

## 2013 Discharge to the Commission

### WRITTEN QUESTIONS TO COMMISSIONER GEORGIEVA

Hearing on 22 January 2015

#### Payments / commitments

1. The 2013 was marked by the usual shortage of funds for payments which necessitated the adoption of amending budgets to increase the ability to pay of more than 11 billion euro.
  - Does the Commission agree that the continuation of this situation of shortage in payments requires a more effective budgetary planning at the level of commitments?

#### **Commission's answer:**

**The shortage of payment appropriations has become particularly acute in 2013 and 2014.**

**The recurrent programme cycle of investment expenditure, in particular with regard to cohesion policy, led to a concentration of payments at the end of the 2007-2013 programming period. This tendency was reinforced by derogations introduced in the first years of the 2007-2013 programming period in the cohesion policy legislation with regard to automatic de-commitments.**

**On the other hand, the multiannual financial framework (MFF) agreed for 2014-2020 entailed a dramatic drop in the ceiling for payments in 2014, which further constrained the possibility to properly address the growing backlog of unpaid bills.**

**In 2014, the Commission proposed corrective measures within the flexibility allowed by the 2014-2020 MFF, which were to a large extent accepted by Parliament and Council. As a result of the agreement on the 2015 budget and 2014 amending budgets, the European Parliament, Council and the Commission agreed to establish a payment plan in view of reducing the level of unpaid bills. The Commission is confident that such a payment plan will allow bringing the EU budget back to a sounder track whereby the EU policies agreed by the European Parliament and Council can be fully implemented within the multiannual financial framework.**

- How has the Commission managed the shortage of funds for payments during the year 2013?

#### **Commission's answer:**

**As regards shared management programmes, in absence of sufficient cash flow the Commission has ensured a fair treatment between the Funds and the programmes. The claims have been either proportionally to the available cash (when claims are sent by quarter as for Rural Development) or by respecting the date of submission of the claims in other cases. A priority has however been given to claims sent by Member States under financial assistance**

**For the other funds, when there was a shortage of payment appropriations, the managing DGs took the measure to reduce the immediate needs for payments by reducing pre-financing when it was legally possible or by committing appropriations in tranches and later in the year.**

- Did the Commission utilize suspensions and referrals strategic postpone payments?

**Commission's answer:**

**No the decisions on the suspensions from audit findings in accordance with the relevant regulation. It has reduced the amount of immediately payable backlog but the cash-flow restriction management does not interfere with the decisions linked to the proper management of EU Funds. .**

- Can the Commission guarantee that there had not been delays in the disbursed funds legitimately eligible?

**Commission's answer:**

**The Commission called at the beginning of the year the maximum additional twelfths allowed by the own resources regulation in order to cover as much as possible the payable claims. It has reduced only progressively this additional call to own resources when it was possible to respect the deadline set by the regulation for paying the claims in so far as there were still budget appropriations available on the budget line concerned.**

**For other funds, there have been some only limited delays because of lack of payment appropriations, in particular for covering the payments for the Humanitarian Aid and this situation was explained by the Commission to the EP at the beginning of 2014.**

**New MFF**

2. What is the Commissions' opinion on the relatively radical change in the structure of the EU Budget expenditures in relative terms? And what is its opinion on in fact no change on the income side? Is there some space for strengthening the own

Union financial resources? What are the current expectations regarding the FTT (Financial Transaction Tax) to be the most important own Union financial source within the Budget?

**Commission's answer :**

**Within an overall slightly decreasing Multiannual Financial Framework 2014-2020 (3.4% in real terms compared to 2007-2013), there will be a marked increase of funding available for policies and programmes which have a pronounced European added value and address the urgent need for investment. Sub-heading 1a - Competitiveness for Growth and Jobs, notably, which includes support for research and innovation and trans-European networks, will be reinforced by around 37%. The Commission welcomes this shift which is broadly in line with its initial proposals but wishes to emphasise that the qualitative reforms which have been introduced for the new generation of expenditure programmes are equally important in view of achieving concrete results and ‘value for money’.**

**The Commission proposals for a far reaching reform of the financing side of the EU budget did unfortunately not obtain the necessary unanimous support from Member States. The new Own Resources Decision to a large extent prolongs the existing rules for the duration of the current MFF period. The Commission welcomes that, notwithstanding, the issue of reforming the own resources system remains on the political agenda.**

**The February 2013 European Council - taking into account several elements of the resolutions by the European Parliament - concluded that:**

- work on the Commission proposal for a new VAT own resources should continue and that**
- the MS participating in the financial transaction tax on the basis of enhanced cooperation were invited to examine if it could become the base for a new own resource for the EU budget**

**In view of the on-going negotiations on the Financial Transaction Tax directive under enhanced cooperation (and without prejudice to the outcome) the revenue estimates would have to be adjusted downwards compared to initial estimates (only 11 Member States participate, scope of the directive not yet known). Nevertheless, the Commission confirms its position that the proceeds of the FTT under enhanced cooperation could still become a viable basis for an own resource for the EU budget.**

**An inter-institutional High Level Working Group on Own Resources under the chairmanship of Mario Monti has been tasked to further reflect on and provide fresh input into the debate on the financing of the EU budget. Its work is mandated by the Joint Declaration on Own Resources adopted in December 2013 which provides: “The Group will undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability. It took up its work in the spring of 2014 and made available a first assessment on 17 December 2014.**

**For the other funds, when there was a shortage of payment appropriations, the managing DGs took the measure to reduce the immediate needs for payments by reducing pre-financing when it was legally possible or by committing appropriations in tranches and later in the year.**

3. What is the most important lesson coming from the 2007 - 2013 period; what is the Commissions' opinion on the parametrical changes and innovations provided for the 2014 - 2020 period (more transparency, on-target oriented and concentrated support, more support of profitable and development activities, elimination/ compensation of market failures, better monitoring and control, more flexibility, improved indicators and their quantification); does the Commission consider them necessary/ useful/ a way in the right direction, or insufficient, not leading to a progress?

**Commission's answer:**

**The EU Budget must be - and must be seen to be - instrumental in helping create employment possibilities, enhance competitiveness and foster growth in the EU.**

**In order to achieve this, a more coherent regulatory framework for the operational programmes has been put in place. Incentive structures to implement the programmes effectively have been improved by better linking budgetary spending with sound economic governance in Member States and regions.**

**EU budget expenditure under the new Multiannual Financial Framework will differ qualitatively from the previous period. The question already mentions a number of key improvements that have been introduced through sectorial and horizontal legislation and that will now have to be put into practice by all budgetary actors.**

**Crucially, a steadfast focus on results will be the hallmark of the new expenditure programmes. A renewed performance framework is already anchored in the legal acts establishing the various financing instruments and will be fleshed out in order provide the means to monitor and measure if and in how far the objectives set are actually met – and to correct course if necessary. The budgetary authority and stakeholders will have tools at hand to quantify ‘progress’ and to assess whether budget interventions actually lead to the intended impact. “Value for money” will become a solid guiding principle.**

**Other innovations aiming to further operationalize these principles can be summarized under the headlines ‘simplification’, ‘enhanced use of financial instruments’ or ‘mainstreaming of climate objectives across spending policies’. The conceptual and legislative groundwork for these changes has been laid. Now all actors have to cooperate to build on it in the course of programme implementation.**

**The midterm review/revision in 2016 will be a first rendezvous point to assess whether the innovations introduced show the intended effects – and to adjust, re-enforce or re-direct if necessary.**

4. Within the European Semester procedures and the increased economic and fiscal policy coordination, there are a few new elements and complementarities. What is the intension for allocation EU money in countries having troubles with fiscal discipline (being in the excessive deficit procedure), or macroeconomic imbalances?

**Commission's answer:**

**In the period 2014-20, support from the European Structural and Investment Funds is closely linked to the respect of EU economic governance. In the past, the conditions applicable for access to fund assistance was limited to one fund, the Cohesion Fund, and to one economic governance procedure — the Excessive Deficit Procedure.**

**This linkage has been considerably strengthened. It is built on a reinforcement and broadening of the scope of economic governance in response to the economic and financial crisis, and on the objective of increasing efficiency of EU spending in a context of fiscal constraint.**

**Unlike the previous programming period, all five ESI funds (the European Fund for Regional Development, the Cohesion Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund) are now conditional on respect of economic governance procedures. This conditionality applies through two distinct mechanisms:**

- **a first strand, whereby the Commission may request a Member State to reprogramme part of its funding when this is justified by the economic and employment challenges identified under various economic governance procedures; and**
- **a second strand, whereby the Commission is obliged to propose a suspension of ESI funding when certain stages in the various economic governance procedures are reached.**

**The Commission has issued guidelines on how it envisages that the provisions on measures linking effectiveness of ESI Funds to sound economic governance in the first strand will be applied (COM (2014) 494 of 30.7.2014).**

**Irregularities**

5. Irregularities in public procurement are frequent cases for error. The Commission has sometimes disagreed with the methodology of the European Court of Auditors. What is Commission's view on solving this? What discussions are on-

going? Also is interesting the approach towards the state aid. What is the evolution and more generally the comparability over time when the methodology is evolving year after year?

**Commission's answer:**

**As a result of a long standing discussions between the Court and the Commission on the quantification of errors in the area of public procurement for the Court's DAS audits, the Parliament requested in its 2010 and 2011 discharge resolutions (§§86 and 138 respectively) to harmonise the approach within the Commission between different spending areas under shared management and between the Court and the Commission. The Commission services under Cohesion Policy apply since 2007 Commission guidelines for the quantification of public procurement errors proportionate to the potential risk to the EU budget (2%, 5%, 10%, 25% and 100%). As a result of the discharge resolution, the Commission has acted and implemented the recommendation by harmonising further the approach between all spending areas under shared management (Agriculture, Cohesion Policy, Fisheries, and Home Affairs). It adopted in December 2013 a Decision setting out guidelines for making financial corrections for public procurement errors, applicable to all budget areas under shared management and recommended to Member States.**

**Subsequently, Commissioner Hahn approached the Court in a letter of 23/01/2014 and proposed the Decision as a basis to harmonise the treatment of public procurement errors between the Court and the Commission. The Court's Members Mr Balko, Mr Lazarou and Mr Grethen replied on 18/02/2014 that they had set up a working group to assess how to "close the gap". The Commission has approached since then the Court on several occasions to enquire about the state of play of the work of the working group. The Court has now proposed the Commission a meeting in the second half of January 2015 with all main Commission services in charge of spending under shared and direct management to discuss their approach to "close the gap".**

**As to the substance of the methodological difference, the Commission's Decision foresees that it can apply proportionate flat rate corrections of 5%, 10%, 25% or 100% for irregularities in public procurement procedures, depending on the seriousness of the irregularity. This Decision is also followed by most Member States when they correct public procurement irregularities. However, the Court applies a 0% (formal error) or 100% (quantifiable error) approach in the context of its DAS audits. For some errors the Commission would apply a correction of 5% or 10% when the Court considers 0%; or the Commission would correct between 5% and 100% where the Court applies 100%. For DAS 2013, based on information communicated by the Court, the Commission estimates that the Court's methodology has as a net result an overestimation of error rate by 0,6 percentage points (up to 1 percentage point in previous years).**

**The Commission has requested the Court to apply already for DAS 2014 a proportional approach to quantify public procurement errors, in order to reflect the gravity of the errors and to reduce constant discrepancies with the Commission's proportionate approach. This will contribute to reconciling the**

**range of error between the Court in its DAS exercise and the error rate reported by the Commission services in their AARs in shared management.**

**Comparability is currently assured as both institutions apply up to now their own approach regarding the assessment of deficiencies in the public procurement procedures. Should the Court apply already for DAS 2014 a proportional approach to quantify errors, both institutions will provide the adequate explanations to ensure comparability with the past exercises.**

**As regards State aid, there are no methodological differences between the Court of Auditors and the Commission.**

6. Another area is the multiannual nature of programmes and corrections that are still insufficiently reflected in the Court's annual error rate. Taking the financial corrections into account, the Commission's calculated error rate is much closer to 2%, but the question arises whether all spending areas can be treated the same?

