances before 16 October and also after the year 2017, especially concerning area-based payments to areas facing natural or other specific concerns while bearing in mind the economic situation of the farmers and two derogations made to Article 75 of Regulation (EU) No 1306/2013 concerning the years 2015 and 2016;
10. Notes that the error rates detected by the Court, with a small sample of payments tested (180), is now very close to that estimated by the Commission from its examination of thousands of on-the-spot checks, and considers that further significant reduction in error rates could only be achieved at a disproportionate cost in view of the measures which have already been put in place in recent years particularly in the Common Monitoring and Evaluation Framework and financial corrections to protect the EU budget in this policy area;
11. Urges both the Commission and Member State authorities to continue to address and reduce the complexities in relation to direct payments, wherever possible, and in particular if there are many different levels involved in the administration of EAGF and rural development funds within Member States;
12. Acknowledges the increasing level of suspension and interruption of payments by the Commission, which ensures that corrective actions are systematically carried out in cases where deficiencies are identified;
13. Acknowledges the fact that the school fruit and school milk schemes create a single, more user-friendly scheme than in the past, which improves its acceptance and implementation; stresses the need to tailor small-scale programmes to local characteristics; welcomes in this regard the Commission's immediate simplification initiative in proposing a revision with the aim of reducing the red tape;
14. Points out that small-scale programmes arouse less interest and/or show persistently high error rates because of their rigidity; suggests that the Commission, therefore, review and simplify such programmes with the aim of reducing the red tape associated with them, which would serve both to make them more attractive and to reduce error rates;
15. Calls for small-scale programmes to be transferred to the second CAP pillar;
16. Welcomes a new generation of additional financial instruments, believes that they must be designed with clearer objectives and a sufficient degree of scrutiny at the end of the period of implementation to demonstrate their impact and ensure that they do not result in an increased error rate;
17. Calls, in relation to national payment agencies in the Member States that have fallen short of expectations in the past three years, for EU officials who are already in post rather than nationals of the Member State concerned, to be responsible in those payment agencies;
18. Draws attention to the multi-annuality of the agricultural policy management system

and emphasises that the final evaluation of irregularities related to the implementation of the directive will be possible only at the end of the programming period;

19. Welcomes the new rules for the planning period 2014-2020, including measures such as the designation of audit and certifying authorities, the accreditation of audit authorities, financial analysis and the recognition of accounts, financial corrections and net financial corrections, proportional control, ex ante conditionalities that aim to further contribute to the reduction of the level of error; welcomes also the definition of serious deficiencies and the anticipated increased level of corrections for repeated deficiencies;
20. Welcomes the Commission's new approach to error rate analysis; notes the new procedure applied for the first time in 2016, for prior checks at farm level, notwithstanding specific national rules, while retaining the method for dealing with minor errors; notes however, whilst safeguarding intended policy objectives, the need for further simplification due to the great complexity of the conditions; stresses that more proportionality is needed for the penalty system as the detection of minor errors should not necessarily result in the suspension of payments;
21. Welcomes the updating of the Land Parcel Identification System (LPIS), which makes it possible to record areas more precisely, as recording is a major source of error; asks the Commission and Member States to deal with the backlog in land registration in some Member States, which is liable to affect future funding and to ensure reliable and up-to-date information and images in the LPIS to reduce the risk of errors associated with overstated eligible land; acknowledges that by applying a more frequently updated control system in all Member States, error rates in the medium term will fall, because of greater data reliability, as confirmed by the Court, and that in the long term, with better use of free satellite imagery, error rates will further decrease; points out that there are already efforts and initiatives at Member State level for further simplification of the CAP while ensuring accuracy compatible with GPS measurements; stresses the importance of reducing the bureaucratic burden for both the farmers and the administration caused by a duplicated measurement of areas that have been measured (already) earlier; notes that a better use of the integrated administrative control system (IACS) for direct payments, comprising databases of farm holdings and aid applications as well as LPIS, is effective in preventing and reducing error levels; notes that the Commission is monitoring the proper use of corrective actions to tackle a few areas of weakness, since most errors reported by the Court have been shown to be relatively small errors of below 5% per individual declaration of eligible areas;
22. Notes that the simplification of the CAP should not put viable food production at risk and calls for measures to shift towards a low-carbon economy in the agri-food and forestry sectors;
23. Notes that 2015 is the first year being audited in which greening measures were fully mandatory, which led to an anticipated increase in the error rate.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 25.1.2017 |
| Result of final vote | +: 41 -: 4 0: 0 |
| Members present for the final vote | John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, Daniel Buda, Matt Carthy, Viorica Dăncilă, Michel Dantin, Jean-Paul Denanot, Albert Deß, Diane Dodds, Jørn Dohrmann, Herbert Dorfmann, Norbert Erdős, Luke Ming Flanagan, Martin Häusling, Anja Hazekamp, Esther Herranz García, Jan Huitema, Peter Jahr, Ivan Jakovič, Jarosław Kalinowski, Elisabeth Köstinger, Zbigniew Kuźmiuk, Philippe Loiseau, Giulia Moi, Ulrike Müller, James Nicholson, Maria Noichl, Laurence Rebega, Jens Rohde, Bronis Ropchak, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella, Marco Zullo |
| Substitutes present for the final vote | Julie Girling, Karin Kadenbach, Norbert Lins, Florent Marcellesi, Momchil Nekov, John Procter, Vladimir Urutchev, Miguel Viegas |
| Substitutes under Rule 200(2) present for the final vote | Damiano Zoffoli |

