

**MONDAY, 30 JANUARY 2017**

15.00 - 18.30

**TUESDAY, 31 JANUARY 2017**

09.00 - 12.30 and 15.00 - 18.30

Room: Altiero Spinelli (5G-3)

**MONDAY, 30 JANUARY 2017**

15.00 - 18.30

**PUBLIC MEETING**

## 1. ADOPTION OF THE AGENDA

The draft agenda was emailed to Members on 26 January 2017 and is in the [file for the meeting](#).

***Please note that Item 8 and Item 11 will be swapped.***

***Item 11 - Commissioner Cretu cannot attend the exchange of views due to previous commitments, she will be represented by the Director-General of DG REGIO.***

## 2. CHAIR'S ANNOUNCEMENTS

The Chairman draws attention to the following points:

### **Languages available**

FR, DE, IT, NL, EN, EL, ES, FI, CS, ET, HU, LT, 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.

### 3. 2015 DISCHARGE TO THE OTHER INSTITUTIONS - EUROPEAN EXTERNAL ACTION SERVICE

CONT/8/07214



**Exchange of views with the High Representative of the Union for Foreign Affairs and Security Policy, Vice-President of the Commission, *Federica Mogherini*, in the presence of the ECA Member responsible, *Baudilio Tomé Muguruza***

Rapporteur: [Benedek Jávor](#) (Greens/EFA)

Administrator: Olivier Sautière

Shadow Rapporteurs: Marian-Jean Marinescu (EPP), Cătălin Sorin Ivan (S&D), Ryszard Czarnecki (ECR), Michael Theurer (ALDE), Dennis de Jong (GUE/NGL), Marco Valli (EFDD)

The 2015 discharge of the "Other institutions" - European External Action Service is prepared by the Rapporteur Benedek Jávor.

The European External Action Service (EEAS) is a functionally autonomous body of the European Union, separate from the General Secretariat of the Council and from the Commission. It is treated as an institution for the purposes of the Financial Regulation (FR) and therefore subject to the procedure of discharge provided for in Article 319 of the TFEU and in Article 167 of the Financial Regulation.

It is placed under the authority of the High Representative / Vice-President (HRVP) of the Union for Foreign Affairs and Security Policy who is invited to the CONT meeting for an exchange of views with Members on the implementation of EEAS budget and activities during the financial year 2015.

In accordance with the timetable for the discharge procedure, the written questions addressed to the EEAS were sent on 16 November 2016. The answers received from the EEAS were e-mailed to the CONT Members on 20 December 2016.

According to the findings of the ECA, the most likely error rate was 0.6%. Areas for improvement concern (i) the recruitment procedures of local agents in delegations and (ii) the procurement procedures organized by delegations.

It is proposed that the exchange of views shall proceed as follows:

- introduction by the Member of the European Court of Auditors, Mr Baudilio Tomé Muguruza, who will present the findings of the ECA Annual Report 2015;
- High Representative/Vice-President Federica Mogherini will briefly reply to this introduction and present the EEAS's achievements;
- the CONT Rapporteur Benedek Jávor and other Members will question the HR/VP and/or the Court;
- closing remarks by the CONT Rapporteur.

**CONT Timetable:**

Event	Body	Date
Consideration of draft report	CONT	27-28 February 2017
Deadline for amendments	CONT	6 March 2017
Adoption in CONT	CONT	23 March 2017
Adoption in Plenary	Plenary	APRIL II

## 4. ECA SPECIAL REPORT N° 26/2016 (2015 DISCHARGE) ON “MAKING CROSS-COMPLIANCE MORE EFFECTIVE AND ACHIEVING SIMPLIFICATION REMAINS CHALLENGING”

CONT/8/08319



### Presentation of the Special Report by the Member of the European Court of Auditors responsible, *N. Millionis*, and consideration of a working document

Rapporteur: [Karin Kadenbach](#) (S&D)

Administrator: Philippe Godts

Shadow Rapporteurs: Andrey Novakov (EPP), Gerben-Jan Gerbrandy (ALDE), Luke Ming Flanagan (GUE/NGL), Marco Valli (EFDD)

Cross-compliance has been applicable since 2005, as a mechanism to link most Common Agricultural Policy (CAP) payments to farmers' compliance with the rules stemming from the environment, public health, animal health, plant health and animal welfare policies.

The European Court of Auditors examined the cross-compliance management and control system put in place by the Commission and the Member States to assess whether cross-compliance is effective and to which extent simplification has been achieved under the new legal framework.