**Commission's answer:**

**The different spending areas should be regarded globally. In 2013, the EC imposed overall financial corrections and recoveries amounting to EUR 3.4 billion. This corresponds to 2.3% of the budgetary payments made. The 4,7% error rate detected by ECA should be put in the context with this figure, in particular as the amount of financial corrections and recoveries shows an increasing trend and averages EUR 2.9 billion per year over the last 5 years (2009-2013).**

**As regards Cohesion Policy, for errors detected on individual projects the concerned beneficiaries have the obligation to reimburse public funds (i.e. the financial correction is made at project level). However, when deficiencies concern the administrative system of the managing authority or intermediate body (i.e. the error is not linked to a specific project), with a wide spread risk for all concerned projects, the Commission considers it more cost-efficient to apply flat rate corrections to the programme rather than auditing each individual project. The legislator has provided for this possibility in the regulations (Article 99(1) of Regulation (EC) No. 1083/2006). In such cases, the Member State cannot recover from individual beneficiaries, except if it has audited a specific project and found individual breaches of applicable rules. But when the beneficiary is respecting the terms of the public grant which was not in line with EU rules, the Member State does not have a basis to correct projects but only to withdraw expenditure from the programme, including by applying a flat rate correction to cover the corresponding risk to the EU budget and reimburse the funds to the Commission.**

**The Commission considers that in the area of Cohesion Policy the Court's error rate does not fully take into account the Commission's corrective capacity made on a flat rate basis: it overestimates the risk to the EU budget. Not all flat rate financial corrections imposed by the Commission on programmes are taken into account when the Court calculates its error rate, as raised during the 2012 and**

**2013 DAS exercises. The Court takes into account any financial correction or recovery made at project level at the time of the Court's audit and does not include the amounts in question any longer in its error rate calculation. However, the Court's calculation does not make a full provision for the corrective effect of controls which are made on a flat rate basis for a programme or parts of a programme or that are decided at Member State/beneficiary level but not yet implemented. According to the Commission's calculations based on information provided by the Court, the error rate for Regional Policy would have been 1.5 percentage points lower had the Court taken fully into account the flat-rate corrections to programmes in Spain and the Czech Republic when quantifying the errors for DAS 2013.**

**For DAS 2012, the Commission had the same issue: for regional policy, the Commission estimates that the error rate should have been 0.8 percentage points lower (6% instead of 6.8%), had the Court taken into account flat rate financial corrections imposed by the Commission.**

**Due to the legal framework for protecting the EU financial interests and the related procedures, in many areas (especially shared management) it is unavoidable that errors are corrected at a flat rate basis or only several years after they have occurred. The Commission considers that when it has done everything in its power in accordance with the legal framework to correct irregular expenditure under a programme in EU reimbursements or when the management and control system has operated effectively to identify and to decide to correct an irregularity, even if not implemented at the time of the Court's audit, this should be fully reflected in the DAS error rate.**

**As regards agriculture, the DAS error rate does not take into account the net financial corrections and the recoveries, which usually intervene after the Court's audits, due to the multiannual character of agricultural spending and its control and corrective system.**

**Along with the information about the residual error rate, DG AGRI has also disclosed in the AAR 2013 information about the corrective capacity (net financial corrections imposed by the Commission and net recoveries by Member States themselves). When taking into account the financial corrections imposed by the Commission and recoveries by MS themselves, the residual risk to the EU is 1,45%.**

**Since 2009 the amounts corrected, including recoveries operated by the Member States themselves, equal roughly 2% of overall CAP expenditure, i.e. around 1 billion EUR per year.**

**Recoveries made in other spending areas amounted to more than EUR 500 million (15% of the total of EUR 3.4 billion) in 2013, reflecting the fact that errors identified were also corrected and amounts recovered directly from beneficiaries. Comparable figures were reported in 2012 (out of EUR 2.9 billion, 13% - around EUR 400 million - for spending areas other than Cohesion), demonstrating a steady trend for recoveries of undue payments under other management modes. In the research area, for instance, all amounts affected by errors identified during audits by the Court and the Commission are recovered.**



**The Commission also extrapolates systemic errors identified in one contract to all other contracts of the same beneficiary with the same error. In this way the corrective effect is increased, and a larger part of the budget can be cleaned of error. This naturally takes some time but undoubtedly lowers the error rate on a multi-annual basis. The Commission estimates that the annual error rate of around 5% is lowered to below 3% once the effect of recovery and corrective action is taken into account. The Court's annual error rate can remain a useful indicator, but does not take into account the considerable efforts undertaken to protect the Community budget over a multi-annual period.**

7. The ECA has established that complexity of eligibility rules and management systems of EU spending programmes create risks of irregularities when using the EU funds.

Have you undertaken any examination of such risks and are you considering any remedial measures?

**Commission's answer:**

**The Commission has examined the risks of complexity of eligibility rules and management systems of EU spending programmes. In this context, the Commission has introduced further simplification measures. Simplified cost options will reduce the administrative burden on beneficiaries and are less prone to error. Moreover, the Commission will intensify its work with national authorities and continue its efforts to provide better and more tailored guidance to Member States and to final recipients of EU funds.**

**However, the Commission considers that irregularities are not primarily the consequence of too complex management systems. The context in which cohesion policy supports public investments is complex, not the management systems. There are good reasons to provide for rules that reflect the complexity to a certain level: public procurement rules should secure the internal market and promote economic efficiency, State aid rules the fair treatment of all actors on the single market, highly complex environmental law to avoid negative effects on the environment etc.). Furthermore, provisions in the regulations are the result of the legislative process to reflect these different policy priorities of the EU.**

**Declaration of ineligible expenditure is in fact often triggered by unnecessarily complex rules at national/programme level. Indeed, the complexity of eligibility rules of EU spending programmes, whether set out at EU or national/regional level, is one of the sources of potential errors, besides increasing the administrative burden on beneficiaries.**

**In order to reasonably simplify the procedures for Member States authorities and to reduce the risk of error, the regulations foresee that for the 2007-2013 programming period eligibility rules had to be laid down at programme and Member State level, instead of defining them mainly at EU level, as it was the case for the previous periods. The aim was to give Member States' authorities the possibility to align the programme specific rules with other national rules in**

place, thus reducing the risk of error. In some instances, this possibility has however led Member States to define unnecessarily complex rules which turned out to be more prone to errors (so-called 'gold plating'). Furthermore, simplified cost options were added to the legal arsenal to offer a reduction of administrative burden and of the risk of errors when declaring costs. However, the latter were taken up only to a limited extent by the Member States in regional policy and more widely for declaring expenditure under the ESF. DG Employment and Social Affairs transmitted to the European Parliament a report on Simplification and Gold-plating in the ESF as a response to a recommendation from the Discharge Resolution for the financial year 2011 (Ares(2013)3470397 of 13/11/2013).

Following discharge recommendations in this regard, the Commission has committed to significantly improve in the 2014-2020 programming period the simplification possibilities already existing in the previous one. One of the purposes of the regulations for the 2014-2020 programming period is to offer a broader range of opportunities for simplification and reduced administrative burden. These include a set of common rules for all five ESI Funds and coordination with other EU instruments under the common strategic framework, the extended use of simplified costs options, simplified rules for revenue-generating projects and financial instruments and the move towards e-cohesion which not only will reduce the burden to beneficiaries but improve the audit trail. The use of simplified cost options has been therefore significantly extended and the new options are easier and safer to implement by beneficiaries. Some Fund specific regulations, such as the ESF, foresees, for instance, under Article 14.1, the possibility to use standard scales of unit costs or lump sums defined by the Commission on the basis of delegated acts, and under Article 14.2 the possibility to use a flat rate of 40% of eligible direct staff costs to cover all other costs of an operation. Furthermore, the utilisation of standard units of scale costs or lump sums is mandatory for ESF grants up to €50.000.

Besides the above enhanced simplified cost options, new simplified instruments have been set out in the 2014-2020 regulations, such as the Joint Action Plans, which are entirely defined in terms of outputs and results to be achieved and implemented through simplified cost options.

During the discussions on the future programmes, the Commission recommended to Member States to draw lessons from the past and to take advantage of the simplifications offered in 2014-2020. Similarly, when discussing in the expert group on European structural and investment funds (EGESIF) the Commission guidance on Simplified Cost Options, the Commission drew the Member State's attention to the advantages to keep access to the funds and their management simple and attractive for beneficiaries, in order to reduce administrative burden and the risk of error. The Commission is providing training to managing authorities on these simplified cost options. The Commission has conducted simplification seminars in most Member States in order to strongly promote the effective utilization of simplified cost options and Joint Action Plans in the 2014-2020 programming period. Furthermore, the Commission has issued in October 2014 new guidance on the use of simplified cost options with illustrative examples and best practices and intends to conduct

**additional simplification seminars in targeted Member States in order to further encourage them to fully leverage the extensive simplification opportunities.**

**Member States and regions have to play their role. The bulk of the eligibility rules is set out by the national/regional authorities and, therefore, in order for simplification to effectively materialize at all levels, the so called "gold plating" whereby unnecessarily complex rules are set out by national/regional authorities should be avoided. There are Member States where more than 40 signatures are needed for the beneficiary to obtain funding. This is not required by EU law. Whenever the Commission has identified concrete instances where such gold plating was resulting in recurring errors and unnecessary administrative burden, it has addressed such cases with the Member States concerned.**

**The Commission will carefully look at what Member States intend to do to reduce the administrative burden. For this purpose the Commission will first need a solid assessment of how the new provisions have contributed to a reduction of administrative burden and to simplification. Commissioner Cre u has taken an initiative for an independent assessment by a group of experts on the take up of simplification by Member States and the identification of further possibilities to simplify. Moreover, the Commission will launch a survey in 2015 in order to gather the necessary information on the simplification strategy and concrete simplification measures adopted by Member States The survey will identify how opportunities for simplification have been taken up and how the proportionate approach has been implemented with a view to assessing the actual impact on programme management (administrative costs for Member States) and beneficiaries (administrative burden on beneficiaries). The survey should also explore additional options for simplification with a view to a further reduction of the administrative burden and costs. The Commission will submit an overview report on simplification for the 2014-2020 programming period by the end of 2015.**

**As part of the process of analysing and adopting Partnership Agreements and programmes for 2014-2020, the Commission has established detailed checklists and executed in-depth work on the various action plans regarding all aspects of ex-ante conditionalities, administrative capacity and the reduction in the administrative burden. This has been done to have more assurance to achieve a reduction in the administrative burden in the Member States.**

**The public procurement and State aid rules, which are an important source of error in cohesion policy, have been subject to new legislation in 2014. The EU public procurement directives have been revised in 2014. Public procurement procedures will be simpler more flexible in the future. This will benefit both public purchasers and businesses, particularly small and medium-sized companies. It will reduce the risk of errors. However this will not have immediate effect as the Member States have time until April 2016 to transpose the new rules into their national law. As regards State aid, new and clearer guidelines have entered into force on 1 July 2014 (General Block Exemption Regulation, GBER), with more flexible retroactive rules on the incentive effect and indirect aid that will reduce the risk of error in this area. Notification rules on transport infrastructure were clarified through Commission guidance in**

**2012, following the Leipzig/Halle judgement of the Court of Justice, to avoid errors in this area.**

**At the initiative of Commissioner Hogan, DG AGRI has started a screening exercise on simplification. Results will be communicated to the relevant stakeholders as soon as they are available. Part of this process will also involve a look at where issues can be best dealt with by Member States.**

**In any case, the Commission cannot compromise on legality and regularity of EU co-funded expenditure. It has to strike the right balance between the reduction of administrative burden, simplified rules and the accountability for the Union budget.**

8. Has the Commission fulfilled Europe-wide guidelines for the reporting of fraudulent irregularities and/or other irregularities to OLAF?

**Commission's answer:**

**The reporting of irregularities is discussed with the Member States in the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF). In particular, the dedicated COCOLAF subgroup for reporting and analysis provides a setting in which pertinent issues can be dealt with.**

**The guidelines for the reporting of irregularities were presented to the Member States during the COCOLAF meeting in November 2011. These guidelines will be revised after the adoption of the package of Delegated and Implementing Acts for the 2014-2020 programming period. The specific part of the 2014 questionnaire on the Protection of the Financial Interests Report is dedicated to the practical application of the reporting provisions within the Member States. The information received will then be used to update the guidelines accordingly.**

9. What mechanism has the Commission developed in order to correct the lack of information on the amounts to be recovered and the recovery rates related to cohesion policy?

**Commission's answer:**

**The Commission would like to point out that it does not lack information from Member States on the amounts withdrawn and recovered, but it has noticed inaccuracies in amounts reported by Member States.**

**Since the reporting year 2010 and by 31 March of each year, Member States have the legal obligation to submit to the Commission an annual statement on withdrawals, recoveries, pending recoveries and irrecoverable amounts in an electronic, standardised format. This report covers financial corrections implemented by Member States following the verification and audit work carried out by all programme authorities, i.e. including 'first level verifications' by managing authorities and their intermediate bodies and audit results from**

audit authorities, but also financial corrections implemented as a result of EU audit work or at the Commission's request following reservations, interruption of EU payments and implementation of the requested corrective action plans. The Commission provided guidance to Member States as from 2010 on how to report.

While DG REGIO and DG EMPL monitor carefully and reports financial corrections stemming from its own supervisory role in note 6 to the accounts and in the report on the protection of the EU budget, the Commission has less assurance on the reliability of amounts of financial corrections reported by the national authorities. These data are used for the purpose of the cumulative residual risk (CRR) to decide for additional reservations in the AAR. On the one hand, inaccurate reporting on financial corrections by certifying authorities could unduly reduce the CRR for some programmes with the risk of DG REGIO or DG EMPL not reporting a reservation that should have been reported, would the other two criteria for reservations not be already fulfilled. But, on the other hand, the opposite risk of an incomplete reporting leading to an over-estimated CRR and unnecessary reservations and financial corrections imposed also exists. That is why DG REGIO and DG EMPL are taking increasing actions to reduce the risks involved in the Member State's reporting on financial corrections:

- performance of an annual risk assessment on data reported by Member States
- contacts with the certifying authorities to clarify the reported data when inconsistencies are found
- performance of on-the-spot audits to verify the accounting system of the certifying authorities and the reliability of data reported on financial corrections based on the risk assessment results
- exclusion or adjustment, for the CRR calculation, of reported amounts of financial corrections in specific cases
- prudent reporting of figures on national financial corrections that are clearly additional to the Commission reporting.