27.1.2017

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015: European Commission (2016/2151(DEC))

Rapporteur: Alain Cadec

SUGGESTIONS

The Committee on Fisheries calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes the communication from the Commission to the Parliament, the Council and the Court on the annual accounts of the Union for the financial year 2015; notes, also, the Annual Report of the Court concerning the financial year 2015; notes DG MARE's 2015 annual activity report;
2. Notes the opinions of the Court on the legality and regularity of the transactions underlying the accounts; notes that the positive trend of recent years in financial management has been maintained, with the accumulated error rate falling to 0.74% in 2015; notes the adverse opinion of the Court on payment appropriations, in respect of which the overall error rate was 3.8%, although that figure was lower than in 2014 and there was no specific error rate concerning fisheries; calls for fisheries to be dealt with separately and not merged with agriculture, in order to guarantee greater transparency in the area of fisheries;
3. Is satisfied to see that the follow-up to the reservations DG MARE expressed in its 2014 annual report in respect of the management and control system for the European Fisheries Fund programmes (2007-2013) has significantly reduced, to only five, the number of OPs and Member States concerned;
4. Is reassured that the internal control system implemented by DG MARE provides sufficient assurance to adequately manage the risk relating to the legality and regularity of the transactions;

European Maritime and Fisheries Fund (EMFF)

5. Welcomes the fact that of the 12 specifically fisheries-related transactions audited by the Court, none shows a quantifiable error;

6. Regards it as regrettable, however, that the vast majority of Member States forwarded details of their OPs relating to the EMFF very late, which causes long delays in the mobilisation of funds;
7. Notes in consequence that no expenditure was declared to the Commission before 30 June 2015 and therefore no expenditure was monitored by that date; points out that Member States are responsible for implementing appropriations under shared management;
8. Takes the view that the Commission should establish a homogeneous and flexible system so that Member States deliver reliable data and improve the instruments and channels they use to forward information to the Commission;
9. Calls on the Commission to provide all necessary assistance to the Member States to facilitate the transition from direct management to shared management of the EMFF and to ensure that EMFF resources are used properly and fully; welcomes, therefore, the fact that this issue is taken fully into account in the DG MARE audit programme for 2017;

Executive Agency for Small and Medium-sized Enterprises

10. Welcomes the successful completion in 2015 of the transfer of EMFF-related responsibilities to the Agency; draws attention to the need to ensure that the Agency provides high-quality support to all its beneficiaries in connection with the 19 EMFF actions;

Follow-up to Special Report No 11/2015 of the Court of Auditors entitled ‘Are the Fisheries Partnership Agreements well managed by the Commission?’

