



MONDAY 27 JUNE 2016

15.00 - 18.30

Room: Altiero Spinelli (1G-3)

1. AGENDA

The draft agenda (in EN) was emailed to Members on 3 June 2016 and is in the [file for the meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chairman draws attention to the following points:

Languages available

FR, DE, IT, NL, EN, DA, ES, PT, CS, HU, LT, MT, PL, SL, BG, RO

Webstreaming

The CONT meeting is webstreamed on the [Europarl web-site](#).

Please be aware that each time a speaker activates the microphone to make an intervention, the camera will be automatically directed to the speaker.

Voting cards

The electronic voting system will be used for the votes and Members are reminded to bring their electronic voting card.

MONDAY 27 JUNE 2016

15.00 - 16.00

PUBLIC MEETING

3. STUDY ON "PUBLIC PROCUREMENT - A STUDY ON ADMINISTRATIVE CAPACITY IN THE FIELD OF EUROPEAN STRUCTURAL AND INVESTMENT ESI FUNDS"



Presentation of the study by the DG REGIO (European Commission)

In the Commission discharge reports and the annual reports of the European Court of Auditors procurement has been identified as a major source of deficiencies at audit, which can be attributed in large part to a lack of sufficient administrative capacity in terms of human resources, systems and tools, and governance structures. The study offers an overview of the current state of administrative capacity in the field of public procurement in the EU with a special focus on the implementation of the European Structural and Investment (ESI) Funds. It looks at the systems and structures in the individual Member States and provides



information as to how to improve the quality of public procurement and ensure more efficiency, transparency and regularity.

This study provides a systematic assessment of the public procurement systems of each of the Member States with a particular focus on the way how they are organised and function. Based on desk research for 28 Member States, field interviews in 15 Member States, case studies in the Czech Republic and Portugal and an online survey of practitioners in 28 Member States, the study assesses each system's strengths and weaknesses and provides country specific recommendations in 28 country profiles. It also identifies a list of good practices and lessons learnt from the past that could be used by decision-makers to improve administrative capacity, especially in terms of human resources, systems and tools, and governance structures.

The Commission has requested to present the main findings of this study.

The study can be found here: http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/public-procurement/study/

After the presentation and discussion of the study the Commission will answer questions, as requested by the CONT coordinators, with regard to a "call for funding proposals" issued by Lombardy Regional Council. Proposals for funding were to be submitted as of 12 h on 1 March 2016 via a dedicated IT system until such time as the overall spending limit of EUR 7 million was reached. The funding limit was reached at 12.30 h the same day.

MONDAY 27 JUNE 2016

16.00 - 16.45

PUBLIC MEETING

4. PARTIAL RENEWAL OF MEMBERS OF THE COURT OF AUDITORS - MT NOMINEE



**Appointment of one Member of the European Court of Auditors:
Hearing of Leo Brincat - Candidate nominated by the Maltese
authorities**

Rapporteur: [Igor Šoltes](#) (Verts/ALE)
Administrator: Mauro de Oliveira

**Members are reminded to bring their electronic voting card as the committee
will vote on the appointment of the candidate after the hearing.**

Background

The initial Maltese nominee, Anthony Abela, had previously withdrawn his candidature, before the plenary vote, in response to the committee's recommendation to reject the candidate after the hearing held on 15 March.

The Members of the European Court of Auditors shall be appointed for a term of six years. In accordance with Article 286(2) of the TFEU the Council, after consulting the European Parliament shall adopt the list of Members drawn up in accordance with the proposals made by each Member State.



The following new candidate has been proposed by Malta: **Leo Brincat**

Appointments to the ECA are submitted to Parliament's plenary on the basis of a report from CONT, which takes into account, among others circumstances, Article 286(1) of the TFEU: "the Members of the Court of Auditors shall be chosen from among persons who belong or have belonged in their respective States to external audit bodies or who are especially qualified for this office. Their independence must be beyond doubt."

A. Procedure

According to Rule 121 (1) of Parliament's Rules of Procedure, "candidates nominated as Members of the Court of Auditors shall be invited to make a statement before the committee responsible and answer questions put by members. The committee shall vote on each nomination separately by secret ballot."

I. Questionnaires and statements

In preparation for the hearing, the **candidate** has been asked to answer the **questionnaire** prepared by CONT.

II. The hearing

The hearing will take place according to the timetable set out in the draft agenda. The candidate will be invited to make an opening statement (5 minutes) and the remainder of his hearing will be devoted to replies to questions from Members (40 minutes).

III. Evaluation, votes and adoption of draft report

Once the hearing has been completed, the committee will hold an evaluation of the candidate and then proceed to vote on the appointment of the candidate in question. Evaluation, votes and adoption of draft report **will be in camera**. In accordance with Rule 181 the vote may be carried out by means of the electronic voting system.

According to Rule 121, the committee shall vote by secret ballot. Members should indicate for each candidate whether they give a favourable opinion, a negative opinion or abstain.

