

# Commitments made at the hearing of

## **JOHANNES HAHN**

### Commissioner-designate Budget and Administration



The Commissioner-designate, Johannes Hahn, appeared before the European Parliament on 03 October 2019 to answer questions put by MEPs from the Committees on Budgets, Budgetary Control and Legal Affairs. During the hearing, he made a number of commitments which are highlighted in this document. These commitments refer to his portfolio, as described in the [mission letter](#) sent to him by Ursula von der Leyen, President-elect of the European Commission, including:

- the 2021-2027 Multiannual Financial Framework;
- modernisation and digitalisation of the Commission; and
- protection of the financial interests of the EU.

Please note that the quotes included in this document only make reference to oral commitments made during the hearing. The [verbatim](#) report of the public hearing is available on the [Commissioners-designate hearings website](#). The Commissioner-designate was also sent some written questions in advance of the [hearing](#) to which he provided [written answers](#).



## The multiannual financial framework (MFF) and own resources

### The way forward on MFF

"You can rely on me to make a strong case that the impact of a budget smaller than proposed by the Commission [1,1 % of GNI] would be damaging for our policy ambitions and would compromise the Union's capacity to deliver efficiently". "This is the minimum".

"This is the right way forward: to have a bottom-up approach, then identify where you land and then try to negotiate". "I will try to convince in particular those which are very much focused on this 1% issue to see that new challenges, new tasks, need more flexibility on their side". "I want to make it clear to them what is necessary. And I will also speak to the media". "We will be standing by your side in the debate with the Council. Many Member States [...] have understood that appropriate resources are really required".

"Whatever the size of the budget is - 1.1% or 1.3% of Gross National Income – it would not be sufficient to finance all the needs and projects with European value added. The Union budget should be seen as a crucial catalyst of public and private investments, channelling them towards EU political priorities".

"it's not only about the money, it's about the other issues you rightly refer to, i.e. own resources, keeping and even increasing the level of flexibility, and introducing the Rule of Law. It's about all of this, and modernising the policy. [...] The main issue is to go to our citizens and explain why we need this budget. [...] If you produce EUR 100 you have to pay EUR 50 to the state, EUR 49 stays in the national budget and only EUR 1 is sent to the European Union – for all the policies which are very much needed and asked for by our citizens".

### Own resources

"I am convinced that reaching an agreement on the revenue side is crucial for concluding the negotiations on the MFF. The European Parliament has made clear that own resources reform and the diversification of revenue sources is a condition for counting on its consent on the future framework. I will remind the Council of that position".

Plastic fee and extension of ETS (Emissions Trading System) auctioning revenues: "these are two areas where I believe a very concrete and very quick result is feasible". CCTB (Common Corporate Tax Base) and digital tax "could and should be added". "There is an openness on the cross-border carbon tax". "If raised it should be ring-fenced to climate-related initiatives".

"We should gradually increase the share of own resources in the overall budget". "This differentiation between beneficiaries and net contributors is no longer valid, [...] net contributors very often benefit from the investment in the beneficiary countries". "I would like to overcome this division".

### Timing and contingency plan

"I will spare no efforts to facilitate a timely agreement on a financial framework that is fit for purpose". "The faster we are, [...] the earlier we can enter into concrete implementation and can pursue all our political aims". "An agreement in good time, that means that we get a result towards the end of winter".

"That has to be at the center of our attention, but I'll be honest with you: the Commission has to be prepared, staff are of course preparing emergency measures in the event that we don't get a timely agreement. [...] I can certainly promise you that if a situation like that were to occur that we will be putting forward the necessary draft texts".

### Minimizing payments backlog

"We need a fast and quick agreement on the MFF because last time, the fact that [...] the decision was only taken two weeks before the expiry date caused the well-known backlogs, because it took a couple of months to agree about the sectoral programmes and on top of this we had delays in the programming".

"You have introduced flexibility instruments and these flexibility instruments can be used in case there are payment constraints".