11. Welcomes the fact that the Commission has accepted and taken account of all the Court’s recommendations;
12. Emphasises and shares, however, the concerns that the Commission’s auditors have expressed with regard to the need to ensure that these agreements bring value for money and are economically and environmentally sustainable;
13. Emphasises that the information provided by independent *ex post* evaluations was not always sufficiently complete, consistent or comparable, which reduced its usefulness in the decision-making process and negotiations;
14. Shares the Commission’s view on the importance of the proposal for a regulation on the sustainable management of external fishing fleets and repealing Council Regulation (EC) No 1006/2008 (COM(2015) 636) for enhancing the supervision and transparency of the activities of the EU fishing fleet outside Union waters;
15. Calls for additional fiscal effort in the field of international fisheries agreements, given the number of major fishing grounds which are still not the subject of protocols;

Discharge

16. Proposes, on the basis of the data available, to grant discharge to the Commission in respect

of its expenditure in the areas of maritime affairs and fisheries for the financial year 2015.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 26.1.2017 |
| Result of final vote | +: 23 -: 1 0: 1 |
| Members present for the final vote | Marco Affronte, Clara Eugenia Aguilera García, Renata Briano, Alain Cadec, David Coburn, Richard Corbett, Diane Dodds, Linnéa Engström, Mike Hookem, Ian Hudghton, Carlos Iturgaiz, Werner Kuhn, António Marinho e Pinto, Gabriel Mato, Liadh Ní Riada, Ulrike Rodust, Annie Schreijer-Pierik, Remo Sernagiotto, Ricardo Serrão Santos, Isabelle Thomas, Ruža Tomašić, Jarosław Wałęsa |
| Substitutes present for the final vote | Ian Duncan, Verónica Lope Fontagné |
| Substitutes under Rule 200(2) present for the final vote | João Pimenta Lopes |

25.1.2017

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III - Commission and executive agencies (2016/2151(DEC))

Rapporteur: Silvia Costa

SUGGESTIONS

The Committee on Culture and Education calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Underlines the value and popularity of the Erasmus+ programme; regrets the suspension of payments throughout 2015 under the “Youth” strand in Greece and particularly its impact on young people; welcomes the lifting of the suspension in April 2016;
2. Recalls the concerns expressed by Youth NGOs over the decentralisation of funding disbursements for Erasmus+; welcomes the commitment of the Commission to find a solution to this issue; stresses that involving stakeholders and beneficiaries in the meetings of the Programme Committee may pave the way for a sustainable and shared solution;
3. Reiterates that the incorporation of all mobility programmes for young people in the Union into ERASMUS+ is primarily intended to increase their efficacy, and therefore urges the Commission to stick to the agreed aims and programme budget lines in order to avoid the programme losing its focus;
4. Welcomes the responsiveness of both Erasmus+ and Creative Europe in reacting to the emerging challenges of refugee/migrant integration and anti-radicalisation in 2015;
5. Notes that loans under the Student Loan Guarantee Facility (Erasmus+ Master Loan) were made available for the first time in 2015, with two banks in Spain and France launching the scheme; insists that, to become a viable loan facility, it will be vital to ensure broad geographic coverage and for the Commission to monitor closely the lending conditions;

