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**Detailed replies to the specific requests made by the European Parliament
complementing the Commission report on the follow-up to the discharge for the 2015
financial year, COM(2017)379 final.**

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INTRODUCTION

This document complements the Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the 2015 financial year¹ which, for the first time this year, formed part of the EU Budget Integrated Financial Reporting Package 2016. It presents in detail the replies to 361 specific requests made by the European Parliament in its Resolution forming an integral part of its Decisions on the 2015 Discharge².

¹ COM(2017)379 final of 10.7.2017.

² <http://www.europarl.europa.eu/committees/en/cont/discharge-2015.html>

European Parliament resolutions on 2015 discharge

Budget, programming periods and political priorities

1. (§ 9 (first indent) - 2015/PAR/0322) The European Parliament endorses the suggestion made by the Court in its “Briefing paper on the mid-term review of 28.10.2016” (points 39 and 40) of the MFF that it is time for the Commission to explore other options, for example:

– a rolling budgeting programme with a five years planning horizon, clause(s) of revision by objectives and policies and rolling evaluation programme.

Commission's response:

The Commission has launched the preparation of the next Multiannual Financial Framework with the publication of the White Paper on the Future of Europe in March 2017. A key element of this political process was the Reflection Paper on the Future of EU Finances of 28 June. This paper offers different ideas, proposals, options or scenarios for the next MFF, including on issues raised by the Parliament in its recommendations 0322, 0323 and 0333. However, as the aim of the reflection paper is to open a debate without presenting definitive choices at this stage, the Commission cannot commit itself to any specific option suggested.

2. (§ 9 (second indent) - 2015/PAR/0323) The European Parliament endorses the suggestion made by the Court in its “Briefing paper on the mid-term review of 28.10.2016” (points 39 and 40) of the MFF that it is time for the Commission to explore other options, for example:

– determining the duration of programmes and schemes on policy needs rather basing it on the length of the financial planning period; requiring Member States and the Commission to present well-justified needs for (a) Union funding and (b) results to be achieved, before spending is set.

Commission's response:

The Commission has launched the preparation of the next Multiannual Financial Framework with the publication of the White Paper on the Future of Europe in March 2017. A key element of this political process is the Reflection Paper on the Future of EU Finances of 28 June. This paper offers different ideas, proposals, options or scenarios for the next MFF, including on issues raised by the Parliament in its recommendations 0322, 0323 and 0333. However, as the aim of the reflection paper is to open a debate without presenting definitive choices at this stage, the Commission cannot commit itself to any specific option suggested.

3. (§ 10 - 2015/PAR/0324) The European Parliament calls on the Commission to put on the agenda of the next experts' meeting on Budget Focused Results the suggestions made by the Court in its "Briefing paper on mid-term review" of 28.10.2016 (points 39 and 40) and the recommendations of the high-level group on own resources in order to prepare the next ‘Conference on EU Budget focused on Results’ initiative at which the policy areas on which the Union budget should be spent will be debated before the financial framework is decided upon.

Commission's response:

The Commission is committed to continue the positive experience with the expert meetings on Performance-Based Budgeting in 2017. The expert meetings are an useful tool to achieve common understanding on budget performance framework and concepts, exchanging knowledge and best practices.

During the meetings different topics have been presented like, among others, definitions of performance, evaluations, European added value (also in the framework of the revision of the financial regulation) and the role of the performance information in budgeting.

For the future meeting, the Commission will propose an agenda which considers stakeholders' request.

The conference on 25 September debated current and future challenges for the EU and how to conceive an EU Budget fit for future Europe. The President of the Court of Auditors and the Chair of the Budget Committee of the European Parliament were among the Members of the panel on the latter topic.

4. (§ 12 - 2015/PAR/0325) The European Parliament calls on the Commission to make greater use of the opportunities regarding the performance reserve within the existing legal framework, in order to create a genuine financial stimulus to effectively improve financial management; requests furthermore a reinforcement of the performance reserve as an instrument, by increasing the performance-dependent component in the following legislative framework.

Commission's response:

The Commission partially accepts this recommendation.

The Commission will make a full use of the possibilities offered by the legal basis concerning the performance reserve. It considers that the present legal framework already gives sufficient incentive to Member States to enhance performance, the performance reserve being only one of the elements supporting an increased focus on results. The performance framework provides a mechanism for monitoring whether the implementation of the priorities is on track. The performance reserve provides an incentive to achieve the milestones, which necessarily are the precondition for obtaining the intended results.

The assessment of the strengths and weaknesses of the current framework will be carried out for the preparation of the post 2020 legislation. While the Commission is not in a position to commit itself to make specific proposals to the legislator for the next period at that stage, it will consider if further strengthening of the performance reserve rules is needed for achieving the most effective use of EU Funds.

5. (§ 13 - 2015/PAR/0326) The European Parliament calls on the Commission to orient its priorities towards the successful achievement of the Europe 2020 Strategy by using the instruments of the European Semester.

Commission's response:

The key principles of the Europe 2020 strategy remain valid. They are fully in line with the Commission's 10 priorities. The Commission will continue to pursue the strategy and improve its implementation and monitoring in the context of the European Semester. The Commission notes that the responsibility for the implementation of the country-specific recommendations adopted in the framework of the European Semester lies with the Member States.

6. (§ 14 - 2015/PAR/0327) The European Parliament calls on the Commission to establish draft political priorities for the financial period beginning in 2021, and submit the text to the Parliament at an early stage.

Commission's response:

The preparation of the next Multiannual Financial Framework has been launched with the publication of the White Paper on the Future of Europe in March and the Reflection Paper on the Future of EU finances in June. The political priorities for the post-2020 financial programming will follow the outcome of the debate launched by the White Paper. The Commission will present a proposal at the appropriate time, in line with the objective to avoid delays in the implementation of the new policy.

7. (§ 16 - 2015/PAR/0328) The European Parliament calls on the Commission to take into account the Paris agreement and to increase immediately the Climate-related spending target in the EU budget from 20% to 30%.

Commission's response:

As stated in its reply to the European Court of Auditors to special report 2016/31, the Commission will assess opportunities to increase climate relevance in the context of the mid-term reviews of individual programmes and policies as set out in the multi-annual financial framework mid-term review.

8. (§ 17 - 2015/PAR/0329) The European Parliament calls on the Commission to draft the forthcoming Union budgets in order to make it more efficient and more effective and to better align them with the Europe 2020 targets, Union climate targets, and Union international commitments.

Commission's response:

The Commission has just (30/5/2017) proposed a Draft Budget (DB) for 2018, and trusts that the efforts made to meet the Parliament's expectations can be acknowledged. Union Climate targets and related international commitments are expounded in Annex 3 of Document 1 of the DB. The Commission recalls that the DB is drawn up in accordance with the relevant provisions of the Financial Regulation.

Shadow budgets

9. (§ 24 - 2015/PAR/0330) The European Parliament urges the Commission to propose measures to make Union Funding arrangements for implementation of the EU budget - which currently include different tools and combinations between them as for example programmes, structural and investment funds, trust funds, strategic investment fund, guarantee funds, facilities, financial instruments, macro-financial assistance instruments, etc. - clearer, simpler, more coherent and better equipped to ensure sufficient transparency, accountability, performance and public understanding of how Union policies are funded and what benefits they bring; regrets that the proposal for a new financial regulation from September 2016 does not address these problems in an adequate manner.

