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## TEXTS ADOPTED

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### **P8\_TA(2017)0143**

#### **Discharge 2015: EU general budget - European Commission**

##### **1. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- 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' replies<sup>3</sup>, and to the Court of Auditors' special reports,
- having regard to the statement of assurance<sup>4</sup> 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

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 375, 13.10.2016 p. 1.

<sup>4</sup> OJ C 380, 14.10.2016, p. 147.

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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup>, 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 27 April 2017 on the Court of Auditors’ special reports in the context of the Commission discharge for the financial year 2015<sup>2</sup>;
  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).

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> Texts adopted of that date, P8\_TA (2017)0144.

## **2. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2015<sup>3</sup>,
- 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 reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 2.

<sup>4</sup> OJ C 449, 1.12.2016, p. 51.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> 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 programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - 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 of 27 April 2017 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>4</sup>;
  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).

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 343, 19.12.2013, p. 46.

<sup>4</sup> Texts adopted of that date, P8\_TA(2017)0144.

### **3. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2015<sup>3</sup>,
- 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 reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 10.

<sup>4</sup> OJ C 449, 1.12.2016, p. 61.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> 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 programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - 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 27 April 2017 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>4</sup>;
  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).

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 341, 18.12.2013, p. 73.

<sup>4</sup> Texts adopted of that date, P8\_TA(2017)0144.

#### **4. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015<sup>3</sup>,
- 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 Consumers, Health, Agriculture and Food Executive Agency for the financial year 2015, together with the Agency’s reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 2.

<sup>4</sup> OJ C 449, 1.12.2016, p. 41.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> 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 programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency<sup>4</sup>,
  - 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 27 April 2017 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>5</sup>;
  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 Consumers, Health, Agriculture and Food Executive

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 341, 18.12.2013, p. 69.

<sup>4</sup> OJ L 363, 18.12.2014, p. 183.

<sup>5</sup> Texts adopted of that date, P8\_TA(2017)0144.



Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

**5. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2015<sup>3</sup>
- 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 European Research Council Executive Agency for the financial year 2015, together with the Agency’s reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 9.

<sup>4</sup> OJ C 449, 1.12.2016, p. 157.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> 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 programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - 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 27 April 2017 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>4</sup>;
  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).

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 346, 20.12.2013, p. 58.

<sup>4</sup> Texts adopted of that date, P8\_TA(2017)0144.

**6. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2015<sup>3</sup>,
- 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 Research Executive Agency for the financial year 2015, together with the Agency’s reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup> and in particular Articles 62, 164, 165 and 166 thereof,

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 11.

<sup>4</sup> OJ C 449, 1.12.2016, p. 230.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> OJ L 298, 26.10.2012, p. 1.

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - 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 27 April 2017 on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>4</sup>.
  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).

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 346, 20.12.2013, p. 54.

<sup>4</sup> Texts adopted of that date, P8\_TA(2017)0144.

## **7. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- having regard to the final annual accounts of the Innovation and Networks Executive Agency for the financial year 2015<sup>3</sup>,
- 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 Innovation and Networks Executive Agency for the financial year 2015, together with the Agency’s reply<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>6</sup>

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 417, 11.11.2016, p. 11.

<sup>4</sup> OJ C 449, 1.12.2016, p. 219.

<sup>5</sup> OJ C 380, 14.10.2016, p. 147.

<sup>6</sup> 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 programmes<sup>1</sup>, 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 programmes<sup>2</sup>, 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/EC<sup>3</sup>,
  - 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 27 April 2017 on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>4</sup>;
  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).

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<sup>1</sup> OJ L 11, 16.1.2003, p. 1.

<sup>2</sup> OJ L 297, 22.9.2004, p. 6.

<sup>3</sup> OJ L 352, 24.12.2013, p. 65.

<sup>4</sup> Texts adopted of that date, P8\_TA(2017)0144.

**8. European Parliament decision of 27 April 2017 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 2015<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2015 (COM(2016)0475 – C8-0269/2016)<sup>2</sup>,
- 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’ replies<sup>3</sup>, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance<sup>4</sup> 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 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

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<sup>1</sup> OJ L 69, 13.3.2015.