6. Welcomes the increased funding for ERASMUS+ in 2017, emphasises the need to increase the budget for the subsequent programme years by at least the same amount, and calls for this money to be spent exclusively on programme lines that exist already;
7. Recalls that 2015 was the first year in which the Creative Europe programme was managed across two Commission Directorates-General, DG EAC and DG CNECT; insists on the need for a coordinated approach so that internal organisational challenges do not impair the functioning of the programme or public perception of it;
8. Notes that the increase in funding applications in 2015 under the Europe for Citizens programme and the Creative Europe programme, in particular its Culture sub-programme, is in line with the anticipated pattern of applications across the lifecycle of the programmes; stresses, however, that there is still too low a project success rate in the case of Creative Europe; states also that the situation of Europe for Citizens is not improving, as the initial cuts are hampering the whole run of the programme, at a time when this type of project is badly needed in terms of the EU's communication with its citizens; insists therefore, as this situation is causing frustration and disappointment among applicants, that the increase in applications accepted must be met with more funding for both programmes;
9. Recalls that EACEA plays an important role in delivering the three programmes; welcomes the greater use of online project applications by the Agency; expresses concern, however, that users continue to perceive systems as too complex and urges EACEA to take account of national desks' experience to improve the systems and the communication with potential beneficiaries, as well as with the unsuccessful candidates;
10. Takes due note of the reservations lodged by EACEA with regard to payments under the 2007-2013 Lifelong Learning, Culture and Youth programmes; shares the Agency's view that the move from the reimbursement of eligible costs towards lump-sum and flat-rate payments under the 2014-2020 programmes should reduce error rates, while ensuring that financial controls are proportionate and do not discourage applications;
11. Takes due note of the Court special Report 16/2016 entitled "EU education objectives: programmes aligned but shortcomings in performance measurement" and its recommendations; concurs with the Court that education objectives should be properly embedded in OPs and welcomes the improved design of OPs identified by the Court for the 2014-2020 programme period; notes the Court's insistence that there always be a clear link between education measures and employability; reiterates that, while a central aspect of education should be to prepare students for the labour market, the delivery of high-quality education goes far beyond simply enhancing employability and calls on the Court and the Commission to ensure a broader focus is maintained;
12. Expresses concern at the ongoing pressure on capacity at the four European schools in Brussels, three of which were officially overcrowded in both 2014-2015 and 2015-2016; welcomes the Belgian government's decision to make a fifth European school available in Brussels as of the 2019-2020 school year; endorses the Board of Governors' decision to make the Berkendael site available as a temporary extension of the Brussels I school;
13. Expresses growing concern that the European Schools are not acting on problems

repeatedly identified by the Court and highlighted by the European Parliament in its discharge reports; notes with alarm that, in its 'Report on the annual accounts of the European schools for the financial year 2015', the Court reports that the Schools did not prepare their annual accounts within the legal deadline and declares that it is "unable to confirm that the financial management was sound"; underlines the repeated recommendation of the Court to the Central Office of European Schools to provide more guidelines on planning and designing procurement procedures; stresses that the Central Office and European Schools should follow the Financial Regulation and its Implementing Rules, simplify the selection and award criteria and improve documentation;

14. Takes note of efforts by Union institutions to reduce the payments backlog; highlights that a recurring payments backlog can be avoided by respecting payments appropriations, providing adequate resources in the revision of the MFF, and establishing a system of own-resources for the EU.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 24.1.2017 |
| Result of final vote | +: 21 -: 1 0: 4 |
| Members present for the final vote | Dominique Bilde, Andrea Bocskor, Silvia Costa, Mircea Diaconu, Angel Dzhambazki, Jill Evans, María Teresa Giménez Barbat, Giorgos Grammatikakis, Petra Kammerevert, Andrew Lewer, Svetoslav Hristov Malinov, Curzio Maltese, Luigi Morgano, Momchil Nekov, John Procter, Michaela Šojdrová, Yana Toom, Helga Trüpel, Sabine Verheyen, Julie Ward, Bogdan Brunon Wenta, Theodoros Zagorakis, Bogdan Andrzej Zdrojewski, Milan Zver, Krystyna Łybacka |
| Substitutes present for the final vote | Therese Comodini Cachia |

15.2.2017

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Petr Ježek

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the conclusion of the Court that the consolidated accounts of the Union present fairly, in all material respects, the financial position of the Union as at 31 December 2015; notes that payments were materially affected by an estimated error rate of 3,8 %; welcomes the reduction from 4,4 % in 2014; notes that a large part of the variation in the estimated level of error results from the difference between requests and cost reimbursements; encourages the future simplification of the financial regulation of the Union in order to succeed in attaining the target rate of 2 %;
2. Calls on the Commission to draft and submit to the discharge authority a track record of cases of conflicts of interest identified;
3. Recalls that 2015 was extraordinarily challenging for Union home affairs policies, particularly in the field of migration, as well as in the field of security, acknowledges the central role of DG-HOME in developing policy responses and in mobilising staff and emergency funding to support the most affected Member States;
4. Regrets that key performance indicators in DG-HOME's annual activity report do not cover the volume of people assisted, resettled, relocated and returned in 2015; regrets the lack of indicators to evaluate the effect of measures adopted to reinforce coordination and cooperation between national law enforcement authorities;
5. Encourages the development of clearer and long-term political priorities with more concrete translation into operational priorities; in this respect stresses the importance of

closer cooperation with other bodies, especially the Agencies;