### Mid term revision

"Full support. Yes, it should take place, it makes sense and as far as the timeframe is concerned as we see it [...] we need a little bit more of flexibility so that we don't just wait for the mid-term review; as soon as we recognise that one programme or other is not being properly absorbed or achieving the desired effect then of course we have to work on the indicators". "We have to be doing this before the mid-term review and if there are any necessary adjustments to be made before then, that would also make sense".

### Climate - Just Transition Fund - Distribution and absorption of EU funds across the EU

25% climate-related EU budget spending "is not the end of the road and cannot be allowed to be the final limit". "A lot has already been set forward but now we need to look at these [...] objectives at programme level". "If there's a broad agreement that adjustments are required then of course, I will be open to you". Tracking climate relevant spending: "that's something

that we need to address and I will be bringing specific measures to do that. [...] We have to be clearer in the way we set out programmes because then a lot of very meaningful projects will come to life". We have to "ensure that our funding streams do not contradict one another".

Concerning the European investment Bank (EIB) "one element [...] could be to renounce providing loans, guarantees, financial products, or anything else for the construction of energy production sites run using coal or lignite".

"A priority for me in the MFF negotiations will be to include the new Just Transition Fund. The EU budget will show the way and channel funds to regions and communities most in need". "We want to support those regions which have high CO<sub>2</sub> emissions".

"We have to help some countries to improve their take-up rate so that the money available is actually used".

## Modernisation and digitalisation

### A policy and data driven budgetary cycle

"I'm committed to improving the link between spending programme performance and budgetary planning, implementation and reporting. I also agree that any such budgetary framework should be clearly policy driven and allow a true re-adjustment of programmes in line with political priorities on the basis of performance information and its assessment".

"While Member States continue to be responsible for shared management, I will also work towards ensuring a more comprehensive overview of expenditure and key data".

For speeding up the discharge procedure: "one factor is whether the Member state is in a position to deliver the data rapidly enough".

"We have taken note of your recommendations to improve and streamline the Commission's reporting. I will make specific efforts to address this with regard to the annual activity reports of each directorate-general, the programme statements accompanying the draft budget, and the annual management and performance report".

### Digital administration

"There is a very varied landscape of IT systems. One major task for the future [...] is to try and harmonise all of the different systems out there [...] it is not just a question of [...] digitalization within the Commission, it's a question of interoperability with the systems that our Member states have, and our various Member states' institutions; that should allow us to be faster in reporting".

"I will [...] ensure that the European Commission has the right tools and capabilities to achieve its digital transformation without exposing itself to new risks".

### Human resources strategy

"In the near future we will have a HR strategy that we will put to you". "We have to look at how these positions can be made more attractive". "Currently, ten nationalities from the pre-2004 Member States are significantly under-represented among the junior grade administrators in the Commission. I will do my utmost to reverse this trend within this term". Loss of Contractual agents' experience at contract end: "an issue that has to be addressed".

"Transparency, integrity, accountability, professionalism and commitment to public interest should remain tenets of our administration. I will make sure that the Commission leads the way in setting high standards for its members and staff".

"[The] staff strategy [...] will also look at management positions and how they are filled, [...] despite the provisions of the staff regulations there's always room for improvement".

Diversity and Inclusion Charter/discrimination/harassment: "each individual case is one case too many, and therefore we have to train our people, we have to train our management". "We have created, based on the previously mentioned strategy, respective contact points [...] but there's always room for improvement".

### Gender perspective

"I am committed to deliver on gender equality". Gender quotas: "this could be something we have to introduce also here in Brussels".

Gender budgeting: "I have every interest in having more aggregated figures in order to get a better survey about where we are in terms of implementing gender equality, via our budget, via our Member States, via our partners. [...] I will come to you [...] to work together in an informal/formal working group to look at what kind of measures can be taken in order to now really achieve our goals. I agree that we are lagging behind, but it's also due to the complexity of the way in which we spend money, in particular via the many projects with shared management".