<sup>2</sup> OJ C 380, 14.10.2016, p. 1.

<sup>3</sup> OJ C 375, 13.10.2016 p. 1.

<sup>4</sup> OJ C 380, 14.10.2016, p. 147.



budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup> 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 programmes<sup>2</sup>, 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 27 April 2017 on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2015<sup>3</sup>;
  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).

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 11, 16.1.2003, p. 1.

<sup>3</sup> Texts adopted of that date, P8\_TA(2017)0144.

**9. European Parliament resolution of 27 April 2017 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 Union,
  - 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 1605/2002<sup>1</sup> (the “Financial Regulation”) and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union<sup>2</sup> (the “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 communications policy so as to properly inform the citizens about the 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

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 362, 31.12.2012, p. 1.

investment;

- F. whereas the Union institutions need to build a clear understanding and agree on which 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, the Commission bears 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 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 Europe 2020 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 multiannual financial framework; believes consideration needs to be given to a new balance between political

agenda setting, policy implementation and financial framework needs;

4. Regrets that the temporary budgetary arrangements do not offer the ideal system for transposing 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 % on average for the period 2014-2016 according to the Court of Auditors (the “Court”)<sup>1</sup>, 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 Multiannual Financial Framework 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 Commission; considers that the Union budget should be more efficient and more effective than ever due to the scarce financial resources; regrets however that the 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 of 28 October 2016 on the mid-term review of the Multiannual Financial Framework (points 39 and 40) that it is time for the Commission to explore other options, for example:
  - a rolling budgeting programme with a five year planning horizon, clause(s) of revision by objectives and policies and a rolling evaluation programme;
  - determining the duration of programmes and schemes on policy needs rather than 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 the suggestions made by the Court in points 39 and 40 of its above-mentioned briefing paper of 28 October 2016 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 at which the policy areas on which the Union budget

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<sup>1</sup> Court’s Special Report No 31/2016.

should be spent will be debated before the financial framework is decided upon;

11. Endorses all recommendations made by the Court in its Special Report No 31/2016 and especially that the Commission should explore all potential opportunities, including the midterm Multiannual Financial Framework 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 Union 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 to 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 Union budget from 20 % to 30 %;
17. Calls on the Commission to draft the forthcoming Union budgets in order to make it more efficient and more effective and to better align them with the Europe 2020 targets, Union climate targets, and Union 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;
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 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 Union 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 reports<sup>1</sup> state 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 Union political objectives and targets and might finance projects which are not in line with the Union commitments;
23. Points out that the launch of the European Fund for Strategic Investments has affected the delay in the launch of the Connecting Europe Facility and that the European Fund for Strategic Investments 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 Union 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 European Fund for Strategic Investments and also to submit to Parliament an assessment of the impact of the European Fund for Strategic Investments 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 paragraph 24) 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 Union's strategy, targets and commitments the Union 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; considers that 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

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<sup>1</sup> Court's Special Report No 05/2015 and No 19/2016.

period; calls on the Commission to prepare a communication on this issue before November 2017;

### ***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 was still outstanding;
29. Stresses that this situation may indeed pose a significant challenge and undermine the effectiveness of European structural and investment 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 (the 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 Union operations, delays in submitting regional programmes for the 2014-2020 Multiannual Financial Framework, etc.;
31. Points out that a new feature in this Multiannual Financial Framework 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 Multiannual Financial Framework: 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 Rural Development – had been designated by the Member States; considers those designations to be 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 Multiannual Financial Framework might start with an unprecedented high level of *reste à liquider* ("RAL") which might endanger the management of the Union 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 that they do not occur in the future;
39. Stresses that the triggering of Article 50 of the Treaty on European Union might create troubles in the way the Union 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 take measures to strictly observe the rules and timetables regarding outstanding commitments including:
  - i) closure and decommitment of the 2007-2013 programmes;
  - ii) proper use of net correction in cohesion;
  - iii) a reduction of cash held by fiduciaries; and
  - iv) 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 consider 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 European structural and investment funds;
43. Reiterates the need for simplification and clarity of rules and procedures at both Union and national level in order to facilitate access to Union 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 %<sup>1</sup> 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 Multiannual Financial Frameworks 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 %;