The Court analysed information related to the management and control system put in place at Commission level and also assessed the potential effects of the changes introduced for the CAP period 2014-2020.

The Court finds that the information available did not allow the Commission to assess adequately the effectiveness of cross-compliance. Despite the changes made to the CAP for the period 2014-2020, the cross-compliance management and control system can still be simplified.

Among other the Court also noticed that the costs of implementing cross-compliance are not sufficiently quantified. This calculation should be an important input for any policy changes, in order to ensure that disproportionate costs are not incurred in trying to achieve the intended results, or that alternative instruments which would provide a better cost-benefit ratio are considered.

Finally, the Court observed that the application of penalties varied significantly between Member States. Some Member States were stricter than others in applying the concept of intentional non-compliance: no farmer was penalised during the period 2011-2014 for intentional breaches in certain Member States (Czech Republic, Bulgaria), or very few were (Romania, Portugal, Hungary), while other Member States used this concept much more frequently (Lithuania, Greece, Poland, France, Ireland).

The rapporteur recommends that:

- the Commission examines as part of the impact assessment for the CAP post 2020 how to further develop its set of indicators to assess the performance of cross-compliance.  
The Commission should take different requirements according to local territorial needs into consideration. Furthermore, payment levels should be linked more closely to the demands placed on farmers that would make it possible to address specific environmental problems and will also compensate farmers for the restrictions that have been put on them at the same time;

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- the Commission from now on improves the sharing of the information on cross-compliance related infringements between concerned services in order to help them to identify the reasons for breaches and to take appropriate measures to address them;
- for the CAP post-2020, the Commission envisages to ameliorate the rules regarding cross-compliance on-the-spot checks and will call on the Member States to carry out their existing administrative checks in an efficient way by using all relevant information available;
- the Commission analyses as part of the impact assessment for the CAP post-2020 the experience of having two systems operating with similar environmental objectives (GAEC standards and greening) with a view to promoting further synergy between them;
- after the report on the performance of the CAP due by the end of 2018, the Commission develops a methodology to measure the costs of cross-compliance;
- for the CAP post-2020, the Commission encourages a more harmonised application of penalties at EU level;
- as a lesson to be learned from the 2007-2013 period, for the period 2014–2020 and after, the indicators should assess the actual results of the implementation of cross compliance.

Members of AGRI Committee have been invited for this exchange of views.

The rapporteur conclusions will possibly form part of the Commission's discharge report for the financial year 2015.

The EN version of the working document is available on the [CONT website](#).

## 5. 2015 DISCHARGE TO THE EUROPEAN PARLIAMENT

CONT/8/07194



**Exchange of views with the Secretary-General of the European Parliament, Klaus Welle, the Vice-President responsible for the EP Budget, David-Maria Sassoli and the Internal Auditor, Robert Galvin, in the presence of the ECA Member responsible, Baudilio Tomé Muguruza**

Rapporteur: [Denis de Jong](#) (GUE/NGL)

Administrator: Mauro de Oliveira

Shadow Rapporteurs: Tamás Deutsch (EPP), Derek Vaughan (S&D), Anders Primdahl Vistisen (ECR Nedzhmi Ali (ALDE), Benedek Jávor (Greens/EFA), Marco Valli (EFDD), Jean-François Jalkh (ENF),,

### **Relevant documents**

Members will find the relevant documents for the European Parliament discharge such as the report on budgetary and financial management, the annual accounts of the political groups, the report on compliance with payment time limits, the report on contracts awarded, Director-Generals' Annual Activity Reports and the replies and follow-up to last year's discharge resolution on the [CONT 2015 budget discharge](#)

### **Written questions**

Following the established procedure for the adoption of the EP discharge questionnaire, Members were asked to submit questions related to the 2015 budget implementation to their Coordinators by 4 November 2016. The Rapporteur together with the Shadow Rapporteurs consolidated and finalised the questionnaire and submitted it to the Secretary-General on 25 November 2016. The Secretary-General's written replies were received and made available to Members on 24 January 2017.

### **Structure of the hearing**

It is proposed that the discussion will take the following structure:

- statement by the Court of Auditors;
- short presentation by the Vice-President responsible for budgetary affairs;
- brief presentation by the Secretary-General of the answers to the written questions mentioned;
- presentation by the Internal Auditor of the European Parliament of his 2015 annual report;
- statement and oral questions by the Rapporteur;
- Q&A session with other Members;
- closing remarks by the Rapporteur.