## Protection of the financial interests of the EU

"It is imperative to put into place the Rule of Law mechanism ensuring the protection of the Union's budget in case of generalised deficiencies in Member States". "I will do everything in my power to ensure that [...] it is something separate". "It should remain valid even beyond the next MFF [...] that's what we are working on". "The Commission in office decided that a

Rule of Law assessment would be carried out for all Member States [...] that will then give us a comprehensive picture so that we don't give the impression of unequal treatment". "Honest broker does mean treating everybody equally regardless of how large or small a Member State is".

"I will dedicate necessary resources to the coordination of the Commission services' actions as regards conflict of interest issues and cases, as well as to the setting up of a closer relationship with Member States to tackle potential issues at an early stage".

The absence of Council discharge: "Point taken I will address that. The Parliament has the lead on this issue and we do need to generate public support for this, to raise awareness about this because the tax payer is not going to understand why this is happening and I think that will help push to a more rapid solution".

"The share of fraud amongst errors is less than 1% – though that is too much; 0% would be ideal – but it is important [...] to distinguish between error and fraud. [...] even if there is error, there have to be financial corrections. One of the reasons why we still have errors, why there is always a risk of errors, is indeed that sometimes our regulations are too complex, too difficult. A big issue is to simplify. [...] We are on a good path, but still more has to be done".

"Sound financial management and the fight against misuse of funds need to be ensured up to the highest standards, while at the same time trying to maintain proportionality and cost-effectiveness of controls."

"If the EIB is using EU money for certain projects, there is an opportunity for the Court to audit this specific project".

"Concerning the staff of OLAF [European Anti-Fraud Office] and the EPPO [European Public Prosecutor's Office], [...] they will work together". "The EPPO has to get up and running and then we will see what the additional needs are. But in general OLAF is extremely

important for its investigative work, and this will be the case in the future, and the largest part of OLAF people will stay in Brussels". Joining EPPO: "Concerning [...] those who are not yet members, I cannot force them but I will not miss any opportunity to urge them to follow. Ultimately, it's also a question of reputation for those countries which have not joined EPPO, and in the long run it's not in their interest if they stay on the sidelines". "It's important that it starts to become operative. This will be by 1 January 2020".

"The Commission has zero tolerance for infringements [...] for what concerns own resources, and strictly pursues any irregularities. I am committed to continue this policy".

### Interinstitutional relations and better policy making

"I will do my utmost to provide open, honest and impartial facilitation between the two arms of the budgetary authority".

Improving annual budgetary negotiations: "I fully agree, and I fully understand your dissatisfaction, [...] it's really dissatisfying if you have a conciliatory timeframe, but then this timeframe is not used and [...] at the very last moment, there are quasi faits accomplis. I will do everything to avoid this, to set up different meetings, or at least to push for different meetings, but also to try to figure out what are technical issues that can be resolved quickly, and what are less highly political issues that can be resolved faster, in order to end up finally only with the two or three main topics which apparently are contested or challenged by the Council or by the Parliament. Then we can really use these three weeks in order to get an agreement".

"For me, the budget is the policy cast in numbers".

**Disclaimer and copyright.** The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. The English-language quotes included in this document are based on the [verbatim](#) of the hearing, made available a posteriori. Quotes of statements made in a language other than English are based on the simultaneous interpretation provided live during the hearing. This simultaneous interpretation does not constitute an authentic record of proceedings. The [video recording](#) of the hearing is available.

© European Union, 2019.

Manuscript completed: as of November 2019; Date of publication: November 2019  
Administrator responsible: Alix DELASNERIE; Editorial assistant: Anna DEMBEK  
Contact: [poldep-budg@ep.europa.eu](mailto:poldep-budg@ep.europa.eu)

This document is available on the internet at: [www.europarl.europa.eu/supporting-analyses](http://www.europarl.europa.eu/supporting-analyses)  
IP/D/BUDG-CONT/2019-01

Print ISBN 978-92-846-5667-7 | doi:10.2861/753718 | QA-02-19-810-EN-C  
PDF ISBN 978-92-846-5666-0 | doi:10.2861/793354 | QA-02-19-810-EN-N