Commission's response:

The Proposal for revision of the Financial Regulation/Omnibus aims at bringing the different Union funding arrangements, particularly trust funds, strategic investment funds, guarantee funds, facilities, financial instruments and macro-financial assistance within the single regulatory framework of the Financial Regulation and in particular its Title X. Moreover, rules on structural and investment funds and on funds managed by the Commission are streamlined to the possible extent. The Proposal is currently under discussion with the European Parliament and the Council; the Commission therefore welcomes any proposal by the Parliament that aims to further improve the way these problems are addressed.

10. (§ 25 (connection with § 303) - 2015/PAR/0331) The European Parliament calls on the Commission to re-evaluate the ex-ante assessment for the Connecting Europe Facility debt instrument in the light of the creation of the European Fund for Strategic Investments and also to submit to Parliament an assessment of the impact of European Fund for Strategic Investment on other Union programmes and financial instruments.

Commission's response:

The Commission considers that market developments occurring after the launch of an instrument are meant to be assessed during the mid-term review process of the respective instrument.

This being said, the Commission accepts to assess the coherence of the Union financial instruments, with other EU initiatives, including EFSI, as part of the mid-term reviews of these instruments. With regard to the CEF debt instrument, the Commission notes that the mid-term review of the CEF Programme is expected to be concluded in 2017, upon the finalisation of the COM Staff Working Document. Moreover, an addendum to the 2014 CEF ex-ante assessment, which reflects upon market changes post EFSI launch and the potential need for an equity instrument in the CEF sectors, was finalised end of 2016.

11. (§ 26 - 2015/PAR/0332) The European Parliament calls on the Commission to take any relevant measures in order to ensure that the Financial Instruments and any funding arrangement are compatible with the EU strategy, targets and commitments the EU has taken.

Commission's response:

Numerous measures have been put in place to ensure that Financial Instruments and related funding arrangements are compatible with the EU's strategies, targets and commitments throughout their lifetime:

- The design of Financial Instruments is based on individual ex-ante evaluations as required by Article 224 of the Rules of Application of the Financial Regulation. This encompasses an assessment of investment needs in view of the specific policy objectives while maintaining the principle of subsidiarity and proportionality;*
- Specific contractual arrangements with entrusted entities are aligned with individual basic acts establishing the policy objectives, embedded in the EU strategies, targets and commitments;*
- The implementation of the Financial Instruments is monitored and steered at policy level through the Commission's representation in investors' boards and steering committees organized on regular basis in accordance with the specific contractual arrangements;*
- Operational monitoring is carried out through on-site monitoring visits related in particular to compliance and eligibility checks;*
- Budgetary and financial transactions are carried out in strict accordance with the budgetary rules and sound financial management, and interim and final evaluations are undertaken with the regularity required by the legal bases, aiming at maintaining the Financial Instruments 'fit for purpose'.*

12. (§ 27 (connection with § 191) - 2015/PAR/0333) The European Parliament welcomes Commissioner Oettinger's intention to bring the various shadow budgets, in the long run, back under the roof of the Union budget; considers that this would hugely increase democratic accountability; is of the firm opinion that this problem should be solved as soon as possible, but at the latest by the end of the next financial programming period; calls on the Commission to prepare a communication on this issue before November 2017.

Commission's response:

The Commission has launched the preparation of the next Multiannual Financial Framework with the publication of the White Paper on the Future of Europe in March 2017. A key element of this political process is the Reflection Paper on the Future of EU Finances of 28 June. This paper offers different ideas, proposals, options or scenarios for the next MFF, including on issues raised by the Parliament in its recommendations 0322, 0323 and 0333. However, as the aim of the reflection paper is to open a debate without presenting definitive choices at this stage, the Commission cannot commit itself to any specific option suggested.

Budgetary and financial management

13. (§ 40 (point 1) - 2015/PAR/0334) The European Parliament requests that the Commission takes measures to strictly observe the rules and timetables regarding outstanding commitments including:

1) closure and decommitment of the 2007-2013 programmes.

Commission's response:

According to Article 89(3) of the General Regulation, the Commission should inform the Member State of its opinion on the content of the closure declaration within five months of the date of its receipt. The objective is to have the closure declaration revised and accepted by the Commission within one year of the date of its receipt, except for those cases that the request for further audit work requires a longer period. All amounts concerning operations not declared at closure will be decommitted, except for the amounts that the certifying authority has not been able to declare because of operations suspended due to legal proceedings or an administrative appeal having suspensory effect.

14. (§ 40 (point 2) - 2015/PAR/0335) The European Parliament requests that the Commission takes measures to strictly observe the rules and timetables regarding outstanding commitments including:

2) proper use of net correction in cohesion.

Commission's response:

Any measures taken by the Commission vis-à-vis Member States, including efforts to reduce outstanding commitments and make wider use of net corrections in cohesion must comply with the regulatory framework. The impact of net corrections if applied will be only assessed at the end of the closure process.

15. (§ 40 (point 3) - 2015/PAR/0336) The European Parliament requests that the Commission takes measures to strictly observe the rules and timetables regarding outstanding commitments including:

3) a reduction of cash held by fiduciaries.

Commission's response:

For 2007-2013, the 'abnormal' backlog has been fully phased-out at the end of 2016 in line with the payment plan of March 2015. Any measures taken by the Commission vis-à-vis the Member States regarding efforts to reduce outstanding commitments must comply with the regulatory framework. On the reduction of cash held by fiduciaries, in the 2014-2020 programming period each application for interim payment for financial instruments submitted during the eligibility period shall not exceed 25 % of the total amount of the programme contribution committed to the financial instrument. Subsequent payments are made only when the majority of the previous payments have reached final recipients (such as SMEs). Oversizing and low disbursement rates of financial instruments should therefore be less common also due to the obligatory ex-ante assessment for financial instruments, which will aim at identifying market failures and propose solutions to address them.

16. (§ 40 (point 4) - 2015/PAR/0337) The European Parliament requests that the Commission takes measures to strictly observe the rules and timetables regarding outstanding commitments including:

4) the compilation of payment plans and forecasts where outstanding commitments are significant.

Commission's response:

For 2007-2013, the 'abnormal' backlog has been fully phased-out at the end of 2016 in line with the payment plan of March 2015. Any measures taken by the Commission vis-à-vis the Member States regarding efforts to reduce outstanding commitments must comply with the regulatory framework.

17. (§ 41 - 2015/PAR/0338) The European Parliament requests once again that the Commission establish annually an updated long-term cash-flow forecast, spanning a seven-to-ten-year time horizon covering budgetary ceilings, payments needs, capacity constraints and potential decommitments in order to better match payments needs and funds available.

Commission's response:

In its communication on the mid-term review/revision of the MFF, the Commission has presented a payment forecast assessing the sustainability of the current ceilings and including an estimate of de-commitments and the evolution of RAL until the end of the current MFF.

The Commission will continuously monitor the implementation and update its forecast accordingly.

Furthermore, in 2017, the Commission will update the forecast for payment appropriations after 2020 (according to point 9 of the Inter-institutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management).