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<sup>1</sup> 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 20.9.2016, 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 Multiannual Financial Framework 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 for the EU Budget (COM(2016)0446), 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 Management and Performance Report, 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 point 1.38 of the 2015 Court's 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 Commission directorates-general concerned Directorate-General for Agriculture and Rural Development (DG AGRI) and Directorate-General for Regional and Urban Policy (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 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; observes that such a continuing line of accountability will however only be possible if national audits are adequate and if the Commission and Member States agree 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 Union 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 reports<sup>1</sup> a total of implemented financial corrections and recoveries amounting to EUR 3,9 billion; notes that the Court classified them in three

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<sup>1</sup> see point 1.39 of the 2015 Court's annual report.

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” provide 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 No 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 budgetary execution by the directorates-general, or whether it is distinct from it (see point 5 of the executive summary of the Court’s Special Report No 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 Union 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 Commission especially concerning the control reports;

### ***Political Reservations***

75. Endorses the reservations issued by the directors-general of DG REGIO, the Directorate-General for Maritime Affairs and Fisheries (DG MARE), the Directorate-General for Migration and Home Affairs (DG HOME), the Directorate-General for International Cooperation and Development (DG DEVCO) and DG 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 the director-general of the Directorate-General for Research and Innovation (DG RTD), as in previous years, continues to issue a horizontal reservation covering all payments and cost claims under the Seventh Framework Programme; 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 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 Multiannual Financial Framework programmes, evidence on the results of the 2007-2013 Multiannual Financial Framework 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 the European Agricultural Fund for Rural Development, and 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 Union institutions, partners and stakeholders concerned in order to make the indicators adequate for measurement of the implementation of the Union budget, as well as to answer the Union 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 Union 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 and investment funds in the context of the Horizon 2020 interim evaluation;

90. Takes note of the two examples of complementarities between national and Union research programmes given in the 2015 Court's annual report 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 level<sup>1</sup>; 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:
- i) in relation to the balance of indicators which measure only inputs or outputs rather than results and impact<sup>2</sup>,
  - ii) the absence of baselines and
  - iii) 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<sup>3</sup>;
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 aggregate<sup>4</sup>;
96. Is concerned that the Commission does not always use key performance concepts (for 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

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<sup>1</sup> see points 3.22 and 3.23 of the 2015 Court's annual report.

<sup>2</sup> see points 3.29 of the 2015 Court's annual report.

<sup>3</sup> see points 3.33 to 3.38 of the 2015 Court's annual report.

<sup>4</sup> see point 3.56 of the 2015 Court's annual report.

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 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 national contact points 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 DG AGRI, DG CLIMA, DG ENVI and DG 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 Multiannual Financial Framework (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 <sup>1</sup>;
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 Union or from citizens of non-Union 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 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;

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<sup>1</sup> see point 4.16 of the 2015 Court’s annual report.

- ensure that Member States provide correct declarations of the amounts collected from customs duties in the quarterly statements, and provide 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 discharge<sup>1</sup>***

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 the Commission's action to follow 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;
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 Union and the Member States, and that without effective anti-corruption measures it undermines economic performance, the rule of law and the credibility of democratic institutions within the Union; calls on the Commission to finalise and publish the 2016 anti-corruption report, to act swiftly and robustly to eliminate corruption in the Member States and Union institutions, and to commission an independent assessment of the anti-corruption standards in the Union institutions

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<sup>1</sup> COM(2016)0674, SWD(2016)0338, SWD(2016)0339.

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 Union 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 the Seventh Framework Programme, undertaken by a high-level expert group<sup>1</sup>, considered the Seventh Framework Programme to have been a success; the high-level group underlined in particular that the Seventh Framework Programme:
- encouraged scientific excellence at an individual and institutional level,
  - promoted ground-breaking research through the novel “Ideas” programme (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 the “Cooperation” programme,
  - encouraged harmonisation of national research and innovation systems and policies,
  - stimulated mobility of researchers across Europe: the “People” programme 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 Seventh Framework Programme evaluation, held between February and May 2015, pointed to the following weaknesses:

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<sup>1</sup> “Commitment and Coherence - Ex-Post Evaluation of the 7th EU Framework Programme (2007-2013)”, November 2015.