In accordance with Rule 182 (4), between two and eight Members shall be chosen by lot to count the votes cast unless an electronic vote is taken. The discussion and vote in plenary is scheduled to take place in the July session.

B. The report

The format of opinions on candidates for membership of the Court of Auditors is defined as follows¹:

- a) each recommendation on each nomination shall be submitted in the form of a report, to be adopted on the basis of a majority of the votes cast, with the report merely indicating the nomination;
- b) the report shall consist of:
 - i. citations summarising the circumstances of the referral to Parliament;
 - ii. recitals outlining the procedure to the competent committee;
 - iii. operative text which may only consist of a favourable opinion or an unfavourable opinion;
- c) citations and recitals shall not be put to the vote;"

These strict rules on procedures, before the Committee on Budgetary Control and in plenary sitting, adopted by Parliament **do not allow any amendments** to be tabled to the draft report.

¹ Parliament's resolution of 4 February 2014



The draft report will be finalised, according to the outcome of the evaluation and the vote in committee. The candidate's curriculum vitae and the answers to CONT questionnaire shall be annexed to the report.

The [draft report](#) in EN was emailed to Members on 27 of May 2016.

The report for plenary will state that Parliament delivers either a favourable or a negative opinion on the appointment of the candidate.

CONT Timetable:

Event	Body	Date
Adoption in Plenary	Plenary	JULY

MONDAY 27 JUNE 2016

16.45 - 17.00

IN CAMERA

5. EVALUATION, VOTES AND ADOPTION OF DRAFT REPORT

MONDAY 27 JUNE 2016

17.00 - 18.30

PUBLIC MEETING

***** ELECTRONIC VOTING *****

6. TOWARDS A DEFINITIVE VAT SYSTEM AND FIGHTING VAT FRAUD



Adoption of draft opinion

Rapporteur: [Nedzhmi Ali](#) (ALDE)

Administrator: Olivier Sautière

Main Committee: ECON - Werner Langen (PPE)

The Rapporteur Mr Ali welcomed the new VAT action plan concurring to the implementation of the political priority 'A deeper and fairer internal market' through the EU Digital Single Market Strategy and the Single EU VAT Area while including further steps forward towards a more sustainable and fraud-proof definitive VAT tax system.

However, he stated that the VAT system had to be simplified especially for the benefit of the SMEs and adapted to the needs of the digital environment. He welcomed the application of the 'country of destination' of the goods as underlying principle of the definitive VAT system that will contribute to the reduction of cross-border VAT fraud.

While highlighting the need to refine the estimation of the size of intra-EU VAT fraud and to have reliable data on VAT carousel fraud, he also called for a better coordination of Eurofisc with OLAF and Eurojust, new models for sharing information and intelligence between Member States and a strengthened cooperation with non-EU countries.

Deadline for tabling amendments was 30 May 2016. 62 amendments were tabled. The draft opinion and the amendments are available on the [CONT website](#).

The voting list, including the rapporteur's recommendations will also be circulated as soon as possible.

CONT Timetable:

Event	Body	Date
Consideration of the draft opinion	CONT	23/05/2016
Deadline for amendments	CONT	30/05/2016
Adoption in CONT	CONT	27/06/2016
Adoption in ECON	ECON	13/07/2016
Adoption in Plenary	Plenary	OCTOBER I

***** END OF ELECTRONIC VOTING *****

7. ECA SPECIAL REPORT 11/2016 (2015 DISCHARGE): STRENGTHENING ADMINISTRATIVE CAPACITY IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA: LIMITED PROGRESS IN A DIFFICULT CONTEXT



Presentation of the special Report by the Member of the European Court of Auditors responsible, H.G. Wessberg, and consideration of a working document

Rapporteur: [Tomáš Zdechovský](#) (PPE)
 Administrator: Michal Czaplicki

The Former Yugoslav Republic of Macedonia has been a candidate for EU membership since 2005, however the Council until now has not decided on a framework for opening negotiations. During the 2007-2013 period, the EU allocated 615 million euros under the Instrument for Pre-Accession Assistance (IPA I) to help the country prepare for accession. The country also received financial support under multilateral programmes covering the whole of the Western Balkans. The Court audited projects financed from IPA I in three major sectors: public administration reform (12 % of the total allocation), transport (18 %) and environment (16 %).

The ECA arrived at the conclusion that there was relatively limited progress in strengthening administrative capacity in key areas during the audited period. Working in a difficult context, the Commission did not, for many of the projects examined, sufficiently ensure the effectiveness of their contribution towards strengthening administrative capacity. All of the projects audited included activities designed to strengthen administrative capacity but they did not succeed in addressing sufficiently many weaknesses.

In light of its findings, the ECA recommended that the Commission should concentrate its assistance for strengthening administrative capacity on ranked priorities that take account of significant weaknesses in key



areas. It should make better use of policy instruments to reinforce the commitment by the national authorities to the reform process, including a prolonged and active follow-up of outputs and impacts.