First of all the Commission services perform an annual risk assessment on the data on financial corrections reported each year by Member States. This risk assessment considers several factors, such as data gathered from other sources (e.g. errors reported in annual control reports, data on financial corrections imposed by the Commission) and the Commission own conclusions on the functioning of the certifying authorities responsible to draw up the reporting on corrections (assessment of the key requirements of management and control systems linked to the work of certifying authorities).

As a result, the Commission services obtain an indication of possible discrepancies, inconsistencies or risk of incomplete data on corrections. This leads to clarification requests to the concerned certifying authorities and to the selection of certifying authorities / operational programmes / Member States for

**Commission on-the-spot audits on the completeness and accuracy of data and on the reliability of the reporting on financial corrections.**

**Such Commission audits are performed since 2011 as a response to a discharge recommendation to increase the assurance of such data, as reported in the DG REGIO's 2013 AAR on page 41 and in annex 8 on pages 47-48 and on DG EMPL's 2013 AAR (pages 44-45). In 2014 and 2015, the enquiry will cover additional programmes and Member States, to take account of the increased risk on the reliability of data. This audit is focusing on the verification of the accuracy, completeness and reliability of the data reported by the Member States, in view of the Commission's calculation of the cumulative residual risk.**

**As reported in DG REGIO's AAR for 2013, the Commission's audits have revealed that in some well-identified cases and programmes, the Member States' reporting on corrections was not reliable or complete. This was for example the case of the reporting from the Czech Republic (leading to the correction of previous years' over-reporting, implemented by end 2013) and some Italian programmes which underreported withdrawals and recoveries due to administrative delays.**

**The finding from the Czech programmes led the Commission services to issue additional horizontal recommendations and guidance to all certifying authorities to ensure an improved reporting exercise for 2013 due by end March 2014 and to request correction of past reporting where necessary.**

**This information related to the question was already provided on 04/11/2014 by the Director-General for Regional and Urban Policy to the Chair of the CONT committee, as a follow-up to his hearing on the committee of 13/10/2014.**

10. Has the Commission adopted measures to urge Member States to forward data on time and to supply accurate data? Has the Commission established uniform reporting principles in Member States in order to ensure that the data collected are comparable, reliable and sufficient?

**Commission's answer:**

**In DG AGRI, a new system for the automatic transmission of the individual control data has been introduced for direct payments from claim year 2012. This automatic transmission of control data is to be extended to other CAP measures and expenditure from claim year 2014 (in particular to rural development statistics), reducing the administrative burden for the Member States and the risk of incorrect reporting.**

**In addition, the reinforced audit strategy in DG AGRI aims to target the weakest links in the assurance chain (deficient management and control systems) while still ensuring a sufficient audit coverage.**

**See also the Commission's reply to question 9 and the information package provided by the Director-General for Regional and Urban Policy on 04/11/2014**

to the Chair of the CONT committee where he provided detailed information on the how the Commission checks and verifies the data provided audit and certifying authorities.

With a view to the reporting made by audit authorities, the Commission has provided extensive guidance to audit authorities in Member States on the Annual Control Reports and Audit Opinions, complemented by guidance and seminars on sampling methodology, in order to ensure the reliability and consistency of the information provided by Member States. All Annual Control Reports and Audit Opinions are thoroughly reviewed by the respective Audit Directorates and on-the-spot fact finding missions are organised where necessary in order to ensure the reliability of the information provided. Concrete data on the number of audit missions and fact finding missions have already been provided by the Director-General for Regional and Urban Policy in his information package of 04/11/2014 to the Chair of the CONT committee. In the case of DG EMPL, as disclosed in the 2013 AAR (pages 42-43), 20 fact finding missions took place in February/March 2014 in order to validate the results provided by the Audit Authorities, covering 20 Operational Programmes in 11 Member States, representing 52.6% of the payments made in 2013.

With a view to the reporting on financial corrections by the certifying authorities in Member States for the 2007-2013 programming period, the Member State reporting was substantially improved and standardised compared to the 2000-2006 period. Member States provide under Article 20 of Regulation (EC) No. 1828/2006 until 31 March each year information about corrections made (amounts withdrawn from statements of expenditure submitted during the preceding year following cancellation of all or part of the public contribution for an operation, amounts recovered which have been deducted from those statements of expenditure a statement of amounts to be recovered as at 31 December of the preceding year, classified by the year in which recovery orders were issued).

The regulatory requirements clarify the responsibilities (certifying authorities in charge) and improve the reporting. The regulation foresees:

- That the certifying authority maintains a debtor's ledger with information on all irregularities and recoveries;
- The certifying authority to report annually according to a clear and standardised template;
- The reporting is to be done via the common IT system SFC2007.

The Commission provided guidance to Member States in this area in 2010, completed in 2013 based on experience. This is expected to improve the completeness and quality of reporting and to simplify procedures, reducing thus errors in reporting. The process is also audited by the Commission and the Court.

11. When is the Commission going to publish on its site a list of all beneficiaries, independent of the administrator of the funds and based on standard categories of information to be provided by all Member States, as requested by the EP in previous years?

**Commission's answer:**

**Increased transparency of European spending will be a crucial element in the efforts of the new Commission to convince citizens and national treasuries that EU money brings real added value.**

**As regards access to information on the beneficiaries of EU funding, already now there is a single entry point (portal) from which any citizen can access the information on beneficiaries of EU funding:**

**[http://ec.europa.eu/contracts\\_grants/beneficiaries\\_en.htm](http://ec.europa.eu/contracts_grants/beneficiaries_en.htm). Through grants and other forms of financing, the EU budget provides financial support to tens of thousands of beneficiaries such as students, scientists, NGOs, SMEs, towns, regions and many others. Every year, the Commission publishes information through an on-line search engine about beneficiaries of EU funds directly managed by the Commission. The Commission would like to further increase this transparency, but this task is challenging in scope.**

**In the context of shared management and integrated programmes Member States (programme authorities) must publish regularly lists of beneficiaries in their national languages for the benefit of citizens in their programme areas. This is done on their own websites in different formats and in different levels of detail. DG REGIO estimates that more than 1,5 million projects are supported by ERDF and Cohesion Fund in the period 2007-2013.**

**On beneficiaries of Common Agricultural Policy (CAP) payments, however, following the judgment of the European Court of Justice of 9 November 2010 (Cases C-92/09 and C-93/09), the publication by the Member States of information on recipients of the CAP had to be stopped as far as natural persons are concerned. Commission Regulation (EC) N° 259/2008 was amended by Commission Implementing Regulation (EU) N° 410/2011 which defines the minimum requirements as regards the publication of information on legal persons, i.e. companies, insofar as the Court did not find any objection to the publication of data relating to the latter.**

**However, the European Parliament, the EU Council of Ministers and the European Commission reached an agreement on 26 June 2013 on reforming the CAP after 2013 with the aim, inter alia, of making it more efficient and transparent. As a result, the details of CAP payments will be made public, with the exception of the very small amounts for reasons of protection of personal data. Regulation (EU) N° 1306/2013 of the European Parliament and of the Council of 17 December 2013 was published on 20 December 2013 with provisions (Chapter IV, Articles 111- 114) on transparency.**

**The new basic Regulation (EU) N° 1306/2013 addresses the reasons why the Court of Justice partially invalidated the previously applicable transparency provisions. It therefore provides for the publication of details about the measure**



entitling the farmer to receive aid, as well as the nature and the purpose of the aid which will inform the public on the type of subsidy and on the purpose for which the subsidy was granted. In order to observe a balance between the objectives of transparency on the use of public money and beneficiaries' right to respect of their private life and protection of their personal data, it was decided that the amount of the aid should be taken into account. A threshold was therefore set up as regards the amount of aid received below which the name of the beneficiary should not be published. This threshold is set such that it covers the beneficiaries of the Small Farmer Scheme.

Commission Implementing Regulation (EU) N° 908/2014 of 6 August 2014 published on 28 August 2014 provides for the implementing transparency rules with provisions on:

- (a) The form, including the way of presentation by measure, and the calendar of the publication foreseen in Articles 111 and 112;
- (b) the uniform application of Article 113 on information of beneficiaries;
- (c) the cooperation between the Commission and Member States.

The new provisions will be applicable from financial year 2014 onwards, with the first publication due by 31 May 2015.

For the online publication of this information a search tool should enable the users to search for beneficiaries with different entries: name, municipality, amounts received, measure for which the aid is granted. In other words, it should be possible to see that a beneficiary X from municipality Y received so many euros under measure A, B or C.

For the time being, the former provisions (i.e. publication of legal persons only) are still in force.

### **Added value of EU grants and the EU budget performance**

12. In relation to some negative sentiments towards the policies of the EU, may you give your comments on the evaluation of the correlation between the utilization of EU funds and measurable quantitative results for specific countries from macroeconomic point of view (in terms of additional GDP growth, employment, competitiveness, incomes etc.)?

#### **Commission's answer :**

The new generation of spending programmes for the MFF 2014-2020 were designed to contribute to the Europe 2020 strategy's objectives and are more performance oriented, including more focused objectives, indicators and arrangements for monitoring and evaluation. This will allow reporting on results over time, including on their contribution to the Europe 2020 strategy's objectives. At the same time, the 2013 edition of the Article 318 Evaluation Report includes information on how the main financial programmes under the

previous MFF have contributed to Europe 2020 and provides examples of impacts that 2007-2013 EU spending programmes have had on the economy and society. It indicates e.g. that evaluations have shown that significant net differences in terms of employment and unemployment are associated with the ESF interventions. For example, individuals in ESF-supported interventions have been found to be more likely to find employment than control groups – with some evidence that this effect is more marked for more disadvantaged groups of people. National implementation reports indicate that 2.4 million people who have participated in ESF supported operations found a job within 6 months of completing the intervention.

The report also indicated that ERDF interventions helped to create jobs, mainly through support for research, innovation and SMEs. Monitoring data shows that an estimated 594,000 additional jobs were created from 2007 to 2012. The largest number of reported new jobs was in Germany, the UK, Hungary, Spain, Italy, and Poland. A wide range of ERDF measures have been implemented across the EU to support enterprises and their innovation capacities. Evaluation results suggest that enterprise support is the main source of job creation among all interventions co-financed by the ERDF. According to the most recent national annual implementation reports nearly 200,000 enterprises, among which nearly 80,000 new enterprises, have received ERDF support by the end of 2012 with over 260,000 jobs created in SMEs.

13. In its annual report for 2013 the European Court of Auditors focused on two aspects related to the impact of future spending programmes of the European Commission. One of the aspects is the added value of EU grants and the EU budget performance. Both areas are interconnected and of ever increasing importance when it comes to investment in member states and overall economic growth in Europe.

In this regard, what are the measures that the Commission intends to take in order to further improve the performance of the EU budget and to further reduce the deadweight related to EU grants?

**Commission's answer:**

The Commission acknowledges that the use of grants remains a key feature of the implementation of EU spending programmes, but also points out that the new multiannual financial framework includes increased use of innovative financial instruments. All the funding programmes are in compliance with the performance-related principles enshrined in the Financial Regulation. They include accurate and detailed information on the added value of the proposed intervention, its relevance to the strategic objectives of the Commission and to sectorial policy objectives of the EU, specific objectives describing the results that will be achieved from the intervention and the performance indicators to measure the achievement of these objectives, both in a quantitative and qualitative manner. As regards the more specific issue of deadweight, the Commission refers to its replies provided under par 10.51-52 of Chapter 10 of the Court of Auditors annual report on the year 2013.

## **Beneficiaries**

14. The Jordan Media Institute (JMI) is an Arabic language graduate school of journalism situated in Amman and funded amongst others by the EU. What amount of money has the Commission granted for the JMI? Which instruments did the Commission put in place in this and other cases to make sure that it is not financing undue purposes?

### **Commission's answer:**

**The Jordan Media Institute received an EU grant of EUR 940,000 in 2008 for a project to provide continuous training for practicing journalists and a Master Degree in Journalism for aspiring ones. The project has been satisfactorily completed. Currently, JMI is also partner in an on-going regional EU funded Programme (Med Media) for which the lead contractor is BBC Media Action. An amount of EUR 4,975,000 EUR has been granted to BBC Media Action, leader of a consortium including JMI as one of its six members. In the on-going regional project, JMI is in charge of assisting with coaching activities for grantees, and supporting media mapping activities. Funds awarded for projects can only be used in accordance with the budget of the action, which forms part of the contract. As in all other case of recipients of EU grants, the contractors submit regular financial reports which are subject to external financial verification.**

15. How much EU-funding received the Eurogroup Consulting Group Portugal from the Commission's budget in 2013?

### **Commission's answer:**

**Relative to SANCO's 2013 budget, the executive agency signed following an open call for tender one service contract with this company for an amount of about EUR 300.000 for the 'provision of an analysis and feasibility assessment regarding EU systems for tracking and tracing of tobacco products and for security features'.**

**The contract is soon coming to an end. It is the intention of the Commission to send the final report to Member States for further discussion experts. The Commission intends to publish the final report, which will allow all stakeholders to assess the report and its conclusions.**

16. From the budget line "Other management expenditure of Members of the institution" 3,855,000 € were paid out to 58 beneficiaries in the course of 2013. Could the Commission provide a list with a description of the services rendered under the contracts with those beneficiaries and their purpose?