### **CONT Timetable:**

Event	Body	Date
Consideration of draft report	CONT	27-28 February 2017
Deadline for amendments	CONT	6 March 2017
Adoption in CONT	CONT	22 March 2017
Adoption in Plenary	Plenary	APRIL II

**TUESDAY, 31 JANUARY 2017**

09.00 - 12.30

**PUBLIC MEETING**

## **6. DISCHARGE 2015: EU GENERAL BUDGET - EUROPEAN COMMISSION**

CONT/8/07174



**Exchange of views with *Alexander Italianer*, Secretary General of the European Commission, in the presence of the ECA Member responsible, *Baudilio Tomé Muguruza***

Rapporteur: [Joachim Zeller](#) (EPP)

Administrators: Philippe Godts and Christian Ehlers

Shadow Rapporteurs: Bogusław Liberadzki (S&D), Anders Primdahl Vistisen (ECR), Martina Dlabajová (ALDE), Luke Ming Flanagan (GUE/NGL), Bart Staes (Greens/EFA); Marco Valli (EFDD)

According to the Annual Activity Report of the Secretary General, 2015 was a year of change and delivery (...). The year was dominated by the response to the refugee crisis and to continuing efforts to strengthen Europe's economic recovery, in particular by boosting investment. The Commission's Secretariat-General steered and coordinated work on all the political priorities to ensure that the major initiatives in the Commission Work Programme were delivered (...). Managing, developing and streamlining the Commission's decision-making machinery is a high priority for the Secretariat-General, which in 2015 saw the launch of the new corporate Decide system. Major advances were also made

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in the area of Better Regulation and the new Interinstitutional Agreement on Better Law-Making agreed during the year will help to embed these principles in the interinstitutional context.

The Secretariat-General continued to oversee the Commission's corporate policies in 2015, for instance by leading on President Juncker's drive for greater transparency in contacts with stakeholders. It also launched a major reform and simplification of performance management in the Commission, the effects of which will be seen in this year's Strategic and Management Plans.

The documents of particular relevance for the exchange of views as regards the 2015 Commission discharge are:

- The ECA's 2015 Annual Report, Chapters 1, 2 and 3.
- The Commission's follow-up report COM (2016) 674 final and SWD (2016) 338 and 339
- The Annual Activity Report of the Secretariat-General.

These documents are available on the [CONT website](#).

In accordance with the timetable for the discharge procedure, the written questions for this meeting were sent to the Commission on 19 January 2017 and e-mailed to Members on the same day. The answers from the Commission were received on 27 January 2017 and were emailed to Members on the same day.

It is proposed that the hearing with the Commission's Secretary General shall proceed as follows:

- introduction by the Member of the European Court of Auditors, who will present the findings of the respective chapters of the Annual Report 2015;
- the Secretary General will reply to this introduction;
- CONT Rapporteur will put questions to the Commission and the Court;
- other Members will question the Commission and/or the Court;
- closing remarks by the CONT Rapporteur.

### CONT Timetable:

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Consideration of draft report	CONT	27-28 February 2017
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## 7. MANAGEMENT OF THE AFRICAN PEACE FACILITY

*Joint item with the Committee on Development,  
co-chaired by CONT Chair, Ingeborg Gräßle and DEVE Chair, Linda McAvan*



### **Exchange of views in the presence of the Director General of DG DEVCO, Mr Stefano Manservigi**

Administrator: Olivier Sautière

The African Peace Facility (APF), established in 2004 and financed through the EDFs, is the key EU financial instrument to support cooperation with Africa in the domain of peace and security by financing African-led Peace support Operations (PSOs), capacity building to implement the African Peace and Security Architecture (APSA) and initiatives under the Early Response Mechanism (the latter, established in 2009, provides the African Peace Facility (APF) with a flexible tool in addressing urgent crises across Africa).

In order to be able to continue providing support in the area of peace and stability, the African Peace Facility Action Programme 2014-2016 was increased, under the 11th EDF, by EUR 150 million, up to a total of EUR 900 million in order to finance new African-led peace support operations and the continuation of ongoing ones. Around 90% of the APF funds are managed via agreements signed with the African Union Commission, which is the implementing body of the African Union.

According to the amounts at stake and that the majority of these funds transit via one organisation, DG DEVCO carried out in 2015 an Institutional Assessment (or pillar assessment) of the Implementing organisation which concluded that three pillars (accounting, procurement and sub-delegation) out of the six assessed were not compliant. The institutional weaknesses of the implementing partner and the control system put in place by DG DEVCO for the management and operational monitoring of the African Peace Facility were qualified as not sufficiently effective in protecting the legality and regularity of the EDF expenditure under the APF.