6. Notes with concern that financial amounts due to be paid in the coming years are high; recalls that the Commission has not yet provided a cash flow forecast for the next 7 to 10 years and encourages the Commission to do so;
7. Regrets the lack of alignment of the Commission's Information Security governance structures with recognised best practices (as per IAS audit report);
8. Shares the Court's assessment that the proliferation of financial mechanisms which are not directly funded by the EU budget nor audited by the Court poses risks both for accountability and the coordination of Union policies and operations¹;
9. Notes that the Court's Special Report No 9/2016: EU external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014 concludes that the total amount of expenditure charged to the EU budget could not be established in the course of the audit, and that it was unclear whether expenditure had been directed in line with the intended geographical and thematic priorities; questions whether this was still the case for the year 2015; calls on the Commission to develop quality and result-oriented indicators aimed at assessing the quality and results obtained through the use of funds spent in its external migration policies²;
10. Believes the positive impact of the Union migration funds relies on processes at national and Union level to ensure transparency, effective monitoring and accountability; calls for the introduction of monitoring and evaluation mechanisms in itinere and not only ex post which ensure effective expenditure and implementation of policy objectives; calls on the Commission to ensure that result indicators and measurable targets based on the activities undertaken are defined at policy and project levels; calls for the establishment of stable and comparable qualitative and quantitative indicators; believes the Court should be monitoring the use of funds throughout the project cycle and not only at the very end.

¹ European Court of Auditors, Annual report on the implementation of the budget for the financial year 2015, together with the institutions' replies, p. 74

² European Court of Auditors, Special Report No 9/2016: EU external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014, p. 7

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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| Date adopted | 9.2.2017 |
| Result of final vote | +: 40 -: 3 0: 0 |
| Members present for the final vote | Heinz K. Becker, Michał Boni, Caterina Chinnici, Agustín Díaz de Mera García Consuegra, Tanja Fajon, Kinga Gál, Ana Gomes, Nathalie Griesbeck, Sylvie Guillaume, Jussi Halla-aho, Monika Hohlmeier, Eva Joly, Dietmar Köster, Barbara Kudrycka, Cécile Kashetu Kyenge, Marju Lauristin, Juan Fernando López Aguilar, Monica Macovei, Roberta Metsola, Péter Niedermüller, Judith Sargentini, Birgit Sippel, Branislav Škripek, Csaba Sógor, Helga Stevens, Traian Ungureanu, Bodil Valero, Marie-Christine Vergiat, Udo Voigt, Josef Weidenholzer, Kristina Winberg, Tomáš Zdechovský |
| Substitutes present for the final vote | Petr Ježek, Jeroen Lenaers, Nadine Morano, Morten Helveg Petersen, Emil Radev, Barbara Spinelli, Anders Primdahl Vistisen, Axel Voss |
| Substitutes under Rule 200(2) present for the final vote | Lara Comi, Josu Juaristi Abaunz, Georg Mayer |

27.1.2017

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015: Section III – Commission and executive agencies (2016/2151(DEC))

Rapporteur: Viorica Dăncilă

SUGGESTIONS

The Committee on Women's Rights and Gender Equality calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Points out that gender equality should be a cross-cutting objective for all policy areas; notes, however, that some of the programmes do not have specific targeted actions with specific budget allocations to fulfil this objective and a better collection of data should result not only in the quantification of appropriations allocated to actions contributing to gender equality but also in an improvement of the evaluation of the impact of those Union funds
2. Recalls that, as stated in Article 8 TFEU, equality between women and men is one of the values on which the Union is founded and the Union promotes it; considers that gender equality must be mainstreamed in all policies and therefore this has to be taken into account in the budgetary procedures;
3. Repeats its calls on the Commission to consider gender budgeting at all stages of the budgetary process, including, inter alia, in the implementation of the budget and the assessment of its execution, including EFSI, ESF, ERDF, Horizon 2020, in order to combat the discrimination taking place in Member States; stresses that a common set of quantifiable result and impact indicators, which would allow for better assessment of the implementation of the budget from the gender perspective, should be incorporated in the planning, implementation and evaluation of the budget, in line with the Budget Focused on Results initiative and the focus on performance;
4. Calls on the Commission to use gender budgeting analysis of both new and existing budget lines and, where possible, to make necessary policy changes to ensure that gender inequality does not occur indirectly;