**Commission's answer:**

The majority of payments were made to:

- **OIB (concerning catering services);**
- **COMPASS GROUP BELGILUX SA\*(which provide catering services for the Commission);**
- **AMERICAN EXPRESS CORPORATE TRAVEL which is the Commissions travel provider;**
- **Mission expenses reimbursements made to Commissioners;**
- **Representation expenses reimbursements made to Commissioners.**

**A complete list will be provided to CONT as soon as possible.**

17. From the budget line “Other management expenditure for research (10.01.05.03 )” 172,094 € were paid to 26 beneficiaries in the budget reference CCR.ISM.P2013019383.1 (BGUE). There is no subject of the reference and it seems that the JRC in ISPRA is financing local sport clubs with these monies. Could the Commission provide a description and an explanation to the transactions?

**Commission's answer:**

**Within the general budget of the European Commission, there is a specific budget line for financial support to staff social activities, organised—in the case of the commitment CCR.ISM.P2013019383—in the form of clubs. The commitment CCR.ISM.P2013019383 gives financial support to social and cultural activities undertaken by the staff working in Ispra, Italy. It is the third biggest Commission site after Brussels and Luxembourg, hosting some 1850 staff.**

**Clubs of at least 7 members, which staff and their families are free to form for activities like those financed by the above mentioned commitment, can receive such financial support. Contributions are limited to maximum 40% of their annual budget (min. 60 % to be covered by membership fees). The reception of such contributions is subject to strict rules with regard to budget planning, timely application, due accounting, use for club-related activities, transparency, timely reporting, the prohibition to build reserves and discharge. Non-compliance with these rules makes beneficiaries liable for repayment.**

**The available funds are managed by the local social welfare committee, which is a joint committee consisting of representatives of the institution as well as its staff representation. This committee awards annual contributions to clubs like the ones mentioned, provided that—based on audits performed on an annual basis—they have received the discharge for all previous years.**

**A complete list will be provided to CONT as soon as possible.**

### **Cigarette smuggling**

18. What concrete steps are you undertaking with regard to illicit trade of cigarettes taking into account the recommendations and position of the European Parliament regarding this problem, given that the annual loss for the EU and Member States budgets from cigarette smuggling alone amounts to 10 billion Euro?

#### **Commission's answer:**

**In the context of fighting cigarette smuggling, the Commission is active on two levels:**

**1- OLAF develops the appropriate legislative and policy framework, such as with the comprehensive strategy presented in June 2013 on stepping up the fight against cigarette smuggling (COM(2013)324). This communication is accompanied by an Action Plan setting out some 50 action items and the Commission is currently implementing this plan.**

**Moreover, OLAF also carries out and coordinates operations at European and national level. In such operations, as well as in other operations carried out by national authorities with OLAF support over the past five years, some 1.15 billion cigarettes have been seized.**

**To illustrate some of these recent operations targeting inter alia tobacco products:**

**- Joint Customs Operations (JCOs) involving authorities from Member States and often also third countries; recent examples are JCO RoMolUk involving Romania, Moldova and the Ukraine, and JCO Warehouse involving tax authorities;**

**- "Priority Control Areas" (PCA) initiated by DG Taxud; for example PCA Dismantle in 2013 led to the seizure of some 816 million cigarettes;**

**- OLAF coordinates Member States' investigative activities where criminals operate across borders, which is typically the case for smuggling. For example, in 3 seizures in one Member State last year, 50 million cigarettes were seized pursuant to information transmitted by OLAF. On 27 November 2014, law enforcement authorities in two other Member States dismantled an international tobacco contraband network. OLAF contributed to this successful operation. On 1 December 2014, on the basis of information provided by OLAF, the customs authorities in another Member State uncovered a load of over 3.9 million cigarettes of an illegal brand.**

**The Commission has carefully considered the recommendations and positions of the European Parliament regarding the illicit trade in cigarettes. In particular, the Commission, despite the current budgetary constraints, is actively looking**

**into possibilities to post more liaison officers in third countries, in addition to the currently one post in Ukraine.**

19. What ways of cooperation exist between OLAF and EUROPOL in the field of tobacco smuggling?

**Commission's answer:**

**The current administrative arrangement of 8 April 2004 foresees the exchange of strategic and technical information between OLAF and EUROPOL.**

**OLAF is currently discussing with EUROPOL in order to further develop this arrangement which should lead to increased cooperation.**

20. Has Europol access to all information provided by the cigarette manufacturers under the Cooperation agreements?

**Commission's answer:**

**Europol receives from OLAF strategic and technical information on the basis and within the limits of the administrative arrangement referred to in the reply to question 19. Europol also has access, in whole or in part, to some of the databases managed as part of OLAF's Anti-Fraud Information System, namely the CIS Member States (Customs Information System) and FIDE Member States (Customs File Identification Database).**

**Tobacco Agreements**

21. When will the Commission provide Parliament with an assessment in regard to the possible continuation of the Tobacco Agreements?

**Commission's answer:**

**The Commission is currently assessing the experiences made with the first decade of applying the 2004 Anti-Contraband and Anti-Counterfeit Agreement with Philip Morris International. It is expected that this assessment will be finalised by May 2015.**

22. What is the Commission's position concerning the possible continuation of the cooperation Agreement with Philipp Morris international?

**Commission's answer:**

**The Anti-Contraband and Anti-Fraud Agreement with Philip Morris International expires in July 2016. The Commission has not yet taken a position regarding its possible prolongation. It is currently carrying out an assessment**

**and will formulate its position taking into account the experiences with the implementation. As contracting parties, also the Member States will have to take a position. The Commission will keep the European Parliament informed of any relevant development.**

23. Will there be negotiations for a continuation of the cooperation Agreement with Philipp Morris International?

**Commission's answer:**

**See reply to question 22. As previously reported by the Commission, it has met Philip Morris International for brief exploratory talks, pursuant to an obligation in the existing agreement.**

**PIF report 2013: follow- up (2013/2132 INI)**

24. Parliament requested the Commission and OLAF in paragraph 4 of its PIF 2013 report to submit to EP a report on the monitoring and implementation of the recommendations adopted by Parliament following the PIF report of the previous year.

What are the reasons why these reports have not been submitted yet?

**Commission's answer:**

**The European Parliament was informed via the established procedure (follow up fiche, Ares (2014)3059092) on 18 September 2014 of the implementation of the recommendations adopted by the Parliament following the PIF Report of the previous year.**

**The European Parliament had adopted its PIF resolution covering the year 2012 in April 2014. Since the work on the PIF Report covering the year 2013, which was put together with Member States, was already at an advanced stage of preparation, there was no room for a follow up in that Report. There will be a follow up in the PIF Report covering the year 2014, which will take into consideration the resolutions adopted by the Parliament in 2014 (covering year 2012) and 2015 (covering year 2013).**

25. Has the Commission taken into consideration the recommendation of the EP to establish a team of European customs officials specialised in combating fraud to work alongside national customs authorities? (paragraph 10 PIF 2013 report).

**Commission's answer:**

**On 21st August 2014 the Commission adopted a new strategy to improve customs risk management - COM (2014) 527 final - together with a detailed action plan. The new strategy identifies the key priorities where action is needed in order to achieve more effective and efficient EU-wide customs risk management. Each of these priorities is then developed, in the accompanying action plan, in terms of actions to be taken and deliverables to be achieved. The new strategy outlines actions to combat financial risks. Recently, the Commission has set up a project group comprised of Member States' customs experts on financial risks within the framework of the Customs 2020 programme. This group is assigned to determine the most appropriate place and time for applying customs controls and risk mitigation measures, to develop further at national and EU level customs threat and risk assessments for financial risks and establish common risk criteria which are to be applied by the national customs authorities in their controls. To sum up, the Commission is looking at all possibilities to improve the risk management capacities of Member States (and not only for the fight against financial fraud but also to cover all other types or threats such as security and safety).**

26. What mechanisms for prevention and early detection have been developed to step up the fight against fraud and tax evasion? Is a strategy being performed for a strengthened and multidimensional cooperation and coordination between Member States themselves and with the Commission?

**Commission's answer:**

**Regarding taxes in the scope of the PIF report, the Commission has taken several initiatives to support Member States in their fight against VAT fraud, such as the targeted use of a temporary reverse charge mechanism for a limited number of goods and services susceptible to fraud and a quick reaction mechanism against specific cases of sudden and massive fraud.**

**The Commission continues to support Member states in the fight against VAT fraud especially in the context of Eurofisc, a mechanism for rapid exchange of information on fraud. In particular, the Commission is exploring the best way to provide Eurofisc with a new data-mining system (social network analysis).**

**The Commission is trying to extend the administrative cooperation toolbox which is applicable within the EU to third countries.**

**The Commission is assisting Member States in their fight against fraud by providing targeted technical assistance on request, as well as platforms where Member States can share knowledge and experience and discuss ways to tackle fraud. Project groups with the objective to strengthen cooperation between tax and customs officials have been set up.**

**For all areas, the Commission works closely together with the Member States in fraud prevention and detection. In fora such as COCOLAF regular meetings**



and workshops are held together with the Member States. In one of these workshops in 2014 e.g. guidelines for national anti-fraud strategies in the area of structural and investment funds were developed. After the Commission has adopted and implemented its anti-fraud strategy it encourages and supports the Member States in developing national anti-fraud strategies. The Commission supports the Member States in all attempts to step up anti-fraud measures. In 2014 e.g. seminars were organised on anti-fraud and anti-corruption measures in structural and investment funds under the lead of DG REGIO involving different Commission services in 8 Member States and a two day conference on this subject was organised by OLAF also involving different Commission services in another Member State.

27. Has the Commission carried out a comparative analysis of differences in the effectiveness of national systems for the collection of traditional own resources, and of the best practices regarding efficient recovery process in all Member States, and proposed suitable measures where necessary? (paragraph 14 PIF 2013 report).

**Commission's answer:**

The Commission is aware of performance variations among Member States in TOR recovery, which is normal as this is carried out on the basis of national recovery legislation and procedures. However, these variations should be put in the right context. Around 98 % of TOR is collected by Member States without any particular problem. Of the remaining 2%, related to cases of fraud and irregularity, well over half of the amounts are finally recovered by Member States. In addition, under the own resources legislation Member States must communicate to the Commission all cases of written-off irrecoverable amounts above €50.000, which are duly scrutinised by the Commission to assess Member States' due diligence. Historical data show that in less than 1/4 of these cases Member States were held responsible for the TOR losses incurred and were subsequently required to make available to the Union the corresponding amounts. Cases of irrecoverable TOR involving lower amounts are also verified during the on-the-spot inspections. For all cases detected involving losses of TOR that are due to weaknesses in MS's recovery action or due to their administrative errors, the MS concerned is held financially responsible for the loss occurred. This case-by-case evaluation of potential shortcomings is an effective procedure that encourages individual MS to improve their administrative performance and to address weaknesses potentially leading to loss of TOR. Furthermore, this also prevents that the financial burden of such losses be shared with all other MS through an increase of their GNI contribution.

Since 2009 the Commission has been particularly active in seeking that MS put in place a global, efficient and effective customs control strategy, based on risk analysis. That being said, the recovery procedures remain a national competence, which inevitably leads to different approaches and, to a certain extent, to performance variations. However, the Commission controls ensure that all performance weaknesses detected are corrected, and that Member States

**compensate financially the Union for those weaknesses leading to TOR losses, which maintains a level-playing field.**

28. Has the Commission taken initiative for a more uniform system of implementation of the Excise Movement Control System (EMCS) systems in the Members States? (paragraph 23 PIF 2013 report).

**Commission's answer:**

**The data requirements for the submission of data by traders to EMCS and for the exchange of data between Member States are governed by strictly defined technical rules, backed up by implementing acts. There may be some need for further convergence of national requirements.**

**The Commission is conducting an evaluation of the current arrangements under Directive 2008/118/EC. This study will request information from Member States and trade concerning access rights to EMCS, rules for the authorisation of economic operators, the management of guarantees and the management of journey time limits. The report on this study is planned for the second half of 2015. Based on the evidence collected the Commission may come forward with proposals to revise the Horizontal Directive, together with an Impact Assessment.**

**OLAF**

29. Procedures within OLAF: What kind of information is accessible to investigators (outside the Unit 0.1 for Investigation Selection and Review (ISRU) about incoming information? Do they have full access to all details of incoming information?

**Commission's answer:**

**Access to information in OLAF is based on the "Need-to-Know" principle. This applies to all OLAF staff, including the investigators in Directorates A and B. As a general rule an individual investigator has full access to all case information for those cases for which he/she is responsible.**

30. What information has members of ISRU about on-going investigations? Do they have full access to all details of on-going case files?

**Commission's answer:**

**The members of the OLAF Investigations Selection and Review Unit have full read access to all cases in OLAF, with the exception of EU restricted and OLAF 'Special handling' documents, which are not accessible through the system. The**

**access is exclusively used for purposes related to the selection function and can be traced back.**

31. Between 1 January 2006 and 31 December 2013, for how many of the 121 dismissed OLAF cases for which national courts were not able to follow up on closed OLAF cases with judicial recommendation on account of
- a. insufficient evidence?
  - b. low priority?
  - c. lack of legal basis?
  - d. absence of a public interest?
  - e. limitation of actions?
  - f. procedural errors?
  - g. other reasons?