- 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 Union 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 the mid-term revision of the Multiannual Financial Framework and for the next Multiannual Financial Framework;
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 RTD 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 2015 Court's annual 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;
129. Is concerned that the annual activity report of DG RTD indicated that by the end of 2015, 1 915 projects of the Seventh Framework Programme projects worth EUR 1,63

billion were still not completed; this could delay the implementation of Horizon 2020;

*Management and control systems*

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 RTD again issued, as in previous years, a horizontal reservation concerning all cost claims under the Seventh Framework Programme (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 the Seventh Framework Programme 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; notes that within research and technology development this applies to expenditure by given joint undertakings; notes that outside of 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 did not participate, in 2015, in the common support centre for research and innovation;
137. Is concerned that the Seventh Framework Programme, 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 linked<sup>1</sup> ;
140. Regrets furthermore that the first monitoring report on Horizon 2020 gave only little information about synergy effects between the programme and structural funds<sup>2</sup> ; 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 opinion<sup>3</sup> that Horizon 2020 is not sufficiently performance driven;

## *Measures to be taken*

142. Reiterates its demand, already made in the 2014 Commission discharge resolution<sup>4</sup>, 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; considers that 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";<sup>5</sup>
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 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

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<sup>1</sup> 2015 Court's annual report, point 3.19.

<sup>2</sup> 2015 Court's annual report, point 3.22.

<sup>3</sup> 2015 Court's annual report, section 3.

<sup>4</sup> European Parliament Resolution of 28 April 2016 with observations forming an integral part of its decision on the discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission, paragraph 8 (OJ L 246, 14.9.2016, p. 27).

<sup>5</sup> 2015 annual activity report, Directorate-General for Research and Innovation, Brussels 2016, p. 11, footnote 8.

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 management and control systems 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); considers that 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 must essentially be 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 and high degree of specialisation or administrative power (Article 190(1)(c) and (f) of the Rules of Application); considers that 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***

##### *EU 2020*

152. Notes the fact that, according to 2007-2013 the ex-post evaluation of the European

Regional Development Fund (ERDF) and Cohesion Fund (CF)<sup>1</sup>, EUR 1 of cohesion policy investment will generate EUR 2,74 of additional 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 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 the ERDF and the CF were able, to a certain extent, to counter-balance the effects of the 2007-2008 financial crises, indicating that without the intervention of structural funds 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 Europe 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 European structural and investment funds had been designated;

*The European Regional Development Fund, the Cohesion Fund and the European Social Fund: general issues*

159. Welcomes the fact that the Court has aligned the chapters in its annual report to the

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<sup>1</sup> SWD(2016)0318.



heading under the Multiannual Financial Framework; 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 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<sup>1</sup>, the 19 Member States that have not transposed the directive on the award of concession contracts<sup>2</sup>, 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<sup>3</sup>, 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 study<sup>4</sup> 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*

165. Notes that in 2015 more than 80 % of the payments were interim payments to operational programmes 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;
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

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<sup>1</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

<sup>2</sup> Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

<sup>3</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

<sup>4</sup> First results of the Youth Employment Initiative, Final report to the DG Employment, Social Affairs and Inclusion of the European Commission, June 2016.

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.”<sup>1</sup>
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 Union structural funds regulations, or, on the other hand, noncompliance with Union 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 ERDF/CF cases, was the error rate reported by Member States adjusted upwards by more than 2 %;
174. Regrets that DG REGIO saw the need to issue 67 reservations (down from 77) due to unreliable management and control systems in 13 Member States and one reservation

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<sup>1</sup> 2015 Court’s annual report, point 6.36.

concerning the Instrument for Pre-Accession Cross-Border Programme Greece - the Former Yugoslav Republic of Macedonia; 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 Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) issues 23 reservations (down from 36) due to unreliable management and control systems 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 plan that improving impact evaluations of cohesion policy programmes should be made a priority<sup>1</sup>; 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 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 operational programmes, including one cross-border cooperation operational programme.
179. Acknowledges that the total value of operational programme 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 operational programme 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; considers, in addition, that 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 FEIs constitute a major part of the "galaxies of budgets" which renders democratic accountability impossible;

### *European Investment Bank*

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<sup>1</sup> Reply to question 19 in the written questions to Commissioner Crețu.