18. (§ 42 (first sentence) - 2015/PAR/0339) The European Parliament requests that as a matter of urgency, given the poor situation in which several Member States now find themselves, the Commission considers in its budgetary and financial management the capacity constraints and the specific socio-economic conditions of certain Member States.

Commission's response:

The Commission accepts the recommendation within the framework set out by the MFF and the relevant legislation.

The Commission put in place a Task Force for Better Implementation in order to improve the implementation of ESI funds in certain Member States, while ensuring full respect of legality and regularity of expenditure. The Commission ensured that full benefit was drawn from the work of the Task Force. In the 2014-2020 programming period the Commission has taken several actions in order to ensure successful implementation across EU28. These actions aim to assist Member States in the implementation stage, taking account of their specific needs. Furthermore, the Commission services are specifically monitoring designation of

authorities and fulfilment of ex-ante conditionalities and provide Member States with a wide range of technical assistance and advisory services in this respect (Peer2Peer, Jaspers, Integrity Pacts).

19. (§ 42 (second sentence and connection with § 44) - 2015/PAR/0340) The European Parliament calls on the Commission to use all available instruments through technical assistance and the new Structural Reform Support Programme to support these Member States in order to avoid the underutilisation of funds and to increase the absorption rates especially in the area of the European structural and investment funds.

Commission's response:

The Commission put in place a Task Force for Better Implementation in order to improve the implementation of ESI funds in certain Member States, while ensuring full respect of legality and regularity of expenditure. The Commission ensured that full benefit was drawn from the work of the Task Force. In the 2014-2020 programming period the Commission has taken several actions in order to ensure successful implementation across EU28. These actions aim to assist Member States in the implementation stage, taking account of their specific needs. Furthermore, the Commission services are specifically monitoring designation of authorities and fulfilment of ex-ante conditionalities and provide Member States with a wide range of technical assistance and advisory services in this respect (Peer2Peer, Jaspers, Integrity Pacts).

20. (§ 44 (connection with § 42) - 2015/PAR/0341) The European Parliament calls on the Commission to refrain from new cuts of the technical assistance at its disposal and to come up with an action plan for effective and timely absorption with particular emphasis on those Member States and regions lagging behind and having low absorption rates.

Commission's response:

The Commission accepts the recommendation within the framework set out by the MFF and the relevant legislation.

The Commission did not cut technical assistance. The Commission put in place a Task Force for Better Implementation in order to improve the implementation of ESI funds in certain Member States, while ensuring full respect of legality and regularity of expenditure. The Commission ensured that full benefit was drawn from the work of the Task Force. In the 2014-2020 programming period the Commission has taken several actions in order to ensure successful implementation across EU28. These actions aim to assist Member States in the implementation stage, taking account of their specific needs. Furthermore, the Commission services are specifically monitoring designation of authorities and fulfilment of ex-ante conditionalities and provide Member States with a wide range of technical assistance and advisory services in this respect (Peer2Peer, Jaspers, Integrity Pacts).

Financial engineering instruments

21. (§ 46 - 2015/PAR/0342) The European Parliament notes with concern the fact that unused amounts of financial instruments remain relatively high, 80% of which were concentrated in five Member States at the end of 2014 (of which Italy constituted 45% of the total); considers that the Commission ought to carry out a comprehensive assessment of these instruments before the end of 2018 in order to determine whether they should be carried over into the next financial programming period.

Commission's response:

The Commission underlines that any conclusion on the disbursement rates can be fully drawn only at closure. The average disbursement rate as of end 2014 was 57% and it increased to 75% as of end 2015. The increase in disbursement rates in the last years of implementation is in line with the life cycle of the financial instruments. The final figure will be available in the final summary of the 2007-2013 data on FEI to be prepared by 1 October 2017.

It also recalls that the ex-post evaluation of financial instruments for enterprise support regarding the 2007-2013 programming period was already undertaken and published in February 2016.

Regarding the 2014-2020 programming period, the evaluation during the programming period and the ex-post evaluation are foreseen in Article 56 and 57 CPR.

Despite the implementation difficulties encountered for some financial instruments in some Member States, the Commission considers that, overall, financial instruments remain an efficient and effective way of achieving policy objectives through EU funds due to their multiple advantages also underlined by the Court of auditors in its performance audit special report 19/2016 (e.g. the revolving nature of the funds, the possibility of leveraging the public funds by mobilising additional private and public resources, a better quality of projects as the investment has to be repaid and the change of the final recipients' behaviour from the dependence on the public support.)

22. (§ 47 - 2015/PAR/0343) The European Parliament requests that the Commission recover unused cash balances in financial instruments under shared management and remaining unused funds in indirect management financial instruments from previous Multiannual Financial Frameworks for which the eligibility periods has expired.

Commission's response:

For the shared management, any unused financial instruments allocations will be deducted at closure in accordance with the legal provisions for shared management programmes.

The Recommendation is considered already implemented through existing arrangements as regards financial instruments in indirect management. Return and de-commitment of EU funds is an annual exercise established in the contractual arrangements between the Commission and the entrusted entities and effectively performed by Commission services on this basis.

**Annual management and performance report: management achievements and
Commission Internal Governance tools**

23. (§ 59 - 2015/PAR/0344) The European Parliament shares the view of the Court that the Commission's methodology for estimating its amount at risk error has improved over the years but that individual estimations of directorates general of the level of irregular spending are not based on a consistent methodology (see in particular paragraph 1.38 of the 2015 Court annual report); recommends that this practice should be regularised and standardised as soon as possible.

Commission's response:

The amount at risk at closure concept was introduced in the 2015 AMPR, following EP requests in previous discharge procedures to estimate the amount of expenditure potentially at risk once the multiannual control cycle is concluded and corrective measures have been applied. It is based on the Commission's best and conservative estimate of the amount at risk for the budget and the corrections which already have and are expected still to be implemented. Relevant data from Member States is also taken into account.

As from the reporting year 2016, the concept is also fully integrated in the 2016 AARs. The common methodology has been elaborated in the AAR Instructions and in the standard AAR template (compulsory table), with its correct (and consistent) application and calculation being a key element in the draft AAR quality (peer) review process.

The amount at risk at closure for the financial year 2016 is estimated to be below 2% (between 0.7% and 1.1%) of total 2016 expenditure. This shows that the Commission effectively manages the risks related to the legality and regularity of expenditure in a multi-annual perspective.

24. (§ 62 - 2015/PAR/0345) The European Parliament underlines that the control burden for end-users would decrease if a 'Single Audit' approach were applied, in which case a European audit would not be carried out separately, but would build on national audits; observes that such a continuing line of accountability would however only be possible if national audits are adequate and if the Commission and Member States agree on the principles and interpretations; calls on the Commission to be proactive in this regard by publishing guidelines.

Commission's response:

The Commission confirms that the single audit approach is already the case in the multilevel control systems in the policy areas implemented in cooperation with the Member States and international organisations since years. The reliability on Member States audit authorities is the base of the current Audit Strategies of the Commission ex-post audit services. Guidelines are provided to them on a regular basis and regular co-ordination with them takes place as well.

25. (§ 70 - 2015/PAR/0346) The European Parliament calls again on the Commission and the Member States to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payment is made, the year in which the related

error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts.