**Commission's answer:**

**The statistical data requested is not available. Given that the Member States do not send information on reasons for dismissal to OLAF in a coherent and timely manner, the statistics cannot be calculated. However, since October 2013, the OLAF Regulation 883/2013 obliges Member States to send to OLAF information on action taken following the transmission of reports and recommendations which should lead to an improvement in the situation.**

32. How many cases of internal investigations were there in 2013
- a. in the Court of Justice of the European Union and the Court of Auditors?
  - b. in the Council?
  - c. in Parliament?
  - d. in the European agencies?
  - e. in the Commission?
  - f. in the Economic and Social Committee and the Committee of the Regions?

**In 2013, OLAF closed the following internal investigations cases related to one or more EU institution:**

- a. in the Court of Justice of the European Union and the Court of Auditors – 2 cases**
- b. in the Council – 2 cases**
- c. in Parliament – 13 cases**

**d. in the European agencies – 15 cases**

**e. in the Commission – 31 cases**

**f. in the Economic and Social Committee and the Committee of the Regions – 2 cases**

**Other EU bodies, offices and agencies – 20 cases**

33. According to the OLAF report 2013, not all of the recovery transactions for which OLAF claims to have helped in the recovery process are individually identifiable in the Commission's accounting system. Why are they not identifiable? How does OLAF arrive at the amount of EUR 117.05 million?

**Commission's answer:**

**Certain amounts, particularly in shared management, are off-set against payments due, together with other types of deductions, which explains why the amounts are not individually identifiable in the accounting system of the Commission.**

**Footnote 15 in section 2.6 of the OLAF Report 2013 (" [...] Not all of these recovery transactions are individually identifiable in the Commission's accounting system") is standard wording agreed between OLAF and DG BUDG to describe the accounting context in which the recovery data relating to OLAF cases is sourced and compiled. The same text appeared at Footnote 8 in the OLAF Report 2012 and is expected to be retained without modification for the next OLAF Report.**

**As explained in section 2.6 of the OLAF Report 2013, the recovery data relating to OLAF cases was provided to OLAF by the competent Commission services and other EU institutions, bodies, offices and agencies. With regard to the Customs (traditional own resources) sector, the recovery data was extracted from the OWNRES database (administered by DG BUDG) which Member States use to report frauds and irregularities over EUR 10 000 in this sector to the Commission. This how the EUR 117.05 million figure was compiled.**

34. With regard to the information concerning the recovered amount of EUR 117.05 million OLAF helped to recover, in which years did OLAF recommend the recovery in each of the relevant investigation areas (customs, structural funds, agricultural funds, external aid, EU staff, centralised expenditure and international organisations)? How many years, on average, passed between the final payments and the recovery in 2013 for each of OLAF's investigation areas?

**Commission's answer:**

**The amounts reported to OLAF by the competent authorities as presented in Figure 17 of the OLAF Report 2013 were those actually recovered during the course of 2013. These recoveries relate both to financial recommendations issued by OLAF after its major restructuring and the introduction of new operating procedures in February 2012 and also to conclusions in OLAF Final Case Reports sent to competent authorities prior to February 2012. In this latter category, some of the conclusions were made more than 10 years ago. OLAF does not separate the annual recovery data results per budget sector on the basis of the specific year in which the financial recommendation or Final Case Report was issued or by the average number of years passed between the final payments and the recovery in 2013. The most important objective is to establish the amount of recovery for the cases concerned and to express their combined total by budget sector in the OLAF Report for the year in question.**

35. Has or will the Commission undertake further action to follow-up and recover the irregularly paid out amounts with regard to document (D/000955)?

**Commission's answer:**

**OLAF has informed the Commission that it holds no evidence which might implicate the former President of the NGO in the alleged corruption activities. Hence there is no basis for OLAF to recommend recovery or any other follow-up action.**

**OLAF has provided extensive information on the matter to the CONT Committee, in particular in the context of the reply to question 14 of the questionnaire addressed to former Commissioner Šemeta prior to his discharge hearing in January 2014. The matter was also addressed in the reply provided by the Commission on 28 January 2014 to Written Question E-012041/2013.**

36. Has OLAF dismissed again cases and transferred them back to directorate-generals for appropriate action to be taken? If yes, which are the cases concerned and what are the reasons for their dismissal or transfer?

**Commission's answer:**

**OLAF does not transfer dismissed cases to other Commission services for measures of an investigative nature, but OLAF might propose appropriate measures of non-investigative nature to be taken, such as recovery of payments made, preventive measures and system audits.**

**OLAF dismisses cases in line with the principles set out in Article 5 Regulation 883/2013, which include efficient use of resources, subsidiarity and proportionality.**

**In case OLAF has received information about suspected fraud from another Commission service and the case is dismissed, OLAF informs the Commission service concerned of the decision to dismiss and of the reasons for the dismissal.**

**It should be noted that some of the dismissed cases are transmitted by OLAF to the competent national authorities for measures to be taken where appropriate, also of an investigative nature.**

37. Can OLAF provide detailed information on the way in which it decides on IPPs?

**Commission's answer:**

**In accordance with Article 17(5) of Regulation 883/2013, the IPPs are determined each year by OLAF's Director-General. In order to establish the IPPs, the OLAF Director General takes account of the annual Exchange of Views with the Council, the European Parliament and the Commission foreseen in Article 16 of Regulation 883/2013. In addition, consideration is given to key documents from stakeholders (such as resolutions of the European Parliament, reports of the European Court of Auditors and the annual Report on the Protection of the EU's Financial Interests, published by the Commission under Art. 325(4) TFEU). OLAF's experience with its own case work is another important source for the establishment of the IPPs. Before their adoption, the draft IPPs are discussed with the Commission services in the context of the Commission's Fraud Prevention and Detection Network, and forwarded to OLAF's Supervisory Committee.**

38. How is OLAF improving the observance of procedural safeguards and the fundamental rights of persons affected by investigations?

**Commission's answer:**

**OLAF's investigations, which are of an administrative nature and do not as such lead to a decision being taken against a person concerned, nonetheless respect high standards which in many aspects can be assimilated to judicial or criminal proceedings.**

**Investigative measures are subjected to legality checks which include the review of the respect by OLAF of the procedural guarantees and fundamental rights of the persons concerned and a dedicated unit in OLAF is tasked with these internal controls.**

**Strengthening procedural guarantees in OLAF investigations has been a priority for the EU institutions for many years and has in 2013 resulted in the entry into force of a significantly enhanced legal framework. The OLAF Regulation 883/2013 and the Guidelines on Investigation Procedures which are based on it, represent a major step forward in respect of procedural guarantees in OLAF investigations. Regulation 883/2013 includes an important set of procedural**

rights of the persons concerned by OLAF investigations, such as the right to comment on a summary of facts before OLAF draws up any conclusions implicating a person; as well as rights of witnesses, such as the right to avoid self-incrimination and the right to be assisted by a person of his/her choice.

Finally, the Commission has proposed to further strengthen the procedural guarantees in OLAF with the adoption, on 11 June 2014, of a proposed Regulation on the creation of a Controller of procedural guarantees (COM (2014)340).

39. Which additional measures has OLAF carried out to improve transparency in the implementation of Hercules III?

**Commission's answer:**

The Commission published the policy documents in relation to the Hercule III Programme, such as the Annual Work Programme and the Annual Report on the implementation of the Hercule II Programme, on its websites and transmitted these documents to its relevant partners. Information on the Calls for Proposals was published in the Official Journal, the Commission's websites and transmitted to the relevant stakeholders. It led to a substantial increase of requests for information on the Programme from the Commission's partners and citizens and eventually led to an exceptional high number of applications for grants and support under the Programme, in particular for the "Technical Assistance" actions.

40. What are the additional and special measures that have been undertaken by the Commission to fulfil the expectations of European citizens who are requiring guarantees of total integrity and transparency in public spending given the current challenges arising from the underlying economic and financial crisis?

**Commission's answer:**

Over the last year or more, the Commission has continued strengthening the protection of the EU financial interests, which in times of economic crises is ever more important. As regards the integrity of public spending, the Commission adopted the Communication to the European Parliament and Council on the protection of the EU budget to end 2013 (COM (2014) 618 of 24.9.2014) where the functioning of the preventive and corrective mechanisms used to protect the EU budget from illegal or irregular expenditure, and to provide a best estimate of the figures resulting from their use are shown. The figures presented in this Communication demonstrate the positive results of the multiannual preventive and corrective activities undertaken by both the Commission and Member States, the ultimate outcome being that the EU budget is adequately protected from expenditure incurred in breach of applicable law.

**In addition, the Commission made in June 2014 a proposal for amending the Financial Regulation where a group of changes concern the articles on exclusion of economic operators from EU financing (COM(2014)358). The grounds for exclusion are clarified and aligned with the Directive 2014/24/EU on public procurement. A single anti-fraud system is set up for increasing the protection of the Union financial interests which takes into account the existing Central Exclusion Database. The aim of the system is to ensure the early detection and prevention of risk as well as the publication of information related to excluded economic operators within the limits of data protection legislation. An exclusion panel is set up to take exclusion decisions after the analysis of the case and it guarantees the right of defence of economic operators. This new system should operate from 1.1.2016**

**Enhancing the protection of the EU budget from fraud is a clear priority of the new Commission. Pending the entry into application of the single system, the Commission adopted a new decision on the Early Warning System (EWS) to be used by authorising officers of the Commission and by the executive agencies (see OJ N° L 329/68 of 14.11.2014). This decision applies from 3 December 2014 and ensures the circulation of restricted information by means of registration of warnings in the EWS concerning persons who could represent a threat to the Union's financial interests and reputation or to any other fund managed by the Union. It establishes a centralised assessment of warning requests, and should facilitate the transition towards the new anti-fraud system.**

**As regards transparency of public spending, the publication of information on recipients of Union's funds is a cornerstone of the transparency principle enshrined in Article 35 of the Financial Regulation and further specified in its Rules of Application. This information entails the names and locality of the recipients, the amount awarded, and the nature and purpose of the measure to which this amount relates. The obligation to disclose the information of recipients is waived if it risks threatening the rights and freedoms of individuals concerned, as protected by the Charter of Fundamental Rights of the European Union, or harm the commercial interests of the recipients, as in the case of grants, procurements, and prizes.**

41. When did the Commission receive a request from Belgian authorities to let them question or interrogate the General Director of European Anti-Fraud Office OLAF, Mr Giovanni Kessler?

**Commission's answer:**

**The Commission is unable to comment and to reply to this question. Any possible request of this kind from a Belgian judicial authority is subject to a reinforced obligation of professional secrecy under Belgian law and in case of a**



**breach, sanctions could be imposed in accordance with Art 458 of the Belgian Penal Code.**

42. When did the Commission answer for the first time in written form to the Belgian authorities to their request to question or interrogate the General Director of OLAF, Mr Kessler?

**Commission's answer:**

**See reply to question 41.**

43. Is the Commission going to allow Belgian authorities to question or interrogate the General Director of OLAF, as requested by the Belgian authorities?

**Commission's answer:**

**See reply to question 41.**

#### **EDF budget**

44. The European Development Fund (EDF) enjoys an interesting status since the financial means are the sum of voluntary contributions by the member states and administrated by the European Commission. However, the EDF is not part of the Union's budget, which means that there is no officially binding contribution key and a large portion, the Investment Facility, is not included in the discharge procedure.

Can you comment on plans of possible future budgetisation of the EDF?

**Commission's answer:**

**Since the EDF is inter-governmental in nature, outside the EU budget and financed by direct contributions from Member States (MS), it is not subject to the same rules and procedures as the other EU financial instruments under Heading 4.**

**However, steps have already been taken to align rules and procedures between the 11th EDF and the EU budget to a large extent. Scrutiny by the European Parliament of the 11th EDF is also being put in place.**

**Moreover, the European Parliament and the Council have already noted, in the Inter-institutional Agreement of 2 December 2013, that the Commission intends to propose the EDF's budgetisation. This would enhance parliamentary scrutiny of this aid, leading to increased transparency and effectiveness of operations, while also making the aid more flexible and adaptable to realities on the ground.**

**It would also improve coherence with other programmes within external actions, in particular country-specific programmes, and promote standardised tasks; administration, accounting, monitoring and evaluation.**

**Budgetisation of the EDF and applying the own resource rules for its financing would however have an impact on MS contributions with some MS increasing theirs and others reducing theirs. The Commission is exploring this issue in order to make a proposal in due time.**

**Against this background, some steps have already been taken to align rules and procedures between the 11th EDF and the EU budget to a large extent. The proposed Implementation Regulation, which defines the general framework for programming and implementation of the 11th EDF as well as its monitoring, reporting and evaluation requirements, has been aligned as much as possible with the common implementing rules of other instruments for external action to simplify and harmonise the procedures across the board in EU development cooperation and to facilitate a possible future budgetisation of the EDF. The same applies regarding the proposed 11th EDF Financial Regulation, which is aligned as far as possible with both the common implementing rules and the Financial Regulation for the General Budget of the EU.**

**Enhanced scrutiny of the EDF by the European Parliament is also being put in place. The Commission considers it important to engage in parliamentary scrutiny for the EDF even if there is no legal obligation to do this, given the intergovernmental nature of the instrument. In this regard, a scrutiny process similar to that exercised by the European Parliament with respect to the DCI under the Multiannual Financial Framework 2007-2013 is currently being established, concerning programming documents only.**

Do you consider it a possibility to make the Investment Facility part of the discharge procedure?