183. Is deeply concerned about the generally higher costs and fees for European Investment Bank/European Investment Fund-managed funds implementing financial instruments under shared management which have been revealed by the Court's findings in its Special Report No 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 Multiannual Financial Framework and state of play, including results achieved, of all financial instruments managed and implemented by the European Investment Bank Group, which operate with resources from the Union 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 REGIO discovered serious irregularities related to the construction of metro line 4 in Budapest; notes that 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; and that the mismanagement was discovered at project level; observes that the OLAF case report also recommends judicial follow-up 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 government of an ordinance which could have impeded an effective fight against corruption and which, in addition, could have offered the possibility of pardoning politicians who may have been implicated in illegal acts; considers that 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;

#### *Measures to be taken*

188. Reiterates its demand, already made in the 2014 Commission discharge resolution<sup>1</sup>, 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;
189. Asks the Court to keep, the ERDF and the CF on the one hand, and the ESF on the

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<sup>1</sup> See paragraph 8 of the resolution of 28 April 2016.

other, separately identifiable in its audit strategy, given their financial importance;

190. Calls on the Commission:

- to make sure that the management and control systems concerned in the 15 Member States<sup>1</sup> 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 2007-2013 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 European structural and investment 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 Union 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 Multiannual Financial Framework Heading 2 “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

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<sup>1</sup> 2015 Court’s annual report, point 6.9, footnote 8.

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 materiality<sup>1</sup> 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 the European Agricultural Guarantee Fund:
    - the Land Parcel Identification System, 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;
    - the recovery procedures for incorrect payments;

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<sup>1</sup> 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”.

- 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 the European Agricultural Guarantee Fund, the error rates established

by the DG AGRI and the Court are diverging<sup>1</sup> whilst for the European Agricultural Fund for Rural Development 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 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 Union 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 28 Member States being the equivalent of 9,5 million annual working units in 2013 of which 8,7 million (92 %) were regular workers <sup>23</sup>;
- e) the Court concluded in its Special Report No 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

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 %.



to analyse farmers' incomes have significant limitations;

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 key performance indicator 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 European structural and investment funds;

#### *Fair CAP*

207. Stresses the large differences between the Member States as to average income by farmers<sup>1</sup> 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 4 000 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 5 000 or less per year”<sup>2</sup>;
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 Union 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 Commission and endorsed by the 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 No 18/2016 on the Union system for certification of sustainable bio fuels, the Union certification system for the sustainability of biofuels is not fully reliable and has 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;

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<sup>1</sup> See the reply to written question 3 - hearing of Commissioner Hogan of 29 November 2016.

<sup>2</sup> See paragraph 317 of the resolution of 28 April 2016.

### *Simplification*

211. Insists that in its Special Report No 25/2016 the Court checked whether the Land Parcel Identification System 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 Land Parcel Identification System 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; notes 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; asks the Commission to inform 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 Union 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; considers also 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) monitor annually the results of the Land Parcel Identification System 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 Land Parcel Identification System-related rules for the next CAP period, e.g. by reconsidering 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 KPI 1 mentioned in the annual activity report of the director- general of DG AGRI concerning the agricultural income;
- h) redefine key performance indicator 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;<sup>1</sup>
- 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) modify substantially 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

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<sup>1</sup> 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").