Commission's response:

Due to the multi-annual nature of EU spending, the Commission considers that corrective actions are best presented by programming period and not on an annual basis. Financial corrections usually concern several years of payment and take place in the years after the original payment was made from the budget. For this reason, it is not feasible to link financial corrections to the original year of payment. A dedicated chapter in annex 4 of the Annual Management and Performance Report covering cumulative (multi-annual) financial corrections and recoveries has been included to provide the reader with this more relevant information. Specific information on the link between spending and corrections over the years for EAGF and ERDF/ESF is given.

26. (§ 71 - 2015/PAR/0347) The European Parliament calls again on the Commission to issue, on an annual basis, a single, proper statement of assurance based on the annual activity reports of the directors-general and to produce its own statistical estimate of the level of error; asks the Commission to evaluate separately the amount of Union money it envisages to recuperate as recoveries or financial corrections linked to the financial year 2015.

Commission's response:

The Commission partially accepts this recommendation.

The Commission refers to its earlier replies in the annual reports of the Court and special report 27/2016 on the Commission's governance arrangements.

The College adopts the Annual Management and Performance Report for the EU Budget and takes overall political responsibility for the management of the EU Budget. The Commission considers that this encompasses accountability for the work of its services.

The Commission will continue to report on the overall amount at risk in the Annual Management and Performance Report. As the manager of the EU budget, the objective of the Commission is to ensure sound financial management of the EU budget by applying preventive and corrective controls, taking account of the multi-annual nature of programmes.

The scope and size of the audit samples are determined in such a way that they are statistically representative or otherwise appropriate for providing reasonable assurance at the level of the individual Directorates-General. This is in line with the decentralised governance structure in place in the Commission.

The suggestion to determine a single homogenous and statistically representative estimate of the level of error for the Commission as a whole, i.e. across all different policies, programmes and segments, is not possible based on these samples and would require an additional layer of audit.

The Commission presents annually information on the recoveries and financial corrections made each year, but, as has been highlighted previously, it is not

feasible to link all corrections or recoveries to the year of the original payment from the budget.

27. (§ 72 - 2015/PAR/0348) The European Parliament asks the Commission to conduct a careful analysis of so-called 'retrospective projects' i.e. the practice of inserting into the regional operational programme projects already launched by the authorities using other funds and which may incorporate or replace measures or projects that present operational problems or are in breach of the rules, said analysis to include ex-ante assessments verifying that replacement projects meet the planned objectives.

Commission's response:

Assessment and selection of projects is under shared management a responsibility solely of the Member State and has to respect the eligibility conditions of the programme concerned, as clarified by the Commission in its guidance. It is not Commission's role to perform ex-ante evaluations of so-called 'retrospective projects' under shared management principles.

However, the management and control system should ensure the proper use of funds. At closure, the national authorities give assurance to all declared expenditure, including those for retrospective projects. The audit authorities should carry out enough audit work to provide to the Commission an audit opinion on the legality and regularity of all expenditure declared during the programming period. In case of doubts or serious issues reported by the audit authorities, the Commission will request clarifications or additional control activity from the national authorities.

In conclusion, even if the Commission is not directly involved in the selection of projects, there is a control system ensuring that expenditure is eligible at closure and that projects contribute to the achievement of programme's objectives.

28. (§ 73 - 2015/PAR/0349) The European Parliament calls on the Commission to add an annual statement on governance and on internal control to the financial statement, covering in particular:

- a description of the internal governance tools of the Commission,
- an assessment of the operational and strategic risk activities during the year; and
- a mid- and long-term fiscal sustainability statement,

and to provide in its Communication on the Protection of the Union budget an estimate of the level of irregularity present in initial or in approved claims for reimbursement.

Commission's response:

The Commission partially accepts this recommendation.

The Commission is preparing an updated statement of its governance arrangements and will explain how it complies with international standards and good practice.

Information on the amounts at risk at closure and on the state of internal control is presented in the Annual Management and Performance Report.

As regards a mid- and long-term fiscal sustainability statement, due to differences in the debt dimension (i.e. capacity to meet financial commitments or refinance or increase debt) and the revenue dimension (i.e. capacity to vary existing taxation levels or introduce new revenue sources) the EU budget is not comparable to national budgets. At the EU level, the Multiannual Financial Framework is the tool for ensuring medium to long-term stability and predictability of future payment requirements and budgetary priorities. The Commission reports on these aspects later in the year as the budgetary cycle does not allow that information to be published together with the annual accounts.

Political Reservations

29. (§ 76 (*connection with § 135*) - 2015/PAR/0350) The European Parliament questions why the director-general of the Directorate-General for Research and Innovation (DG R&I), as in previous years, continues to issue a horizontal reservation covering all payments and cost claims under the Seventh Framework Programme; calls on the Commission to develop, at long last, a more meaningful, risk based approach and use specific reservations when needed.

Commission's response:

The 2016 Annual Activity Report of DG RTD has set out (on page 76-77) more extensively the reasoning behind the reserve for the Seventh Framework Programme, and also explained which segments of the DG's operations are actually (not) affected by the reserve.

The Commission believes that this approach provides a suitable balance between the need to recognise the good overall protection of the funds spent by DG RTD, whilst highlighting the specific issues in the seventh Framework Programme.

Getting results from the Union budget

30. (§ 82 - 2015/PAR/0351) The European Parliament reiterates its call for thematic concentration, as expressed in its discharge report on budget year 2014; calls on the Commission to inquire to what extent thematic concentration could contribute to simplification and a decrease of the regulatory burden and control burden.

Commission's response:

Thematic concentration has been strongly promoted in the 2014-2020 period. As indicated in the Communication from the Commission "Investing in jobs and growth - maximising the contribution of European Structural and Investment Funds" (COM(2015) 639 final) which summarises the outcome of the negotiations concerning the 2014-2020 partnership agreements and the programmes, where past experiences showed that ESIF funding did not have the desired impact due to lack of critical mass, stronger requirements were put in place to ensure that the 2014-2020 ESIFs concentrate on key investment areas and growth bottlenecks. As a result of discussions between the Commission and Member States, the legal requirements for thematic concentration of the ERDF resources were often exceeded by Member States and the investment is now focused more on SME support and the low carbon economy, while ensuring that basic infrastructure in less developed regions is also supported where needed. Especially in the Member States with smaller envelopes, it means shorter and more focused programmes, less indicators and other potential simplification gains.

The benefits of focused intervention on simplification have been recognised by the High Level Group on monitoring simplification for beneficiaries of ESIF. In its recommendations for post 2020, the independent experts call for simpler procedures to be in place in case funding is allocated to a limited list of policy areas, to be chosen within a common European menu. At the same time they consider that the funds' thematic priorities need an overall coherent system to avoid overlaps and gaps; partners, including local authorities, must have their say at the programming stage, including for the integrated tools used to implement the strategies for sustainable urban and territorial development.

The importance of achieving critical mass for effectiveness of ESIF interventions would be a key consideration in the preparation of the rules for post 2020. At the same time, the challenges Europe, Member States and region face, from demographics and unemployment to social inclusion and migration, from innovation to climate change, are generally horizontal in nature and come across thematic and sectoral limits. The reflection paper on the future of EU finances (COM(2017) 358) also states that all EU funding needs to focus on areas where the highest EU value-added can be achieved. Social inclusion, employment, skills, research and innovation, climate change, energy and environmental transition are identified as the areas on which cohesion policy should focus.