**Commission's answer:**

**The ACP-Investment Facility is managed by the EIB. It is part of the EIB discharge procedure.**

**Staff**

45. What was the average number of participants in any EU competition category per year during the last 4 years? (**CONT Secretariat**)

**Commission's answer**

**Over the last 4 years (2011–2014), EPSO launched a total of 153 selection procedures for both generalist and specialist profiles (108 competitions for Administrators, 31 competitions for Assistants and 14 selection procedures for Contractual Agents).**

**In total, 336,145 applications were received for these selection procedures. For the**

entire period (2011–2014), the average number of candidates for each selection procedure was as follows (per category):

**AD-competitions: 1860 candidates**

**AST-competitions: 3110 candidates**

**Contractual agents: 2778 candidates**

The average number of candidates per category and per year was as follows:

	AD	AST	Contractual agents
<b>2011</b>	1822	4477	9677
<b>2012</b>	2706	1907	1305
<b>2013</b>	1145	2417	2897
<b>2014</b>	2423	3872	4243

46. What is the average cost of administrative processing of one application?

**Commission's answer:**

Over the past four years (1/1/2011-31/12/2014), EPSO spent on average €20 M per year on the organisation of selection procedures (in total approximately €80 M).

During the same period, 336,145 applications were received for all selection procedures launched by EPSO (see reply to question 45).

The average cost of processing one application can therefore be estimated at €38 (€80 M divided by 336,145). This amount includes the entire selection process (from preparation and publication of the selection procedure, to the establishment of the reserve lists, and includes such costs as staff, buildings, IT, publicity, test development, delivery of computer-based tests and the organisation of assessment centres).

47. How many interim staff was working for the Commission in 2013? What were the longest time frames, what the shortest?

**Commission's answer:**

1,387 individuals worked at least 1 day as interim staff for the Commission in 2013 for an average 600 people employed at any given time of the year.

**The shortest contract was for 1 day and the longest was 6 years i.e. below 7 years over the last 12 years as provided for by Commission decision C(2013)9028 (16/12/2013) on the use non-permanent staff.**

48. How many Commission employees in each of the grades AD 5- AD 16 have applied the Flexitime scheme in 2013? What was the average number of excess hours per staff member per year and the compensation days/ hours staff member per year?

**Commission's answer:**

See information below:

1. Number of Commission AD officials who applied in 2013 the flexitime scheme (broken down by grades):

<b>Grade</b>	<b>Number</b>
AD5	1,088
AD6	1,12
AD7	992
AD8	831
AD9	687
AD10	719
AD11	469
AD12	1,136
AD13	1,368
AD14	253
AD15	70
AD16	25
<b>Total</b>	<b>8,758</b>

2. Average number of excess hours per staff member per year:

278 hours of extra time per person on average (all AD)

3. Compensation days/ hours staff member per year

44 hours recuperated per person on average (all AD)

It should be mentioned that as from 1/1/2014, in line with the modified Staff Regulations, managers with grades above AD9 can no longer make use of the recuperation facility under the flexitime scheme.

49. How many Commission employees in which grades have made use of Teleworking in 2013?

**Commission's answer:**

<b>Grade</b>	<b>2013 Number of Structural Teleworkers</b>
<b>AD16</b>	0
<b>AD15</b>	1
<b>AD14</b>	14
<b>AD13</b>	174
<b>AD12</b>	264
<b>AD11</b>	77
<b>AD10</b>	160
<b>AD9</b>	112
<b>AD8</b>	160
<b>AD7</b>	239
<b>AD6</b>	241
<b>AD5</b>	127
<b>AST11</b>	24
<b>AST10</b>	53
<b>AST9</b>	131
<b>AST8</b>	156
<b>AST7</b>	177
<b>AST7/C</b>	47
<b>AST6</b>	225
<b>AST6/C</b>	51
<b>AST5</b>	295
<b>AST5/C</b>	37
<b>AST5/D</b>	2
<b>AST4</b>	158
<b>AST4/C</b>	21
<b>AST4/D</b>	1
<b>AST3/C</b>	2
<b>AST3/D</b>	0
<b>AST2</b>	76
<b>AST2/C</b>	0
<b>AST1</b>	45
<b>GFIV18</b>	1
<b>GFIV17</b>	0
<b>GFIV16</b>	5

<b>Grade</b>	<b>2013 Number of Structural Teleworkers</b>
<b>GFIV15</b>	19
<b>GFIV14</b>	10
<b>GFIV13</b>	1
<b>GFIII12</b>	1
<b>GFIII11</b>	7
<b>GFIII10</b>	11
<b>GFIII09</b>	32
<b>GFIII08</b>	9
<b>GFII07</b>	3
<b>GFII06</b>	32
<b>GFII05</b>	62
<b>GFII04</b>	14
<b>GFI03</b>	1
<b>GFI02</b>	22
<b>GFI01</b>	3
<b>Total</b>	<b>3 448</b>

50. Pensions: What was the highest pension for an official of the European Commission paid in 2013? What was the average pension paid in 2013 for officials of the European Commission? What is the average pension paid for officials of the European Commission who retired in 2013?

**Commission's answer:**

**The Commission has calculated the following amounts taking into account all pensioners for all institutions and agencies:**

- **Highest pension paid in 2013: EUR 9,870**
- **Average pension paid in 2013: EUR 4,320**
- **Average pension paid to staff retired in 2013 EUR 4,310**

**Please note that pension rights are acquired mainly depending on the date of the entry into service, the length of the service at EU institutions and agencies and the corresponding pension contributions paid by staff. There is no distinction among officials, temporary staff and contract staff.**

51. Application of Article 9(2) of Annex VIII, Staff Regulation: How many officials took early retirement without reduction of pension rights in 2013? In which DG did they work? Which functions and grades did they have?

**Commission's answer:**

Fifty-nine Commission's officials took early retirement in 2013 without reduction of pension rights in accordance with Article 9(2) of Annex VIII to the Staff Regulations.

The list, broken down by service, grade and management function is provided in the table below.

This scheme has been abolished following the changes in the Staff Regulations as from 1 January 2014.

<b>DG</b>	<b>GRADE</b>	<b>MANAGEMENT</b>
<b>AGRI</b>	AD13	Y
	AST7	
	AST10	
	AST6	
<b>BUDG</b>	AST6	
<b>CNECT</b>	AD14	
	AD13	
<b>COMM</b>	AD13	
	AST6	
<b>COMP</b>	AD13	
	AST8	
<b>DEVCO</b>	AD13	
	AD12	
<b>DGT</b>	AD13	
	AD12	
	AD12	
	AST8	
	AST6	
<b>DIGIT</b>	AST5	
<b>EAC</b>	AD14	
<b>ECFIN</b>	AD12	
<b>ELARG</b>	AD13	Y
<b>EMPL</b>	AST7	
	AST11	
<b>ENER</b>	AST7	
<b>ENTR</b>	AD13	Y
	AD12	
<b>ENV</b>	AST9	
<b>EPSO</b>	AD10	
<b>ESTAT</b>	AD13	
	AD13	
<b>HR</b>	AD12	Y

DG	GRADE	MANAGEMENT
	AST11	
	AST6	

DG	GRADE	MANAGEMENT
JRC	AST8	
	AST5	
	AST6	
JUST	AD13	
	AST8	
MARE	AD12	
MARKT	AD12	
MOVE	AST7	
OIB	AST4	
	AST5	
OIL	AST4	
OLAF	AST10	
OP	AST11	
PMO	AST9	
	AST7	
REGIO	AD10	
RTD	AST5	
SANCO	AST8	
	AST7	
SCIC	AST6	
SG	AD13	Y
	AST6	
SJ	AD13	
TAXUD	AST5	
TRADE	AST11	

52. Application of Article 9(2) of Annex VIII, Staff Regulation: How many temporary agents took early retirement without reduction of pension rights in 2013? In which DG did they work? Which salary grid did they have?

**Commission's answer:**

**No temporary agents took early retirement in 2013, without reduction of pension rights in accordance with Article 9(2) of Annex VIII to the Staff Regulations and Article 39 of the Conditions of Employment of Other Servants**



53. Application of Article 50, staff regulations: How many officials of the Commission, Offices and executive agencies retired in 2013 in the interest of the service? Which functions and grades did they have?

**Commission's answer:**

**The Commission has not taken any decision under Article 50 of the Staff Regulations in 2013.**

54. How many Staff of the European Commission, Offices and executive agencies has been promoted more than one grade within 1) one year 2) two years. Which Grades in the respective DGs were concerned? What were the reasons?

**Commission's answer:**

**In compliance with the provisions of Article 45 of the Staff Regulations, officials are promoted to the next grade exclusively when they have completed at least two years in their grade. Therefore there are no cases of officials promoted more than one grade within one or two years.**

55. How many former MEPs, Commissioners or high officials (from AD 14) are working as advisors, contract agents or others? What are their tasks and their respective remuneration?

**Commission's answer:**

**There are currently three former high officials who are working as a Special Advisers in the Commission. Two are remunerated respectively 599€, 473€ per day worked. The third one is not remunerated.**

56. How many former cabinet staff of Commissioners (Barroso II) are now working within the Commissions administration:

a. to which grades are they assigned to, respectively?

**Commission's answer:**

**Considering the many changes of staff during the duration of the Barroso II Commission, the Commission does currently not dispose of such a list, but is in the process of compiling such a document.**

**General competitions are organized at entry grades for each function group, while specialized competitions are organized at higher grades, depending on the level of expertise required.**

**An internal competition was launched by the Commission in 2013 for AST and AD at different grades. The total expected number of laureates was 380. Of them, 21 TA 2c have been recruited as officials at different grades, notably 3 at AD7, 4 at AD9,**

**4 at AD10 and 10 at AD12.**

- b. how many of them did not participate in an EPSO concours? To which grades are they assigned to, respectively?

**Commission's answer:**

**Considering the many changes of staff during the duration of the Barroso II Commission, the Commission does currently not dispose of such a list, but is in the process of compiling such a document.**

**Temporary agents 2c can become TA in a Commission service at the end of their contract with the cabinet only if they have succeeded in a formal selection procedure. The grade of such procedures depends on the level of expertise required.**

**Moreover, since 1 January 2014 the use of non-permanent staff is limited in time to a maximum of 7 years, all contracts with limited duration included.**

57. How many former Members of Commissioners cabinets or the cabinet of the Presidents of the European Commission were integrated in 2013 in the Commission's services without having successfully participated or not at all in an official EPSO concours?

**Commission's answer:**

**See reply to question 56a.**

58. Harassment cases: Have there been harassment cases (opened, closed, and on-going) in 2013 and how much compensation for damages had been paid?

**Commission's answer:**

**The Commission has both informal and formal procedures in place to deal with alleged harassment. In the context of the informal procedure, a staff member may contact a confidential counsellor or the Commission's internal mediation service for help and assistance.**

**The Commission assumes that the question refers to formal requests for assistance and complaints that have led to an administrative inquiry by the Commission's Investigation and Disciplinary Office.**

**In 2013 ten inquiries were opened on the basis of allegations of harassment. Two of these cases were closed that same year; seven other inquiries relating to harassment, opened prior to 2013, were closed in 2013.**

**Three further inquiries were opened prior to 2013 and were on-going throughout the year.**

**No compensation for damages has been paid.**

## **EPSO**

59. How many posts in which DGs were occupied in 2013 by successful applicants in EU competitions? How many of the persons hired did not participate in the competitions? At what grade levels have they been hired?

### **Commission's answer:**

**All Commission officials have passed competitions. Temporary staff have been recruited in compliance with procedures set out in the Staff Regulations and the corresponding implementing rules.**

**The distribution of officials and temporary staff in each DG is published every month by the Commission (Statistical bulletin). Please find below the most recent figures in this respect.**

Distribution of Staff by Statutory links and DGs

	FORCT	TEMP	Total
COLLEGE	201	200	537
SG	404	4	408
SJ	311	10	347
COMM	540	85	625
EPSC	15	14	20
ECFIN	630	76	800
EROW	902	50	952
COMP	673	77	750
EMM	616	15	631
AGRI	922	15	937
MOVE	409	18	427
CNCR	409	10	488
ENV	440	0	450
CLIMA	130	4	141
CNFACT	766	5	702
RTD	1 063	5	1 068
JRC	1 781	23	1 004
MARC	250	23	280
FISMA	277	5	286
REFLEX	564	10	505
TAXUD	430	6	438
EAC	416	7	422
SANTE	610	37	653
HOME	273	27	300
JUST	365	22	347
FPI	67	5	72
TRADE	544	8	662
NEAR	411	2	413
DEVCO	1 030	0	1 040
ECHE	214	7	221
FRSI	561	24	605
HR	534	54	688
DIGIT	447	22	489
DUBG	391	10	401
IAS	89	1	90
OLAF	286	10	306
SDC	700	36	738
DGT	2 196	55	2 261
OP	604	8	612
OD	340	3	349
PMO	155	0	155
UM	124	0	124
EPFO	110	2	112
CaP GRP	33	2	35
<b>Total</b>	<b>22 513</b>	<b>1 144</b>	<b>23 657</b>

## Away days

60. What were the costs in 2013 respectively for away days, closed conferences or similar events for staff? How many staff members participated in the respective events? Where did these events take place?