EUR 50 000 to 100 000<sup>1</sup>;

- 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 2014);
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 Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) considers that for both

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<sup>1</sup> See Article 35(1) of Commission Implementing Regulation (EU) No 908/2014 of 6 August 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 (OJ L 255, 28.8.2014, p. 59) and Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

of the financial instruments managed by DG NEAR - the European Neighbourhood Instrument and the Pre-Accession Instrument - the financial exposure from the amount at risk is below the materiality threshold of 2 % and the 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 the Instrument Pre Adhesion direct management, a residual error rate for the Pre-Accession Instrument indirect management and a residual error rate for the European Neighbourhood Instrument 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:
  - i) grants in direct management;
  - ii) 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 points 48-50 of the 2015 Court’s annual report on the EDF), the corrective capacity of DG DEVCO has been overestimated by not excluding recoveries of pre-financing 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 i) the Instrument for Stability, ii) the MIDEAST Instrument and iii) the European Development Fund are still the programmes 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 key performance indicators 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 key performance indicators that were missing in the external assistance management report 2015 exercise;
  - b) improve the monitoring possibilities for key performance indicators;

*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 No 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 i) the way funds are implemented and ii), 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 conflicts of interest;
243. Considers that the new funding arrangement concluded by the Commission with the World Bank<sup>1</sup> 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*

245. Congratulates the Commission on the outcome of proceedings in Case T-381/15 on 2 February 2017; asks which contracts with International Management Group 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

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<sup>1</sup> Commission Decision C(2016)2210 of 12 April 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.



sound financial management;

- DG NEAR to revise the residual error rate methodology in order to provide statistically accurate information on the amount at risk for payments made under the Pre-Accession Instrument indirect management;
- DG DEVCO to revise the estimate of its future corrective capacity by excluding from the calculation recoveries of unspent pre-financing 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:
  - i) clarify objectives;
  - ii) develop, expand and improve the performance measurement framework of its migration and asylum policies in neighbourhood countries;
  - iii) focus available financial resources on clearly defined and quantified target priorities and,
  - iv) 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 the fact 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"<sup>1</sup> ;
253. Asks the Court to provide the budgetary control authority with a most likely error rate concerning migration and security policy in its 2016 annual report 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

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<sup>1</sup> Reply to written question 23 - hearing of Commissioner Avramopoulos of 29 November 2016.

the unquantifiable value of any and all human life;

- e) test the effectiveness of Member States internal control systems used for the 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<sup>1</sup>, 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

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<sup>1</sup> Directive 2011/24/EU of the European Parliament and of the Council of 9 March 2011 on the application of patients' rights in cross-border healthcare (OJ L 88, 4.4.2011, p. 45).

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 Union'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;

261. Is shocked by news reports that, according to OLAF calculations, the United Kingdom customs' 'continuous negligence' deprived the Union 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 Union 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*

262. Is of the firm opinion that there is a growing need for strong ethics regulation in order to fulfil Article 17 of the Treaty on European Union and Article 245 of the Treaty on the Functioning of the European Union; 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;
263. 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 Commission; calls on the Commission to review the code of conduct for commissioners by the end of 2017, including by implementing 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;
264. Points out that an important step with regard to conflicts of interest is to increase the transparency of the Commission President, the ad hoc ethical committee of the Commission and of the Secretariat General, when reviewing situations of potential conflict; notes that only if the opinions of the ethical committee are published

proactively can the public hold the Commission accountable;

265. 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 Court of Justice for it to give an opinion on the matter;

#### *Expert groups*

266. Welcomes the Commission decision of 30 May 2016 establishing horizontal rules on the creation and operation of Commission expert groups<sup>1</sup>, 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 Union institutions;
267. Recalls that a lack of transparency has a negative effect on the trust that Union citizens have in the Union institutions; believes that the effective reform of the Commission's expert groups 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 Union;
268. Takes the view that the Commission should make progress towards a more balanced composition of the expert groups; deplores 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;
269. 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 expert groups public;

#### *Special advisors*

270. Calls on the 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*

271. 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 %);
272. 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.

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<sup>1</sup> C(2016)3301.

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”;

273. Deplores the fact that “(...) the Court was unable to confirm that the financial management was sound”;
274. 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;
275. 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;
276. 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”<sup>1</sup>; notes that no progress report was ever received by Parliament;
277. 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

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<sup>1</sup> See paragraph 38 of the European Parliament Resolution of 10 May 2012 with observations forming an integral part of its decision on the discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission (OJ L 286, 17.10.2012, p. 31).

case of the German-language sections) or three (in the case of the English-language sections);

278. 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;
279. 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;
280. 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;
281. 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;
282. 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*

283. 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;
284. 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;
285. 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;
286. 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;

287. Welcomes equally the recommendations suggested by the Court in its Special Report No 13/2016 on Union assistance for strengthening the public administration in Moldova and in the Special Report No 32/2016 on Union assistance to Ukraine; considers that the Union 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*

288. 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;
289. Welcomes 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;
290. 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 Council<sup>1</sup> 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 Justice<sup>2</sup> on cooperation with Morocco and the Western Sahara issue, in which the Court ruled that the Union has consistently infringed international law;
291. 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,

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<sup>1</sup> 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).