31. (§ 83 - 2015/PAR/0352) The European Parliament calls on the Commission to adopt its Annual Management and Performance report in due time so that the Court can take it in account in its annual report; insists that the information provided by this report should be as objective as possible and contain a comprehensive assessment of the results achieved in the previous year by the Commission when pursuing its

policies; asks the Commission to reflect on the need for a long term political programming period, as with the 10-year Europe 2020 strategy.

Commission's response:

In line with Article 66.9 of the Financial Regulation which stipulates that the Commission shall send to the European Parliament and the Council a summary of the annual activity reports for the preceding year no later than 15 June each year, the Commission will transmit the Annual Management and Performance Report by this date.

The achievements in the Annual Management and Performance Report are described in accordance with the different levels of maturity of the programmes. The Commission presents information available at the time of preparation of the Annual Management and Performance Report. In the early phase of programme implementation this information concerns primarily inputs (financial allocation) and, when possible, outputs. Once programme execution is more mature, information on results and impacts will become available. Reporting on the performance of the current Multiannual Financial Framework programmes will continue to be provided in future editions of the Annual Management and Performance Report. This reporting will always be subject to the available content at the time, with a strong focus on what the information that has become available in the year in question adds to information presented earlier.

32. (§ 85 - 2015/PAR/0353) The European Parliament calls on the Commission to better evaluate in its next performance reports the outputs and the outcomes of all policies; calls on the Commission to clearly and synthetically show the contribution of European policies to Union objectives and to evaluate their respective contribution to the Europe 2020 targets.

Commission's response:

From 2016 onwards and based on the Strategic Plans produced by each Commission department, the Annual Activity Reports of all Commission departments explain how their specific objectives contribute to the political priorities and clarify the links with Europe 2020.

As of 2016 the Commission's Annual Management and Performance Report (combines two former reports: the Evaluation Report produced in accordance with Article 318 of the Treaty on the Functioning of the European Union; and the Synthesis Report required by Article 66 (9) of the Financial Regulation. The report is an entry point to the Annual Activity Reports of the Commission departments and also to other sources of detailed performance information such as the Programme Statements presented with the annual budget, evaluation reports of the EU budget programmes, and the General Report on the Activities of the Union. Bringing together information on the performance and management of the EU budget, the Annual Management and Performance Report provides an overview of how the EU budget supports the Union's political priorities.

33. (§ 97 - 2015/PAR/0354) The European Parliament regrets that the Court found that the current setup does not enable the Commission to monitor and report separately the spending and performance of research and development (R&D) and innovation

within Horizon 2020; in addition, while the financial contribution of Horizon 2020 within Europe 2020 is well established in the budgetary process through the published programme statements, it is regrettable that the Commission has not yet reported on the implementation of Horizon 2020 and its contribution to Europe 2020 in a meaningful way; calls on the Commission to report on the implementation of Horizon 2020 and its contribution to Europe 2020 in a meaningful way as results of the programme become available.

Commission's response:

a) The Commission considers that research and innovation are inextricably linked. To achieve successful results and ensure there is impact from the Framework Programme, these processes must work closely together.

Creating artificial barriers between research and innovation activities risks to reduce the impact of the funding, restrict European added value, and not be in the interest of European citizens.

b) The contribution of Horizon 2020 to the Europe 2020 strategy was assessed in the Interim Evaluation of Horizon 2020, published on 29 May 2017. It included an updated estimation of the long term effects of the programme on jobs and growth of the Gross Domestic Product (GDP) based on macro-economic modelling.

34. (§ 99 - 2015/PAR/0355) The European Parliament calls on the Commission to present, in its future performance reports, the contribution of Horizon 2020 to Europe 2020 in a clear and exhaustive way.

Commission's response:

The contribution of Horizon 2020 to the Europe 2020 strategy was assessed in the Interim Evaluation of Horizon 2020, published on 29 May 2017 (see 2015/PAR/0355).

The Commission will continue reporting on the contribution of the programme to the Europe 2020 targets in upcoming annual monitoring reports.

35. (§ 101 (first indent) - 2015/PAR/0356) The European Parliament requests that the Commission:

– assess the performance of work programmes by translating high-level objectives set out in the Horizon 2020 legislation into operational objectives at work programme level.

Commission's response:

As part of the preparation of each new work programme the Commission assesses the performance of work programmes and translation of high-level objectives from the Horizon 2020 legislation, notably the Horizon 2020 Specific Programme, into operational objectives at work programme level.

This is achieved through the strategic programming exercise on the basis of which the Horizon 2020 work programmes are prepared.

This process has been progressively developed and improved under Horizon 2020. The work programme 2018-2020 will see further development of this approach, and is a best practice approach of how to combine multiple sources of evidence.

The Operational objectives at work programme level are reflected in the calls and topics of the work programmes, and in particular expected impacts of the topics.

Evidence of the completion of this task is found with the documentation that has been prepared for every step of the way with the strategic programming, notably the overarching document and the scoping papers for the work programme 2018-2020 to be found at <https://ec.europa.eu/programmes/horizon2020/en/what-work-programme>.

36. ("§ 101 (second indent) - 2015/PAR/0357) The European Parliament requests that the Commission:

– further clarify the links between the Europe 2020 strategy (2010-2020), the Multiannual Financial Framework (2014-2020) and the Commission priorities (2015-2019).

Commission's response:

The political priorities of the Commission are clearly defined in President Juncker's political guidelines. They provide a roadmap for the Commission's action that is fully consistent and compatible with Europe 2020 as Europe's long-term growth strategy.

As a result of the reform of the Commission's performance framework initiated in 2015, multiannual Strategic Plans (2016-2020) were introduced for the first time. In the Strategic Plans, the Directorates-General and Services linked their activities to Commission general objectives (the ten priorities of the Juncker Commission and one objective aimed at horizontal services) supported by centrally-defined impact indicators, and explained how their activities contribute to those objectives. All of the Europe 2020 headline targets are included among the impact indicators.

37. (§ 101 (third indent) - 2015/PAR/0358) The European Parliament requests that the Commission:

– ensure across all its activities consistent use of the terms “input”, “output”, “result”, and “impact”, in line with its better regulation guidelines.

Commission's response:

The Commission services are expected to follow the better regulation guidelines in relation to their activities. The Commission will continue to promote the consistent application of these guidelines by raising awareness and appropriate training.

38. (§ 101 (fourth indent) - 2015/PAR/0359) The European Parliament requests that the Commission:

– take measures ensuring the same pay for researchers doing the same work within the same project.

Commission's response:

The H2020 Rules for Participation have been laid down by Regulation (EU) n° 1290/2013 of the European Parliament and of the Council of 11 December 2013. That Regulation makes notably explicit references to the application of national legislation as regards the eligibility of personnel costs (Article 27.1: 'direct eligible

personnel costs shall be limited to salaries plus social security charges and other costs included in the remuneration of personnel assigned to the action, arising from national law or from the employment contract'). On top of that, it is also allowed for non-profit entities to charge additional remuneration paid to their employees (see Article 27.2).