### Commission's answer:

**DG HR issued guidelines on the organisation of away days. There is a clear distinction between social events and team events. One is aimed at getting to know each other but disconnected from the work of the team, while the other is work focused. Social events cannot be financed by the Commission's budget. Team events can, as they may provide valuable moments to reflect together, (re)formulate strategy and working methods, in order to be more effective in the future. Usually, team events are organised in the working place or close vicinity, depending on the availability of place. Team events financed by the Commission must be linked to the work and have a direct impact on effectiveness. Action points should be generated during the event or immediately afterwards and change should result. Team events should be part of a process and not a one-off event. Costs must be kept as low as possible.**

**In 2013, around 400 team events took place, with around 15,000 participants at a cost of around €1.5m (an average of 100€ per participant). About 40% of these events took place in Commission premises and another 40% took place in hotels or conference venues in Brussels or Luxembourg. Most of the remainder took place in other conference venues in Belgium.**

## NGO-Financing

61. How much EU-funding did non-governmental organisations receive in 2013 from the following DGs? Could the Commission please list the respective NGOs linked to the amount of EU-funding and DG?

- o DG Environment

### Commission's answer:

N°	Organisation	Amount awarded (€)
1	BIRDLIFE Stichting BirdLife Europe	353.508
2	CEE Bankwatch	350.232
3	Carbon Disclosure Project (CDP)	423.491
4	Justice and Environment (J&E)	171.701
5	European Federation for Transport and Environment (T&E)	240.903

6	Women in Europe for a Common Future (WECF)	284.066
7	Climate Action Network Europe (CAN-E)	239.760
8	European Environmental Bureau (EEB)	830.700
9	Seas At Risk (SaR)	92.208
10	Forests and EU resource network (FERN)	114.653
11	Slow Food	424.580
12	Coalition Clean Baltic (CCB)	392.997
13	WWF Danube Carpathian Programme (WWF-DCPO)	185.062
14	Counter Balance	95.401
15	Europgroup for wildlife and laboratory animals (EWLA)	168.909
16	NGO Shipbreaking Platform	166.140
17	Friends of the Earth Europe (FoEE)	751.064
18	WWF European Policy Office (WWF-EPO)	573.647
19	CEEWeb for Biodiversity	217.096
20	Healthcare without harm (HCWH)	311.720
21	European Citizens Organisation for Standardisation (ECOS)	171.124
22	Reuse and Recycling EU Social Enterprises (Rreuse)	81.716
23	Pesticide Action Network Europe (PAN-E)	106.617
24	Health & Environment Alliance (HEAL)	350.462
25	Europarc Federation	152.934
26	Associations for Hunting and Conservation of the EU (FACE)	147.680
27	The Coastal Union (EUCC)	139.858
28	European Centre for Nature Conservation (ECNC)	343.290
29	Kyoto Club	53.506
30	European Water Partnership (EWP)	406.133
31	Naturfreunde Internationale (NFI)	236.054

<b>32</b>	<b>Renewable Grids (RgUG)</b>	<b>421.885</b>
	<b>TOTAL</b>	<b>8.999.097</b>
<b>Total n° of selected</b>		<b>Total amount awarded</b>
<b>32 organisations</b>		<b>€8.999.097</b>

- o DG Trade

**Commission's answer:**

**In 2013 DG TRADE provided 49.236,4 € to the European Journalism centre.**

- o DG Health and Consumers

**Commission's answer:**

<b><u>Name of NGO receiving EU funds as main beneficiary*</u></b>	<b>Commitments made in 2013</b>
	<b>EUR</b>
BUREAU EUROPEEN DES UNIONS DE CONSOMMATEURS BEUC AISBL	1.350.000,00
NEYTENDASAMTOKIN THE CONSUMER'S ASSOCIATION OF ICELAND	22.256,54
EUROPEAN CONSUMER CENTRE (IRELAND)LIMITED BY GUARANTEE ECC IRELAND	252.194,00
EURORDIS - EUROPEAN ORGANISATION FOR RARE DISEASES ASSOCIATION	770.000,00
EUROPA DONNA - THE EUROPEAN BREASTCANCER COALITION ASSOCIAZIONE ED	253.677,00
PREVENT FOUNDATION	99.404,00
EUROPEAN NETWORK FOR SMOKING	147.596,00

PREVENTION*RESEAU EUROPEEN POUR LA PREVENTION DU TABAGISME AISBL	
FORUM EUROPEEN DES PATIENTS ASBL*EUROPEAN PATIENTS FORUM FPE EPF	653.966,00
ALZHEIMER EUROPE	385.168,00

\*: Data source: ABAC, BO report on legal entity type NGO

- o DG Employment, Social Affairs and Inclusion

**Commission's answer:**

**In 2013, NGOs received a total of nearly 5.8 EUR Million from DG Employment, Social Affairs and Inclusion. The table below lists the NGOs and the amounts they received.**

Name of NGO	Payment Accepted in 2013 (Euro)
EUROCITIES ASBL	1.126.841,49
STICHTING EUROPEES INSTITUUT VOOR B	71.451,94
EFFAT-EUROPEAN FEDERATION OF FOOD	678.988,03
CONFEDERATION EUROPEENNE DES SYNDIC	1.232.537,35
ISCOS ISTITUO SINDACALE PER LA COOPERAZIONE ALLO SVILUPPO	183.624,35
ASSOCIATION EUROPEENNE POUR L'INFOR	268.822,84
WIENER INSTITUT FUR INTERNATIONALEWIRTSCHAFTSVERGLEICHE	15.691,20
CONSEIL EUROPEEN DES JEUNESAGRICULTEURS CEJA	26.980,99
FEDERATION INTERNATIONALE DES JOURN	18.428,99
PREVENT ASBL	168.163,00
BALGARSKA STOPANSKA KAMARABULGARIAN IND ASS UNION OF BULGARIA	42.590,02
BRITISH COUNCIL	135.465,99



EUROPEAN ASSOCIATION OF SERVICE PRO	179.469,95
INSTITUT DES AUDITEURS INTERNESBELGIQUE ASBL	268,00
STICHTING RINIS	267.688,69
IDRYMA OIKONOMIKON KAI VIOMICHANIKO	4.500,00
EUROPECHE	10.879,64
INFORCOOP	60.373,68
EVTA AEFP ASSOCIATION EUROPEENNE POUR LA FORMATION PROFESSIONNELLE	45.310,05
KING'S COLLEGE LONDON ROYAL CHARTER	59.302,00
FEDERATION EUROPEENNE DES TRAVAILLE	279.097,67
EUROHEALTHNET	366.321,45
EUROPAISCHES BILDUNGSWERK FUR BERUF UND GESELLSCHAFT GGMBH	137.806,38
CENTER FOR ECONOMIC DEVELOPMENT	35.088,74
INSTITUT ZA STRATESKE STUDIJE IPROJEKCIJE	4.900,00
ACTION COMM IN KENT	71.353,59
ADIE INTERNATIONAL	5.000,00
INDUSTRIALL EUROPEAN TRADE UNION AS	267.158,48
CONSORZIO EUREREDIT*	17.246,87
<b>TOTAL</b>	<b>5.781.351,38</b>

## **Buildings**

62. Which building contracts of Commissions property were concluded with

a. the Parliament in 2013?

### **Commission's answer:**

**No building contracts were concluded between the Commission in Brussels and the Parliament in 2013.**

b. third parties in 2013?

**Commission's answer:**

**In Brussels, the Commission concluded a contract for a building situated at 15, rue de la Loi in 2013 (owner Cerep Loi 1 sprl (SPV owned by Carlyle) sold in September 2013 to Integrale. The budgetary impact in 2013: 1.1 million €**

**Vehicles:**

63. How many official cars does the Commission provide for exclusive use for one person

a. in Brussels

**Commission's answer:**

**The Commission provided in 2013 a) 28 cars in Brussels, for the exclusive use of one person and b) 28 cars with drivers (for a total of 56).**

b. in Luxemburg

**Commission's answer:**

**The Commission provided in 2013 3 official cars for the exclusive use of Directors-General assigned in Luxemburg.**

c. in the rest of the European Union

**Commission's answer:**

**There are no cars for exclusive use for one person in the Representations.**

d. in third countries?

**Commission's answer:**

**The Commission does not manage the use of cars in third countries.**

64. How many of these cars are used with a driver

a. in Brussels

**Commission's answer:**

**The Commission provided in 2013 28 cars which are used with a driver.**

b. in Luxemburg

**Commission's answer:**

**One car.**

c. in the rest of the European Union

**Commission's answer:**

**Not applicable for the Commission's representations.**

d. in third countries?

**Commission's answer:**

**The Commission does not manage the use of cars in third countries.**

65. What were the costs in 2013 for these official cars including the driver?

**Commission's answer:**

**4.442.342,32 € (Fuel cost not included)**

**The total expenditure of fuel during 2013 amounts to: 185.520,00 €**

**The average cost of drivers' salaries has been calculated as follows:**

	total coûts budgétaires	Nbre Chauffeurs	Coût moyen/mois
AC	1.546.557,00 €	35	3.682,28 €
FP	3.345.747,00 €	41	6.800,30 €

Average	5.241,29 €
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Chauffeurs Cabinets	Coût moyen/mois	Coût moyen 2013	Cout x chauffeur
54	5241,29	3.396.355,92 €	62.895,48 €

66. Which rules are in place for the private use of these cars?

**Commission's answer:**

The rules on the use of private cars are detailed in Commission Communication C (2011)4904 regarding the internal provisions governing the organisation of the Commission's transport service. (HR)

**Members:**

In reply to this question please refer to the communication of the Commission regarding internal provisions governing the organisation of the Commission's transport service and its article four, 4.2 paragraph 2 and 3 which stipulates that " Members of the Commission may also allow their spouse or recognised partner to drive, so long as they travel together. In order to comply with safety requirements, spouses and recognised partners must provide the transport service with a copy of their driving licence, be given an introduction to the vehicle's characteristics by a Commission driver or its technical service, and sign a declaration on the use of the vehicle similar to that found in the Code of Conduct for Members of the Commission. Other relatives and third parties are not authorised to drive official vehicles"

In principle, Members of the Commission may not ask drivers to make private journeys. However, drivers may be asked to meet the travel needs of Members of the Commission when their professional and private programmes overlap, so long as this does not create overtime for drivers or involve them in mission expenses (except where there are security grounds for doing so, i.e. in the event of a crisis or exceptional circumstances).

**2) Directors-General:**

Directors-General contribute towards the cost of using their vehicle for purposes other than their professional and/or representation obligations. As such, a flat rate of 37% (52 weekends 2 days + 30 days leave =134 days out of 365) of the average variable costs for official vehicles is applied. This contribution (78,62 EUR per month) is a flat-rate monthly amount calculated on the basis of actual costs from the previous year. It is adjusted yearly. These variable costs consist of costs for fuel, tolls, car washes and the running of the vehicle (maintenance, tyres, service, etc.). All variable costs are added together and divided by the number of Directors-General who had an official car on 31 December the previous year. During 2013 the amount deducted from the salaries of CEOs concerned amounts to €26,552.14.

Any distance travelled in excess of 90000 km during the four-year period must be justified by the needs of the service. The kilometres travelled in excess of this mileage that are not justified are borne by the Director-General based on the cost per kilometre set in the leasing contract, or on the basis of a similar calculation for Commission-owned vehicles. Directors-General who are reassigned to other duties at the Commission or who are leaving must return their vehicle on their last day of service."

67. Which rules exist for the drivers if they are off duty?

**Commission's answer:**

**Each Member of the Commission is entitled to an assigned driver, who shares the duties on an alternating basis with a second driver (the designated driver). During the week, the assigned and designated drivers alternate between round-the-clock availability and rest; they are entitled to at least one free weekend in two.**

**Drivers who are off-duty have to comply with the rules described in the Staff Regulations of the Officials of the European Communities and with the conditions of employment of other servants of the European Communities. In particular, Article 55 stipulates that 'Officials in active employment shall at all times be at the disposal of their institution.'**

68. How many personally assigned drivers run private errands for their VIP or for the family of their VIP?

**Commission's answer:**

**In reply to this question please refer to article 4, point 4.2 paragraph 3 (Commission Communication C(2011)4904, which indicates: "In principle, Members of the Commission may not ask drivers to make private journeys. However, drivers may be asked to meet the travel needs of Members of the Commission when their professional and private programmes overlap, so long as this does not create overtime for drivers or involve them in mission expenses (except where there are security grounds for doing so, i.e. in the event of a crisis or exceptional circumstances)."**

**Daily commuting between the Belgian residence of the Member of the Commission and the workplace (or the station or airport) is considered business travel.**

**Travel expenses of Commissioners**

69. How many missions did Commissioners undertake in 2013? What were the total costs?

**Commission's answer:**

**In 2013 Commissioners undertook 1,509 missions for a total cost of €3,493,445.**

70. Under exceptional and duly justified circumstances for official or diplomatic purposes the Commission does cover the cost and expenses of third parties accompanying a Commissioner. When have such circumstances arisen in 2013? Who travelled on these missions apart from the Commissioner? What was the purpose of travel? What expenses were incurred on the individual journeys?