Based on these findings, DG DEVCO issued a reservation in its 2015 Annual Activity Report on the management of the AFP funds during 2015.

The purpose of this exchange of views will be to take stock of the situation and the progress of corrective actions and related impact on the implementation of these funds.

## 11. SYSTEMATIC PROBLEMS IN SHARED MANAGEMENT OF STRUCTURAL FUNDS IN ROMANIA AND HUNGARY

### **Exchange of views with the Director-General of Directorate General Regional Policy, representing Corina Crețu, Member of the European Commission responsible for Regional Policy**

With regard to Romania, concerns expressed in the press indicate that the Romanian Parliament is considering two ordinances which could have a negative impact on the effectiveness of the fight against corruption by offering the possibility of pardoning politicians who have been implicated in illegal acts which might reduce the deterring effect. The

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Commission is aware of the two ordinances. As Romania is an important recipient of structural funds, such new legislative measures could have a very negative impact on the Commission's endeavour to protect the Union's financial interests.

With regard to Hungary, the European Court of Auditors and DG REGIO discovered serious irregularities related to the construction of metro line four in Budapest. Based on an OLAF administrative enquiry which began in 2012 and which was only recently concluded due to the complex nature of the case, the Commission may have to recover EUR 228 million and the European Investment Bank EUR 55 million. The mismanagement was discovered at project level. The OLAF case report also recommends judicial follow-ups in Hungary and the United Kingdom.

**TUESDAY, 31 JANUARY 2017**

15.00 - 18.30

**PUBLIC MEETING**

## 9. DISCHARGE 2015: EU GENERAL BUDGET - EUROPEAN COMMISSION

CONT/8/07174



**Exchange of views with *Günther Oettinger*, Member of the European Commission responsible for Budget and Human Resources, in the presence of the ECA Members responsible, *Lazaros S. Lazarou* and *Kevin Cardiff***

Rapporteur: [Joachim Zeller](#) (EPP)

Administrators: Philippe Godts and Christian Ehlers

Shadow Rapporteurs: Bogusław Liberadzki (S&D), Anders Primdahl Vistisen (ECR), Martina Dlabajová (ALDE), Luke Ming Flanagan (GUE/NGL), Bart Staes (Greens/EFA); Marco Valli (EFDD)

The exchange of views will give the opportunity to CONT Members to discuss with the Commissioner on the main topics addressed during the hearings with the Members and the Secretary- General of the Commission as to the Commission discharge (performance and compliance dimensions) and on Human Resources issues.

The documents of particular relevance for the exchange of views as regards the 2015 Commission discharge are:

- The ECA's 2015 Annual Report -Chapters 1, 2, 3, 4 and 9.
- The Commission's follow-up report COM (2016) 674 final and SWD (2016) 338 and 339
- The Annual Activity Report of DG BUDG for 2015.

These documents are available on the [CONT website](#).

For this meeting Members submitted written questions. In accordance with the timetable for the discharge procedure, the written questions were sent to the Commission on 19 January 2017 and emailed to Members on the same day. The replies from the Commission are expected by 27 January 2017.



It is proposed that today's hearing with the Commissioner shall proceed as follows:

- introduction by the Members of the European Court of Auditors, who will present the findings of the respective chapters of the Annual Report 2015;
- Commissioner in charge will reply to this introduction;
- CONT Rapporteur;
- other Members will question the Commissioner and/or the Court;
- closing remarks by the CONT Rapporteur.

### CONT Timetable:

Event	Body	Date
Consideration of draft report	CONT	27-28 February 2017
Deadline for amendments	CONT	6 March 2017
Adoption in CONT	CONT	22 March 2017
Adoption in Plenary	Plenary	APRIL II

## 10. ANNUAL REPORT ON THE CONTROL OF THE FINANCIAL ACTIVITIES OF THE EIB FOR 2015

CONT/8/06693



### Consideration of draft report

Rapporteur: [Nedzhmi Ali](#) (ALDE)  
Administrator: Olivier Sautière

Shadow Rapporteurs: Andrey Novakov (EPP), Georgi Pirinski (S&D), Raffaele Fitto (ECR), Luke Ming Flanagan (GUE/NGL), Indrek Tarand (Greens/EFA), Marco Valli (EFDD)

Following the presentation and exchange of views on the 2015 EIB Annual Report held in CONT on 29/11 in the presence of the Vice-President of the EIB Mr McDowell, the Committee on Budgetary Control (CONT) is drafting this year an annual own-initiative report on 'Control of the financial activities of the EIB focusing on results' for which Mr Ali was appointed rapporteur.