5. Stresses that, despite the joint declaration attached to the MFF on gender mainstreaming, no specific measures have so far been taken; calls for effective monitoring of the implementation of that declaration in the annual budgetary procedure;
6. Calls on the Commission to introduce a gender equality pillar into the Europe 2020 Strategy and for the inclusion of specific gender-related targets;
7. Urges the Court to evaluate the inclusion of an analysis of achieving gender-related targets included in the Europe 2020 Strategy in the annual reports assessing the execution of the Union budget;
8. Reiterates its previous calls on the Commission to ensure the full implementation of the funds allocated to the Rights, Equality and Citizenship Programme and urges it to take immediate steps to increase funding for the promotion of gender equality; notes that full implementation of the 2015 budget is declared by the use of global commitments, not allowing for a clear assessment of the use of the funds;
9. Calls on the European Commission, when preparing the annual work programme, to respect the appropriate and fair distribution of financial support between different areas covered by the specific objectives of the Rights, Equality and Citizenship Programme (REC), taking into account the level of funding already allocated under the previous 2007-2013 programming period; deplores the decrease in funds available for the Daphne specific objective; notes that budget appropriations in commitments for the Daphne programme were EUR 18 million in 2013, EUR 19,5 in 2012 and more than EUR 20 million in 2011, whereas in 2016, the REC work programme has foreseen slightly more than EUR 14 million for that objective.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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|---|---|
| Date adopted | 25.1.2017 |
| Result of final vote | +: 25 -: 4 0: 0 |
| Members present for the final vote | Beatriz Becerra Basterrechea, Anna Maria Corazza Bildt, Viorica Dăncilă, Iratxe García Pérez, Arne Gericke, Teresa Jiménez-Becerril Barrio, Elisabeth Köstinger, Agnieszka Kozłowska-Rajewicz, Florent Marcellesi, Angelika Mlinar, Maria Noichl, Marijana Petir, Pina Picierno, João Pimenta Lopes, Terry Reintke, Liliana Rodrigues, Michaela Šojdrová, Ernest Urtasun, Ángela Vallina, Jadwiga Wiśniewska, Anna Záborská, Jana Žitňanská |
| Substitutes present for the final vote | Catherine Bearder, Biljana Borzan, Rosa Estaràs Ferragut, Eleonora Forenza, Mylène Troszczynski, Julie Ward |
| Substitutes under Rule 200(2) present for the final vote | Sorin Mois |

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

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|---|---|
| Date adopted | 23.3.2017 |
| Result of final vote | +: 21 -: 3 0: 0 |
| Members present for the final vote | Dennis de Jong, Tamás Deutsch, Luke Ming Flanagan, Ingeborg Gräßle, C t lin Sorin Ivan, Jean-François Jalkh, Bogusław Liberadzki, Notis Marias, Georgi Pirinski, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Indrek Tarand, Derek Vaughan, Tomáš Zdechovský, Joachim Zeller |
| Substitutes present for the final vote | Karin Kadenbach, Julia Pitera, Miroslav Poche, Inmaculada Rodríguez-Piñero Fernández |
| Substitutes under Rule 200(2) present for the final vote | Clara Eugenia Aguilera García, Raymond Finch, Lieve Wierinck |

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

| 21 | + |
|-----------|--|
| ALDE | Lieve Wierinck |
| GUE/NGL | Luke Ming Flanagan, Dennis de Jong |
| PPE | Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Tomáš Zdechovský, Joachim Zeller |
| S&D | Clara Eugenia Aguilera García, C t lin Sorin Ivan, Karin Kadenbach, Bogusław Liberadzki, Georgi Pirinski, Miroslav Poche, Inmaculada Rodríguez-Piñero Fernández, Derek Vaughan |
| VERTS/ALE | Bart Staes, Indrek Tarand |

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| ECR | Notis Marias |
| EFDD | Raymond Finch |
| ENF | Jean-François Jalkh |

| 0 | 0 |
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Key to symbols:

+ : in favour

- : against

0 : abstention