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



freedoms for civil society and the media, or due to a lack of capacity of oversight bodies;

292. 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;
293. Regrets that no prior consultation of Parliament took place when setting up the Union Emergency Trust Fund for Africa; calls for more effective efforts to enhance the transparency of decisions on Emergency Trust Fund projects and underlines the lack of an adequate format for the regular consultation of Parliament; regrets that no action has been taken in this respect;

#### *Employment and Social Affairs*

294. 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;
295. 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<sup>1</sup>; highlights that the introduction of annual burden reduction targets that include Union funding programmes would increase compliance and therefore contribute to a reduction in the error rate;
296. 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*

297. 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;
298. 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

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<sup>1</sup> Interinstitutional Agreement between the European Parliament, the Council and the Commission of 13 April 2016 on Better Law-Making (OJ L 123, 12.5.2016, p. 1).

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;

299. 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 %;
300. 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;
301. 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 the Directorate General for Health and Food Safety'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*

302. 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;
303. 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 the Directorate General for Mobility and Transport (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;
304. Points out that the European Investment Bank'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 the European Fund for Strategic Investments for the Union as a whole; regrets that the European Fund for Strategic Investments 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;

305. 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;
306. Points out that transport projects in 2014-2020 will be financed from several sources, including the Connecting Europe Facility, the CF, the ERDF and the European Fund for Strategic Investments; 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*

307. Calls on the Commission through the high level group<sup>1</sup> 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;
308. 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;
309. 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 European structural and investment funds in 2014-2020 with a view to simplifying, speeding up and harmonising electronic public procurement procedures;
310. Notes that the average disbursement rate for ERDF and ESF financial instruments was 57 % at the end of 2014, which represents only a 10 % increase compared to 2013;

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<sup>1</sup> High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European structural and investment funds.

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;

311. Welcomes the Court's approach in focusing 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 operational programmes 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 European structural and investment funds; calls on the Commission to develop a limited number of relevant indicators which can help measure performance;
312. 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*

313. Asks the Court to continue to provide separate assessments for the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and Heading 2, also beyond the next financial year, as separate assessments allow for targeted action for improvement of the considerably different error rates;
314. 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 the European Agricultural Guarantee Fund;
315. 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;
316. Calls, in relation to national payment agencies in the Member States that have fallen short of expectations in the past three years, for Union officials who are already in post rather than nationals of the Member State concerned, to be responsible in those payment agencies;
317. 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 regulation<sup>1</sup> will be possible only at the end of the programming period;

318. Notes that 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*

319. 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 operational programmes and Member States concerned;
320. 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;
321. Welcomes the fact that of the 12 specifically fisheries-related transactions audited by the Court, none shows a quantifiable error;
322. Regards it as regrettable, however, that the vast majority of Member States forwarded details of their operational programmes relating to the European Maritime and Fisheries Fund very late, which causes long delays in the mobilisation of funds;
323. 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*

324. 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;
325. Welcomes the responsiveness of both Erasmus+ and Creative Europe in reacting to the emerging challenges of refugee/migrant integration and anti-radicalisation in 2015;
326. 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;
327. Recalls that 2015 was the first year in which the Creative Europe programme was

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<sup>1</sup> Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

managed across two Commission directorates-general, the Directorate-General for Education and Culture and the Directorate-General for Communications Networks, Content and Technology; 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*

328. Calls on the Commission to draft and submit to the discharge authority a track record of cases of conflicts of interest identified;
329. 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;
330. 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;
331. Regrets the lack of alignment of the Commission's information security governance structures with recognised best practices (as per the Internal Audit Service audit report);

*Gender issues*

332. 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;
333. 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;
334. 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.