**Commission's answer:**

**As a general rule, the Commission does not cover the cost of third parties accompanying a Commissioner. Only under exceptional and duly justified circumstances are such expenses reimbursed for official or diplomatic purpose. An example of such an exception is the spouse or partner of a Commissioner accompanying him or her on an official engagement. Their travel expenses may be covered only after an official invitation has been received from the organiser and after approval by the President's Cabinet.**

71. Which costs occurred for taxi flights? For which destinations? How many Commissioners did not use taxi flights?

**Commission's answer:**

**Cost of Taxi flights amounted to 882,768€ in 2013. All Commissioners used air taxi flights at least once since this method of transport is used when visiting the country of the rotating EU Presidency.**

**Destinations concerned were: Dublin, Larnaca, Strasburg, Rabat, Moscow, Ankara, Almaty Cairo, Yekaterinburg, Astana, Kirkenes, Madrid, Amman, Baghdad, Erbil, Beirut, Tel Aviv, Vilnius, Mikkeli, Helsinki, Alger, Chisinau, Beijing, Ulan Bator.**

**Misappropriation / Embezzlement of EU humanitarian aid funds**

72. In 2003, a considerable amount of goods originally destined as humanitarian aid for Sahrawi refugees in the Tindouf camps (on Algerian territory) were spotted in several countries in Sub-Saharan Africa (mainly Mauretania and Mali). Consequently, DG ECHO (Humanitarian Aid and Civil Protection) charged OLAF with a report assessing suspected cases of fraud concerning the Tindouf camps. After three years of investigation, OLAF concluded in 2007 that massive fraud had taken place: *“The number of reported incidents, concurring testimonials about the beneficiaries of the embezzlements, and the different working methods (...) leave no doubt that organized fraud took place over a long period of time.”*

**Questions:**

a. Why has the OLAF report on fraud related to EU humanitarian aid (OF/2003/0521) only been declassified now, seven years after its conclusion?

**Commission's answer:**

**The OLAF report was never classified. Access to the case file can be granted only following a request for access to documents in line with existing legislation, which has to be approved. In 2010 a request for access to the document was made and refused. In 2014 such a request was partially granted, following a recommendation of the Ombudsman.**

- b. While the investigation period of the OLAF report dates back several years, can the European Commission confirm that the Sahrawi leaders linked to the embezzlement and the Algerian intermediaries for these transactions are no longer in charge of administrating EU funds in the Tindouf camps or of other duties linked to EU money?

**Commission's answer:**

**The Commission provides a given amount of funding for humanitarian aid to its partners (WFP, UNHCR, international NGOs) who deliver the aid in the camps, taking into account other donors contributions and its own assessment of the field situation. Following the recommendations drawn by OLAF, the Commission has taken several actions aiming at reducing the risk of occurrence of the fraudulent practices, these included the reinforcement of the control architectures of ECHO and its partners and enhancing transparency at all level of the chain of operations. To be noted that, Commission's funds are not and have never been administered directly by the Sahrawi leaders and Algerian intermediaries.**

- c. What were the lessons learned from this case?

**Commission's answer:**

**The Commission took due note of the inquiry and OLAF report and has since then implemented a risk reduction strategy based on the following elements:**

- Strengthened field assessment of specific needs in the relevant areas, including public health, water, sanitation and hygiene, nutrition and food.**
- Wherever possible, supply of food items for distribution which are adapted to the needs but less prone to diversion (low value, bulkiness, quickly perishable).**
- Intervention in sectors with no diversion potential such as water network, rehabilitation of health centres.**
- Adequate control by all Commission funded partners of the logistic chain and the distribution of aid and joint efforts to improve WFP procedures.**
- Independent monitoring through regular presence of ECHO staff in the camps every month. ECHO's monitoring includes market visits.**

**-Dialogue with the Sahrawi counterparts of humanitarian organisations, to consolidate existing monitoring measures and continue to improve transparency.**

- d. Has the Commission installed control mechanisms to avoid the continuation of the fraudulent patterns?

**Commission's answer:**

**This question is replied to under point c.**

- e. Was the European aid to the Tindouf camps ever suspended? What has been undertaken to recover the money? What amount of money was recovered?

**Commission's answer:**

**In the course of 2003, following the facts leading to the transmission of the case to OLAF, actions were suspended and discussions were held between the Commission and the key Partners as well as with Sahrawi authorities, before resuming the funding. Funding level in the following years has never reached the same level prior to the facts leading to the transmission of the case to OLAF.**

**Although the OLAF report concluded on the occurrence fraudulent practices in the aid operations in the camp, it did not establish the financial damage of such practices and it has not recommended the Commission to establish a recovery order on the basis of a quantification of the financial damage. The Commission has not established a recovery and the elements provided both the allegations and the OLAF investigation and the information at disposal of the Commission did not permit quantifying the financial impact with the required accuracy to establish a recovery order. Nonetheless, the Commission has taken action to implement all recommendations drawn by OLAF, these aimed at preventing future occurrence of fraudulent practices (see reply to question 72.c.**

- f. OLAF estimates that the number of refugees in the Tindouf camps was considerably lower than indicated by the Sahrawi or Algerian authorities. Which consequences did the European Commission draw from this information? How many refugees were supported in each of these camps? Does the Commission systematically count the refugees? Is it correct that the UN adjusted their level of funding according to the more reliable OLAF data while the EU itself did not do so?

**Commission's answer:**

**As far as the number of refugees receiving humanitarian assistance is concerned, international law provides that the host country, in this case Algeria, is**



responsible for the determination of the population in refugee camps. The Commission applies this principle worldwide, in line with the neutrality principle of humanitarian aid. In this particular case, the United Nations (UN) Secretary General, in his biannual report of 13 April 2007 on the situation concerning Western Sahara (ref S/2007/2002) indicated that: ‘pending a registration of refugees, the caseload would be established at 90 000 beneficiaries’, with ‘35 000 supplementary rations distributed to women of child-bearing age, malnourished children under five years and schoolchildren’.

ECHO has provided humanitarian funding based on these figures after having carried out a thorough assessment of the quality of the proposals.

Following the results and recommendation drawn by the OLAF report, ECHO has further strengthened the control architecture in place for operations in the Tindouf camp, which is composed of five sub-camps. This includes regular and strict monitoring of operations by ECHO staff, and control by all Commission-funded partners of the logistic chain and the distribution of aid, including joint efforts to improve WFP procedures. Additionally, following the conclusions of the investigation, the Commission has reduced the level of funding allocated to the Tindouf Camp.

Moreover, the Commission has reviewed its approach with respect to the aid provided in order to reduce the risk of diversion. For instance, it has privileged the supply of food items for distribution which are less prone to diversion (due to low value, bulkiness and/or quickly perishable nature) and focusing intervention in sectors where diversion is unlikely such as water network.

- g. Could you please elaborate on the amount of funding spent for the Tindouf camps in 2013 and if there was any change to previous years? Since when existed each of the camps?

**Commission's answer:**

The Commission has allocated €10 million in 2013. This amount has remained stable compared to previous years.

The Tindouf camp, which is composed of five sub-camps, has been created in 1975.

73. What amount of EU money was spent in 2013 for refugee camps and by whom (NGOs, international organizations, others)?

**Commission's answer:**

The Commission has allocated €546 million to refugees –in camps and outside camps- and internally displaced people in 2013 out of a total of €1 368 million in humanitarian aid. ECHO's main partners include UN Agencies (notably UNHCR, WFP, UNICEF) the International Organisation for Migration, the Red

**Cross and Red Crescent family (ICRC, IFRC, and partner EU Red Cross societies) and international non-governmental organisations.**

**The breakdown by category of partner of EU humanitarian aid in 2013 is the following: 39.8% UN, 8% IOs and 46.6% INGOs.**

### **Emission Trade Scheme**

74. There have been several fraud cases in the past concerning the Emission trade system ETS. Have there been fraud cases in 2013?

#### **Commission's answer:**

**OLAF did not open any investigations in this area in 2013.**

**In 2010-2011, there have been cases of phishing and cyber-attacks against some national registries where the emissions allowances are recorded and traded. Since then and the centralisation of ETS operations in a single Union registry, security measures have been implemented to strengthen checks on persons accessing the system and rules under which trades are made. Although no incidents have been reported so far, DG Climate Action recorded a critical risk related to security of the Union registry in its Management Plan 2015 and a related reservation in its Annual Activity Report 2013.**

**Moreover, following VAT carousel fraud with emission allowances, on the basis of information available to the Commission, some investigations by national tax and law enforcement authorities are ongoing. To prevent such cases from occurring, Member States have the possibility to implement a reverse-charge mechanism.**

### **Galileo**

75. Galileo: Could you please give a current state of play concerning the satellite system Galileo?

#### **Commission's answer:**

**The European Commission is determined to establish and operate the first civil global satellite navigation and positioning infrastructure by 2020. At a time when stimulating economic growth is a key priority, Galileo will play an important role in reinforcing a high-performing European industrial base, stimulating innovation and new markets, helping address societal challenges and develop new technologies and services.**

**Progress on the way towards operation and exploitation of the system continues. To mention just a few milestones:**

- **Four Galileo In-Orbit Validation (IOV) satellites were successfully launched in 2011 and 2012. The Galileo In-Orbit Validation phase was successfully concluded in 2014. The system design, the performance targets and the baseline for system operation were successfully confirmed.**
- **The ground infrastructure, with many ground stations worldwide, has been completed for the initial operations.**
- **The Galileo Search-and-Rescue capability of the IOV-satellites was successfully demonstrated.**

**The launch of two satellites (no. 5 and 6) on 22 August 2014 resulted in an injection of these satellites into incorrect orbit. Since December 2014 the satellites have been gradually moved to a more favourable orbit to allow their best possible use. Moreover, currently the testing of satellites' navigation payload is on-going and the present results are very good.**

**The Commission's strategic priorities for the Galileo programme are clear: infrastructure deployment, the gradual provision of services and establishing Galileo in the global satellite navigation market. With regard to the deployment of the Galileo infrastructure in 2015, the Commission will establish a way forward at the end of January 2015.**

**Follow-up of the questions to Commissioner Mimica: IMG (CONT Hearing of 11 December 2014)**

76. Follow-up of question 6a: Is it true that in 2013 and 2014, for the first time, external audits of the Commission of awarded grants to IMG were done, although IMG gets EU payments since 1994? If yes, what were the reasons for not doing external audits financed by the COM for IMG financed projects?

**Commission's answer:**

**Apart from these compulsory verifications carried out by the organisation as a condition for the grants received, IMG has been subject to the following audits or audit-related activities through the years:**

- **One audit carried out by DG ECHO in 1996**
- **Between 1998 and 2006, most contracts were managed by DG ELARG. These were mostly grants and service contracts of low value. No audits were performed on these contracts as at the time they were not seen as being of a level of risk which required auditing.**
- **3 Verification missions in 2006**
- **Two audits of their contracts in Palestine in 2012 (included in the Audit Plan for 2011) and 2013 (included in the Audit Plan for 2012)**

- **One audit carried out in 2012 in Haiti (with an extension in 2014)**
- **One audit concerning one of their contracts in Myanmar in 2014.**

77. Follow-up of the written question 6d1a: the Commission answered that "Between beginning 2000 and mid-2014 three officials participated in an IMG Standing Committee meeting as observers." Does one of the officials you refer to currently belong or did belong in the past to the IMG Management?

**Commission's answer:**

**According to the information at the disposal of the Commission, none of the three officials currently belongs or did belong in the past to the IMG's management.**

78. 61.3 % of the IMGs budget of on-going projects are financed by the EU. Could the Commission please elaborate on the reasons that there is no Commission representative member of the Standing Committee?

**Commission's answer:**

**As a matter of principle and to avoid any conflict of interest, the Commission does not normally participate in the management boards of external entities financed by the EU budget.**

**It only does so in specified circumstances depending on the respective statutes of the entity and this requires a careful examination against criteria such as added-value, legal soundness, political importance and visibility, Commission expertise/interests, which have not been considered in the case of IMG.**

**The Commission has therefore not appointed a representative member in IMG's Standing Committee since the Commission considers that, on the basis of the aforementioned criteria, its participation as a member of that body is not necessary.**

79. Minutes of the meetings of the Standing Committee: Why did the Commission limit itself to finance an organisation of which it had no information which goals were pursued in the Standing Committee?

**Commission's answer:**

**As for the previous question, there is no systematic policy, nor is it systematically required, for partners and beneficiaries of grants, such as NGOs, International Organisations or National Agencies, to provide the Commission with the decision-making elements that govern their own functioning, such as the minutes of their governing bodies. The goals and main objectives of NGOs, International**

**Organisations and National Agencies are made public by these organisations themselves and communicated to the Commission on different instances (for instance, in the context of calls for proposals, contractual negotiations, etc.).**

80. The Director General DEVCO informed the authorising officers by sub-delegation in a written procedure on 16th of December 2014 to stop immediately all payments to IMG. What are the reasons for this immediate stop?

**Commission's answer:**

**The intervention made by the Director General of DEVCO does not refer to a discontinuation of payments to IMG but to a centralisation of such payments in order to properly verify ex ante the conditions for payment. This means that the Director General of DEVCO exercises directly his power of authorising officer without any sub-delegation. This measure was taken following the reception of an OLAF report on IMG. When the Commission has fully assessed the OLAF findings and the possible follow-up, the Committee will be duly informed.**

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