The rapporteur calls on the Commission to strictly follow the principles of sound financial management and invites the Commission to help with designing projects with high potential in key areas such as public procurement.

The Rapporteur's working document (EN) is available on the [CONT website](#).

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2015. Amendments may be tabled in this context.

8. ECA SPECIAL REPORT N°4/2016 (2015 DISCHARGE): THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY MUST MODIFY ITS DELIVERY MECHANISMS AND ELEMENTS OF ITS DESIGN TO ACHIEVE THE EXPECTED IMPACT

Consideration of working document



Rapporteur: [Dennis de Jong](#) (GUE/NGL)
Administrator: Hrvoje Svetic

According to the Commission research, the EU lacks an innovation culture where good ideas can be easily transformed into new products and services, resulting in failure to convert its excellence in basic research to market-driven innovation. To tackle this problem, the EU is striving to become a knowledge-based economy centred on an ambitious research and innovation agenda. Horizon 2020, with a budget of 80 billion euro for the period 2014-2020 is one of the instruments of the EU 2020 strategy for smart, sustainable and inclusive growth.

The European Institute of Innovation and Technology (EIT), created in 2008, has the ambitious objective of overcoming weak links between the worlds of education, science and business. Its mission is to reinforce the EU's innovation capacity 'by promoting synergies and cooperation among higher education, research and innovation of the highest standards, including by fostering entrepreneurship.

The European Court of Auditors examined whether the EIT is an effective tool to foster innovation in the EU. The Court considered whether the EIT's rationale and design address the needs of the innovation communities. In addition, the Court assessed the operational execution as well as the monitoring of the EIT's activities.

According to the Court, the main reasons for setting-up the EIT are well-founded and generally supported by its stakeholders. Weak links between business, research institutes and higher education, little success in bringing research outcomes to market and a lack of entrepreneurial culture were arguments to justify its creation to address these specific issues. Thanks to the EIT, the three Knowledge and Innovation Communities (KICs) launched in 2010 have brought more than 500 partners together across disciplines, countries and sectors.

However, the Court stated that the complementary activities of the KICs - recipients of the EIT grants, which are not financed by EIT, were poorly defined, which led to difficulties for the KICs. According to the EIT's founding regulation, the KICs are to develop strategies to become financially sustainable. Over the period 2010-2014, only one KIC has declared any income (400.000 euro) while the EIT has injected over 460 million euro into the KICs. In each KIC the bulk of the EIT financial contribution is concentrated in a core of KIC



partners, with the top 10 partners receiving between 49% and 65% of the EIT financial support to each KIC. In addition, the EIT financial contribution is highly concentrated in five countries,

which risks that a two speed Europe is being further engrained, with EIT expenditure concentrated in countries with developed research infrastructure.

The Court noted that the existing key performance indicators are not suited for effective monitoring, as well as that the business participation could be improved. In addition, the Court noted that the EIT is under-resourced and has in the past been poorly managed as the number of project officers compared to the grant budget is much lower than for most other EU research grant programmes.

The Rapporteur welcomes the Court's report, its findings and recommendations. He states that the Court has identified several weaknesses in key concepts and operational processes and has given four recommendations if the EIT wants to become the ground-breaking innovative institute. He considers that the current report of the Court gives rise to serious concerns about the basis funding model and the operation of the EIT. The Rapporteur took note that the Commission agrees with the majority of the recommendations of the Court, and that in 2015 several improvements by the EIT have been made, which seem to meet the findings and recommendations of the Court. However, the Rapporteur notes that close monitoring and evaluation is needed to verify the effects of these improvements. He calls on the Commission to ensure a coordinated and efficient innovation policy, in which the responsible DGs tune up the activities and instruments, and to inform the Parliament on these efforts. Moreover, the Rapporteur is concerned by the fact that in the KICs the involvement of businesses in the choice of the research could lead to the situation that researchers are financially and otherwise linked to the industry and may not be seen as independent. Finally, the Rapporteur calls on the EIT to give in its 2015 annual report to the discharge authority an in-depth analysis of the implementation of the Court's recommendations, and calls on the Commission to provide the Parliament with a follow-up report on the implementation and monitoring of actions taken regarding the ECA's recommendations.

The Rapporteur's working document (EN) is available on the [CONT website](#).

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2015. Amendments may be tabled in this context.

9. CONT MISSION TO ITALY (18-20 JULY 2016)



Exchange of views on the preparation of the Mission

Head of Mission: [Martina Dlabajová](#) (ALDE)
Administrator: Hrvoje Svetić

This point will be postponed at the CONT meeting of 13-14 July.



10. ANY OTHER BUSINESS

11. NEXT MEETINGS

NEXT MEETINGS

- **4 July 2016, 20.00 - 22.00 (Strasbourg)**
- **13 July 2016, 9.00 - 12.30 and 15.00 - 18.30 (Brussels)**
- **14 July 2016, 9.00 - 12.30 (Brussels)**

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PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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