The draft report focus, *inter alia*, on the sustainability of the EIB's investment policy at mid-long term and its consistency with EU political priorities as well as on the monitoring of the EIB's funding of numerous initiatives in key public policy areas (namely SMEs, innovation, infrastructure, environment and climate investment and responses to global challenges) with a view to enhancing its performance scrutiny via the definition of monitoring indicators.

As regards the first year of implementation of the European Fund for Strategic Investments (EFSI), the Rapporteur draws attention on the need to identify truly innovative and riskier projects with new counterparts, on the principle of additionality of the EFSI and insists on the widest geographical spread to be considered in the implementation of EFSI.

Finally, the Rapporteur calls for deepening the EIB's transparency and accountability as a prerequisite for better governance to ensure genuine public scrutiny notably by getting a clear overview of the type of financial intermediaries and final beneficiaries.

The Committee on Regional Development (REGI) will deliver an opinion on this CONT report.

The draft report was sent to Members on 05 January 2017 and is available on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for amendments	CONT	6 February 2017
Adoption in CONT	CONT	27-28 February 2017
Adoption in Plenary	Plenary	APRIL II

## 8. REPORT FROM THE COMMISSION ON PROTECTION OF THE EUROPEAN UNION'S FINANCIAL INTERESTS (PIF) - FIGHT AGAINST FRAUD 2015 ANNUAL REPORT

CONT/8/06688

### Consideration of draft Report



Rapporteur: [Julia Pitera](#) (EPP)  
 Administrator: Michal Czaplicki

Shadow Rapporteurs: Gilles Pargneaux (S&D), Anders Primdahl Vistisen (ECR), Nedzhmi Ali (ALDE), Dennis de Jong (GUE/NGL), Benedek Jávör (Greens/EFA), Marco Valli (EFDD), Barbara Kappel (ENF)

As in the previous year, the Committee on Budgetary Control is drafting a report on the Protection of the European Union's financial interests.

As a basis of the CONT report, OLAF presented its annual report on 13 June 2016 and answered to written questions of the Committee on 5 September 2016. On 7 November 2016 the Vice-President of the European Commission responsible for Budget and Human Resources, Ms Kristalina Georgieva, presented the "Protection of the European Union's financial interests - Fight Against Fraud - Annual Report 2015 (COM(2016)472)".

In her report Ms Pitera is alarmed that the number of all fraudulent and non-fraudulent irregularities reported (22 349 cases) increased significantly for a second consecutive year – first by 48% in 2014 and then by another 36% in 2015, leading to doubling the amount of registered irregularities within just two years. She is concerned about the losses due to VAT gap and intra-community VAT fraud, which is responsible consecutively for 159,5 billion EUR and 50 billion EUR revenue loss in 2014. She noted that only two Member States, the UK and Belgium, collect and disseminate statistics on the issue of revenue losses caused cross-border VAT fraud. Ms Pitera points out that the Commission does not have access to the information exchanged between Member States with a view to preventing and combating Missing Trader Intra-Community fraud, commonly called carousel fraud. She encourages the Commission to further enhance its supervisory role through audit, control and inspection activities, remedial action plans and early warning letters. She looks forward to the Commission's mid-term assessment in 2018 in order to establish whether the new regulatory architecture for cohesion policy further prevents and reduces the risk of irregularities including fraud, and looks forward to receiving detailed information on the impact of the new rules on management and control systems, both as regards the risk of irregularities and fraud and as regards the general implementation of the policy. She welcomes breaking the deadlock in the Council regarding the proposal on the Directive on the fight against fraud to the Union's financial interests by means of criminal law (PIF Directive) with a VAT fraud included in its scope, expressed hope for a swift conclusion of the PIF directive negotiations and is looking forward to obtaining an agreement that will be beneficial for the financial interests of the Union. Lastly, she regretted to note that despite the assurances of OLAF that it is doing its utmost to shorten the length of its investigations the duration of its investigative phase is growing continuously since 2012 - from 22.5 to 25.1 months in closed cases and from 17.3 to 18.7 months in all cases.

The draft report is available on the [CONT website](#).

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### CONT Timetable:

Event	Body	Date
Deadline for amendments	CONT	28 February 2017
Adoption in CONT	CONT	27 March 2017

## 12. ANY OTHER BUSINESS

## 13. NEXT MEETINGS

- 13 February 2017 (Strasbourg)
- 27 February 2017, 15.00 to 18.30 (Brussels)
- 28 February 2017, 09.00 to 12.30 and 015.00 to 18.30 (Brussels)

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