In this regard, as H2020 actions are based on reimbursement of actual costs (i.e. which remains the main form of reimbursement under H2020). The Commission reimburses the salaries paid to staff. This is a matter for the institution employing the staff member.

Nevertheless, beneficiaries that are non-profit legal entities may also declare as personnel costs additional remuneration for personnel assigned to the action. In this respect, 'additional remuneration' means any part of the remuneration which exceeds what the person would be paid for time worked in projects funded by national schemes. Within the context set out by the provisions of the Grant Agreement, this additional remuneration is eligible.

Furthermore, in the Marie Skłodowska-Curie actions (MSCA), which focus on the human resources behind research & innovation, equal treatment and same pay is already ensured. All researchers recruited in a project receive at least the same competitive MSCA-allowances, based on unit costs and weighted by a country correction coefficient (CCC). In addition, the MSCA grant agreements ensure that recruited researchers enjoy at least the same standards and working conditions as those applicable to local researchers holding similar positions at the place of action implementation (see e.g. Art.32.1.e of the MSCA-ITN grant agreement).

39. (§ 101 (fifth indent) - 2015/PAR/0360) The European Parliament requests that the Commission:

– provide a list, by nationality, of all the enterprises quoted on the stock-exchange and/or which show a profit in their annual statement of accounts and which receive funds from Horizon 2020.

Commission's response:

The Commission does not possess this information.

The current rules set by the legislative authority do not require this information to be collected, nor do they make any differentiation between types of beneficiaries in the funding rules.

Revenue

40. (§ 111 (first indent) - 2015/PAR/0361) The European Parliament calls on the Commission to:

– take the necessary steps to harmonise the time limits of debt notifications to economic operators following a post clearance audit across Member States.

Commission's response:

The debt notification time limit is already in the UCC provisions and is harmonised. The fact that violations of customs legislation can give rise to criminal court proceedings has important implications for the recovery of customs debt in some countries where customs infringements are mainly criminal (i.e. Belgium, France, etc). It gives Customs an extended period for communication of customs debt in the sense of Article 103.2 UCC. However, as long as there is no progress on the proposal for a common framework on customs infringements and sanctions field, the issue remains.

41. (§ 111 (second indent) - 2015/PAR/0362) The European Parliament calls on the Commission to:

– ensure that Member States provide correct declarations of the amounts collected from customs duties in the quarterly statements, and provide guidance on what should be recorded.

Commission's response:

The Commission will in the course of its inspections continue to ensure that Member States provide correct declarations of the amounts collected from customs duties and will continue to provide guidance on what should be recorded.

42. (§ 111 (third indent) - 2015/PAR/0363) The European Parliament calls on the Commission to:

– facilitate to the extent possible the recovery of customs debts by the Member States, where the debtors are not based in a Union Member State.

Commission's response:

The Commission accepts the recommendation. The Commission will in due course examine and assess the effectiveness of the new UCC in addressing the issues identified by the Court. See also the Commission reply to Figure 4.3. (of the Annual Report 2015).

Seeing that the UCC only entered into force on 1 May 2016 and the indicated expected completion date is only end of 2019 the promised assessment is still premature at this stage.

43. (§ 111 (fourth indent) - 2015/PAR/0364) The European Parliament calls on the Commission to:

– improve checks on the calculations of the contributions from the European Economic Area and the European Free Trade Association and the calculation of correction mechanisms.

Commission's response:

The performance, review and checks of the calculations were improved with a specific template and formula for the calculation and a double-check based on the 4-eyes principle. Furthermore, internal reviews are performed on the final calculation result to ensure that all aspects have been taken into account.

44. (§ 111 (fifth indent) - 2015/PAR/0365) The European Parliament calls on the Commission to:

– put in place the needed arrangements to reduce the impact of revisions of methods and sources presented by Member States for the compilation of their GNI.

Commission's response:

Eurostat reduced the length of the current GNI verification cycle to four years. In addition, GNI reservations will be set during the course of the verification cycle with different deadlines for addressing them by Member States, contrary to what happened in the previous verification cycle, in which all reservations were set after the end of the verification and all had the same deadline.

Follow-up of the 2014 Commission discharge

45. (§ 116 (connection with § 142 and § 188) - 2015/PAR/0366) The European Parliament insists, nevertheless, that the Commission instructs its directorates general to publish all country specific recommendations they have issued in the context of the European semester in their respective annual activity reports (sixth commitment).

Commission's response:

The Directorates-General of the Commission do not individually issue country-specific recommendations. The recommendations are proposed by the Commission and then formally adopted by the Council after discussion in the relevant committees and Council formations and endorsement by the European Council. Detailed and comprehensive reporting on their implementation takes place in the context of the country reports of the European Semester, which are produced annually. Eurostat also publishes yearly updates of the developments regarding the main indicators of the Europe 2020 Strategy. Where relevant, a Directorate-General reports in its Annual Activity Report on its contribution to the European Semester, including on how its activities contribute to the annual process leading to country-specific recommendations to Member States. Distinction should be made between the reporting on the indicators measuring progress on the Europe 2020 strategy in these reports and the reporting in the annual activity reports of the Directorates-Generals presenting the results of actions taken by reference to the objectives set in the management plans. The Annual Activity Reports are not intended to provide comprehensive and detailed reporting on the implementation of country-specific recommendations.

Please also refer to the Commission replies as published in the Follow up report to the 2014 Discharge. [2014 Discharge footnote: COM(2016) 674 final, SWD(2016) 338 final].

46. (§ 117 - 2015/PAR/0367) The European Parliament asks the Commission to reconsider its position in particular as regards the reliability of data transmitted by Member States.

Commission's response:

The Cohesion DGs have taken specific measures to improve the reliability of the information reported by the MS, including the individual error rates provided by audit authorities and the financial corrections reported by certifying authorities. The results of this specific audit work lead to a re-assessment and recalculation of the individual error rates reported when necessary, as well as to adjustments in the reports of certifying authorities, improving the basis for its calculation of the cumulative residual risk. This has also been acknowledged by the EP of the 2015 discharge resolution (paragraph 173), which welcomed that MS annual control reports have become more reliable over the years.

Concerning the reliability of Member state data in the area of CAP and EAFRD reference is made to the Commission reply to 2015/PAR/0406.

47. (§ 117 - 2015/PAR/0368) The European Parliament asks the Commission to reconsider its position in particular as regards the transparency as to the final beneficiaries of Union funds.

Commission's response:

The Commission ensures compliance with the existing legal framework, which strikes a balance between the need for transparency and the protection of personal data and commercial interests of beneficiaries of Union funds. The proposal for a revision of the Financial Regulation (COM(2016)605) currently discussed with the legislator provides an opportunity to fine-tune the approach.

48. (§ 117 - 2015/PAR/0369) The European Parliament asks the Commission to reconsider its position in particular as regards the transparency of the activities of the Ethical Committee.

Commission's response:

The Commission ensures the transparency of all its decisions concerning post-mandate activities of former Commissioners, which are accessible through the Europa website. The opinions of the ad hoc Ethical Committee are not published as they may contain personal data or other confidential information and are meant to serve the Commission for the decisions it has to take in this area.

49. (§ 117 - 2015/PAR/0370) The European Parliament asks the Commission to reconsider its position in particular as regards the fight against corruption.

