



2017/2044(BUD)

7.9.2017

OPINION

of the Committee on Budgetary Control

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2018
(2017/2044(BUD))

Rapporteur: Joachim Zeller

PA_NonLeg

SUGGESTIONS

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

- A. whereas in a situation of scarce resources, greater importance should be attached to the need to observe budgetary discipline and to use funds efficiently and effectively in order to ensure their utmost European added value;
- B. whereas the main objective of the 2018 draft budget will be to ensure that the Union budget is provided with the means it requires to fully deliver its reinforced contribution to economic, social and territorial cohesion, jobs (with full labour rights and protections), sustainable growth, targeted investment and solidarity across all Member States - large and small, struggling and thriving -, and to respond to continuing challenges and new developments, and their impact regarding delayed economic recovery and increasing inequalities, as well as immigration, humanitarian aid and security;
- C. whereas the overall increase of 8,1 % in payments compared to the 2017 budget is driven by the increase in the payments for European Structural and Investment Funds which should fully reach cruising speed in 2018;
- D. whereas the vast majority of payments (94 %) relate to the funding of new programmes (for the period 2014-2020) whilst only 6 % concern the completion of old programmes (prior to 2014);

Programme Statements of operational expenditure accompanying the budget 2018

- 1. Welcomes the programme statements of operational expenditures accompanying the draft budget 2018 COM (2017) 400 that provide information according to Article 38 of the Financial Regulation, encompassing both ex-ante estimations in terms of future outputs and results and the ex-post information on programmes' performance;
- 2. Points out that the statements correspond in part to the request made by the Parliament concerning the performance-based budget¹ but notes that those statements complement the usual activity-based budgeting method with some performance data;
- 3. Notes that the current performance framework of the programmes reported in the programme statements includes more than 700 indicators of different type measuring the performance against 61 general and 228 specific objectives;
- 4. Stresses that not all of those indicators measure Union budget performance directly: some provide either high level contextual information (e.g. "the Europe R&D target of 3% GDP" or "share of researchers in the EU active population") or process related information (e.g. "quality of project applications", "number of participants");

¹ In its report on the Integrated Internal Control adopted on 3 June 2013 the Parliament calls for the establishment of a performance-based public budgeting model in which each budget line is accompanied by objectives and outputs to be measured by performance indicators.

5. Calls on the Commission to unify its reporting as much as possible in order to present a truthful picture of budget implementation and the added value achieved;
6. Asks the Commission to provide for each programme a snapshot of available performance information indicating the distance to target for all informed specific indicators included in the basic act; this snapshot should represent the share of the indicator value with respect to the final target and measures progress towards achieving the targets;
7. Takes note that the analysis of collected data per programme, including data for 2014, 2015 and 2016, confirmed that, at this stage of implementation, more than 80 % of the indicators are already informed or partially informed;
8. Urges the Commission, for the sake of the simplification:
 - to align the performance framework used in the Article 318 TFEU evaluation report (Annual Management and Performance Report) and in its management tools (management plan and Directorate General annual activity reports) with the performance framework of the programme statements;
 - to take the programme statements framework as the basis for its evaluation of the implementation of the EU 2020 Strategy and the 10 Commission priorities for 2015-2019; and
 - to include updated data on results for all the indicators established by programme statements at least on an annual basis;
9. Appreciates that the new approach of 'Budget Focused on Results' has for the first time been integrated into the internal budgetary preparation of the Commission in order to review the expenditure based on experience achieved so far and identify possible adjustments;
10. Calls on the Commission to provide the European Parliament and the Council with the specific information used in the preparation of the 2018 draft budget on the areas where Union spending programmes bring positive results or, on the contrary, where implementation is slower than expected or the programme architecture is not adequate for the delivery of the expected results;
11. Calls on the Committee on Budget of the European Parliament, in coordination with the sectorial committees of this Parliament, to promote a real culture of results in respect of the optimisation of the use of expenditure removing expenditures from programmes showing low performance only on the basis of a thorough analysis of the causes for underperformance; reiterates that tangible results cannot be achieved without sufficient resources;
12. Underlines that Parliament, as discharge authority, is called upon to express views on the political objectives presented by the Commission in the draft budget and that it should check the cost/benefit, weighing up all the factors that influence the efficiency of projects;