Commission's response:

The Commission remains fully convinced of the need to combat and prevent corruption and is committed to continuing its work in this field. It is in the common interest to ensure that all Member States have effective anti-corruption policies and that the EU supports the Member States in pursuing this work. An effective fight against corruption within the EU remains essential – delivered through the right vehicle.

50. (§ 117 - 2015/PAR/0371) The European Parliament asks the Commission to reconsider its position in particular as regards the reform of the administrative structures of the European Schools.

Commission's response:

To follow-up on the EP recommendation in the 2010 discharge, the Commission requested that all the Member States, contribute to the debate on cost-sharing and governance. The issue was discussed at the Board of Governors in 2012, but the debate was rather inconclusive as regards the governance and the intergovernmental system/revision of the Convention. The conditions for changing the Convention were thus not met and therefore, the Commission concluded that any required changes should be made within the framework of the existing Convention.

To address the problems exposed by the Court and by the IAS, there is no need to change the Convention. The Board of Governors is empowered to take the

decisions required for change and could enforce improved financial governance under the existing Convention.

51. (§ 118 - 2015/PAR/0372) The European Parliament calls on the European Commission to finalise and publish the 2016 anti-corruption report, to act swiftly and robustly to eliminate corruption in the Member States and Union institutions, and to commission an independent assessment of the anti-corruption standards in the Union institutions themselves.

Commission's response:

Over the past years the Commission has strengthened the EU anti-corruption framework, including through Member State-by-Member State analysis of the challenges experienced and the actions taken. Fighting corruption has become a key element of the European Semester of economic governance, where a number of the country reports now include specific analyses of corruption risks and associated challenges. In relevant cases, these issues have also been reflected in country specific recommendations under the Semester; recommendations which have been endorsed by the European Council. Taking up anti-corruption matters in the context of the main economic policy dialogue between the Member States and EU institutions is in line with the general approach of this Commission to streamline processes and focus on key issues in the relevant fora.

52. (§ 119 - 2015/PAR/0373) The European Parliament strongly reiterates its call on the Commission to develop a system of strict indicators and easily applicable, uniform criteria, based on the requirements set out in the Stockholm Programme, to measure the level of corruption in the Member States and evaluate the Member States' anti-corruption policies; invites the Commission to develop a corruption index in order to categorise the Member States; is of the opinion that a corruption index could provide a sound basis on which the Commission could establish its country specific control mechanism when controlling the spending Union resources.

Commission's response:

The Commission has developed a set of common indicators on corruption offences and their treatment in the criminal justice system, based on data available in a significant number of Member States. A first collection was carried out in 2015 for data from the years 2011-2013, and has been repeated to cover 2014 data where available.

There are significant differences between Member States in terms of definitions and statistical recording practices, so comparisons are difficult at this stage. Over the medium term, the Commission will work closely with Member States to ensure greater availability and comparability of data across the EU. Measuring corruption levels is a complex task. While it is possible to assess the situation, it is usually not possible to quantify the full scope of the problem. A range of indicators are necessary, both quantitative and qualitative, which by their nature cannot be simplified into a single index. For this reason, the Commission does not believe that a corruption index would be sufficiently robust, or suitable for the purposes suggested, and will therefore not be developing such an index for categorising the Member States. In the framework of the anti-corruption experience sharing programme, the Commission organised in March 2017 a

workshop for national experts on using indicators to inform policy and measure progress against corruption.

Competitiveness for growth and jobs

53. (§ 122 - 2015/PAR/0374) The European Parliament deeply regrets that the target to invest 3% of Member States' gross domestic product (GDP) into research by 2020 will most likely not be met; considers therefore that the recurrent cuts in the Union budget concerning the research programs should be halted; calls on all Member States to rise to the challenge; also calls on the Commission to draw the necessary conclusions for mid-term revision of the Multiannual Financial Framework and for the next Multiannual Financial Framework.

Commission's response:

The process of the mid-term review, including the Communication by the Commission, is done and includes reinforcement in the area of research, namely Horizon 2020 and EFSI-2.

54. (§ 137 - 2015/PAR/0375) The European Parliament is concerned that the Seventh Framework Programme, according to the commissioner, will not be fully executed and evaluated before 2020, which could cause delays in future follow-up programmes; urges the Commission to publish the evaluation report as soon as possible and at the latest before it presents the post Horizon 2020 research programme.

Commission's response:

The legal basis (art. 7) obliged the Commission to carry out the ex-post Evaluation of FP7 two years after the end of the Programme (2013) and it was published in January 2016.

The Commission continued reporting on the impact of FP7 in the Interim Evaluation of Horizon 2020 published in May 2017 and in the Annual Monitoring Reports of Horizon 2020.

Given that the last calls for proposals under FP7 were launched in 2013 and the average duration of FP7 projects is 3 years, the execution of FP7 is still ongoing but it is expected to be finalised before 2020. This follows the expected profile for the programme. It does not mean that there will be delays in any successor programme, in fact there have been no delays in the implementation of Horizon 2020.

55. (§ 140 - 2015/PAR/0376) The European Parliament regrets furthermore that the first monitoring report on Horizon 2020 gave only little information about synergy effects between the programme and structural funds; calls on the Commission to report on these synergy effects as results of the programme become available.

Commission's response:

At the time of the first monitoring report insufficient evidence was available on the synergies between Horizon 2020 and the Structural Funds, this is why there was little information in it. The second Monitoring Report included more details on these synergies and this will continue throughout the programme.

The synergies between Horizon 2020 and the European Structural and Investment Funds (ESIF) are also analysed in the Interim Evaluation of Horizon 2020, published on 29 May 2017.

Overall, a strong focus and political importance are put on synergies, and the Commission has taken specific measures to facilitate the coherence between Horizon 2020 and ESIF through the publication of guidance for policy-makers and implementing bodies and a specific brochure for interested parties with examples of synergies. The Seal of Excellence is a concrete example of progress in creating real synergies.

56. (§ 143 - 2015/PAR/0377) The European Parliament calls on the Member States to make an extra effort with the view to meeting the target of 3 % GDP being invested in research; considers that this would boost excellence and innovation; calls on the Commission therefore to examine the possibility of proposing a "science covenant" at local, regional and national level, building on the dynamic already created by the Covenant of Mayors; calls on the Member states and the Parliament to make an effort through the Union budget too.

Commission's response:

a) The Commission agrees with the European Parliament on the Member States to make an extra effort with the view to meeting the target of 3 % GDP being invested in research. In this respect, the Commission monitors the progress of this indicator.

b) The Commission considers that the existing Knowledge Exchange Platform (KEP) sufficiently covers the demand of the European Parliament. The KEP was launched in October 2015 and its main objective is to present new research and innovation solutions, innovative products and best practice in response to the numerous societal challenges facing local and regional authorities in Europe today. In 2016, KEP focused on Bioeconomy and Key Enabling Technologies, and in 2017, KEP concentrates on Energy and Public Sector Innovation.

KEP is being implemented through Thematic Seminars, Peer-to-Peer Events and Showcasing. In these cases, stakeholders meet Commission experts, local and regional authorities, and researchers with ongoing projects related to the topics related to this KEP. They allow for an exchange of views on the current state of play and outlook in the subject areas in question.