Sectorial policies

13. Stresses that for smaller farms particularly, direct payments under the common agricultural policy (CAP) may not fully play their role as a safety net mechanism for stabilising farm income, given that the current distribution of payments leads to 20 % of all farms in the Union receiving 80 % of all direct payments, and that this also indicates the need to take account of differences in the size of farms, which varies between Member States;
14. Asks the Commission, in the context of CAP reform, to assess whether the CAP direct payment scheme is properly designed to stabilise farm income of all farms or whether a different Union-wide model of distribution of direct payments could result in a better achievement of the objectives and further, asks the Commission to assess whether or not this new method of distribution should be made mandatory; notes that this assessment should have an impact on the budgetary proposals regarding the market measures;
15. Takes note that the Commission considered that it is difficult if not impossible to provide an estimated cost paid for migrants/seeker country by country as the management of migratory flows comprises a wide range of activities¹; would therefore like to be informed on how the Commission has been able to draft precise estimates regarding that policy area in context of performance-based budgeting and what criterion has hitherto been used to determine the allocation of AMIF funds in the various Member States;

Financial instruments

16. Points out that the 2018 programme statements contain paragraphs referring to financial instruments financed by specific programme and notes that the Commission considers that such information does not constitute the official reporting on the financial instruments financed by the Union budget as provided for under Article 140 (8) of the Financial Regulation as the Commission presents a separate annual report on financial instruments supported by the general budget according to Article 140 (8) of the Financial Regulation and the latest report for 2015 was published on 24 October 2016; calls on the Commission to supply a full set of data on the allocation of financial instruments and on the results hitherto achieved from an economic, social and environmental point of view, also with regard to the expected and actual leverage effect;
17. Urges once again the Commission to improve transparency in the use of financial instruments (FI), to regularly report on leverage, losses and risks and to present a cost-benefit analysis of FIs compared with more direct forms of project funding;
18. Notes with concern that the EFSI implementation figures show that the majority of the investments are concentrated in the top five economies of the Union, which may further undermine the achievement of the Union's strategic objectives for greater cohesion;
19. Is concerned that trust funds and other facilities using substantial Union budget contributions remain without proper surveillance by and accountability to the Parliament and insists on stronger accountability of these instruments;

Brexit

¹ Reply to written question 23- CONT hearing of Commissioner AVRAMAPOLOS of 29 November 2016

20. Calls on the Commission to present a detailed estimate, including an explanation of the method of calculation, of the costs generated by the decision of the UK Government to leave the European Union; calls further for the Commission to publish as soon as possible an outline of how it plans to cope with the combination of reduced budget income after Brexit and increased spending on items such as security and migration.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	4.9.2017
Result of final vote	+ : 19 - : 1 0 : 2
Members present for the final vote	Jonathan Arnott, Inés Ayala Sender, Zigmantas Balčytis, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Raffaele Fitto, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Arndt Kohn, Claudia Schmidt, Bart Staes, Hannu Takkula, Indrek Tarand, Marco Valli, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Caterina Chinnici, Brian Hayes, Julia Pitera

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

19	+
ALDE	Martina Dlabajová, Hannu Takkula
ECR	Raffaele Fitto
GUE/NGL	Luke Ming Flanagan, Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Brian Hayes, Julia Pitera, Claudia Schmidt, Joachim Zeller
S&D	Inés Ayala Sender, Zigmantas Balčytis, Caterina Chinnici, Cătălin Sorin Ivan, Arndt Kohn, Derek Vaughan
VERTS/ALE	Bart Staes, Indrek Tarand

1	-
ENF	Jean-François Jalkh

2	0
EFDD	Jonathan Arnott, Marco Valli

Key to symbols:

+ : in favour

- : against

0 : abstention