The experience until today has demonstrated that KEP reaches out and mobilises new regional and local policy-makers and actors and benefits all the actors involved. Through KEP, the Commission learns from local and regional cases and realities on the ground. KEP also supports the creation of synergies (including the Seal of Excellence initiative) between Horizon 2020 and other Community-funded programmes.

57. (§ 144 - 2015/PAR/0378) The European Parliament calls on the Commission to revise the key performance indicator "EU innovation output", as in the Commission's own words "the composite nature of the indicator is not (...) suited to establish targets."

Commission's response:

The Innovation Output Indicator is analytically relevant, frequently used, and produced regularly. It will be refined as appropriate to ensure its maximum quality and timeliness. However, the Commission does not believe that setting targets for this composite indicator is appropriate or useful.

When preparing the Innovation Output Indicator the first option that the European Commission analysed was the use of a single indicator, in line with the mandate given by the European Council.

After a careful verification of the available data, a consultation with a High-Level Panel of leading innovators and economists who advised the Commission on the indicator, and an analysis of the results together with Member States, the Commission concluded that it was not possible to propose a single indicator that would properly represent the complex and multi-faceted character of innovation outputs. This led to the preparation of a composite indicator.

From the onset of the work leading to the 2013 Commission Communication on the innovation output indicator, it was clear that setting targets was not the primary purpose for which the indicator would be designed, for a number of reasons. First, composite indicators do not lend themselves in general to setting quantitative performance targets, since their performance is expressed by summary scores, which are by nature abstract. Second, there is already a very well-established target on research and innovation spending (the '3% target'), which captures a variety of aspects of the innovation process, including to a large extent the output of innovation activity. Finally, since innovation output cannot be measured in a meaningful way by any single indicator, the innovation output indicator was purposely designed as a composite indicator that provides a deeper analytical understanding of the Member States and the EU's innovation performance and dynamics, in order to facilitate the monitoring of the EU's R&D intensity target itself.

Therefore, while accepting that it should be kept under review, the Commission remains of the opinion that the Innovation Output Indicator should be maintained in its current shape, given that setting targets on it is neither technically feasible nor useful for policy development, and is not part of the mandate received from the European Council.

58. (§ 145 - 2015/PAR/0379) The European Parliament urges the Commission to follow-up in particular the 16 cases of quantifiable errors, in which Commission, national authorities or independent auditors had sufficient information to prevent or detect and correct the errors before accepting the expenditure; and further, to inform its competent committee in detail about the corrective measures taken before the end of October 2017.

Commission's response:

This problem is a well-known issue.

The Commission has tackled the problem by:

Sending a letter to all beneficiaries of the Horizon 2020 and FP7 asking them to pay special attention to the 10 most common errors that the Commission has identified from its own audits or from those of the Court of Auditors.

In the same spirit, the Common Audit Service for H2020 sometimes encounters cases of errors which should have been prevented by certification. When the errors encountered exceed 2% of the financial statement, the certifying auditor is informed of the shortcomings.

Second, the Commission continues providing advice and information related to the legal aspects of the Framework programmes to all the beneficiaries – and their certifying auditors - that are addressing specific questions associated with their particular projects they are handling.

The Commission has organized a series of meetings targeting beneficiaries and independent certifying auditors (>300) to raise awareness of the most common errors. In addition, feedback has been provided to certifying auditors who have made errors, and a clearer template for audit certificates has been provided in Horizon 2020.

The Commission will continue to provide guidance to its auditors, and to work on further improvements in the overall process

In addition, the Commission is currently providing ad-hoc training to staff on the most relevant findings reported by the Court of Auditors.

59. (§ 146 - 2015/PAR/0380) The European Parliament calls on the Commission to inform its competent committee in detail about the 10 transactions that accounted for 77 % of the errors and the remedial measures taken.

Commission's response:

The Commission follows up all quantifiable errors identified by its own auditors or by the European Court of Auditors. It makes recoveries wherever this is necessary.

The Commission will provide the European Parliament with a report on these 10 transactions by the end of 2017.

60. (§ 147 - 2015/PAR/0381) The European Parliament calls on the Commission to modernise its management and control systems so that horizontal reservations are rendered superfluous; asks the Commission to inform its competent committee on the measures taken before November 2017.

Commission's response:

The Annual Activity Reports of Commission services are required to set out clearly and transparently the reasoning behind any reserves, and the expenditure that may (not) be affected by a reserve. The approach allows services to provide a balanced view of the overall protection of the funds spent, whilst highlighting specific issues that they face in one or more segments of their expenditure.

The Commission is continuously reviewing how it can provide the clearest picture of its operations to the European Parliament and the public, and the information published in the AMPR will help in this regard. It will continue to make

appropriate reserves where it considers that this is necessary to provide a fair and balanced picture of its expenditure operations.

For 2016, better segmentation information was presented in the AARs by DG RTD (see 2015/PAR/0350) and by DGs DEVCO and NEAR.

61. (§ 150 and § 151 - 2015/PAR/0382) The European Parliament requests the Commission to apply and interpret restrictively exceptions to the rules of transparency and publication as established in articles 125ff of the Financial Regulation; requests the Commission to clearly define both the time frame and the scope of application for exceptions to the principles of transparency and publication, with the clear aim to further restrict their use.

Commission's response:

In order to ensure transparency the Commission already interprets and applies restrictively the exceptions in question. Given the limited number of exceptions, their clearly defined scope and the need to take into account specific circumstances such as urgency or cases where the action may only be implemented by one entity, the Commission does not consider it necessary to further restrict their use at this stage.

Economic, social and territorial cohesion

62. (§ 156 - 2015/PAR/0383) The European Parliament highlights, however, that in 2015 very few programmes had a focus on results or measured impact; therefore urges the Commission to set and agree at inter-institutional level the necessary set of indicators to implement the budget based on result; notes, however, at this stage little to nothing is known about the sustainability and the European added value of the investments.

Commission's response:

For the 2014-2020 MFF, the performance frameworks have been included as a new compulsory element and as a key pillar of the increased result orientation of this programming period. It foresees the establishment of clear and measureable objectives and indicators as well as monitoring, reporting and evaluation arrangements in the legal basis of the programmes.

The Commission reports in the Programme Statements on the indicators as defined in the legal basis of the programmes and as the outcome of the discussions among the co-legislators. Programme Statements constitute an instrument through which the Commission justifies the allocations of financial resources and enable the budgetary authority to take performance information into account during the budgetary process. They hence enable informed budget decisions. The Commission considers that performance information should however not be the only element driving the budgetary decisions.

The Commission is analysing the performance framework of the 2014-2020 programmes with the objective to enhance the design of the next generation of programmes, and maximise value added. In particular, the review undertaken under the "Budget Focused on Results" initiative on the indicators for the spending programmes will provide valuable input for the identification of indicators for the next generation of MFF programmes, and for the design of the future performance frameworks more generally.

Concerning the sustainability of the EU budget, the Commission considers that the Union's budget is not comparable to national budgets due to differences in the debt dimension (i.e. capacity to meet financial commitments or refinance or increase debt) and the revenue dimension (i.e. capacity to vary existing taxation levels or introduce new revenue sources). In the EU context, the Multi-Annual Financial Framework is the tool for ensuring medium to long-term stability and predictability of future payment requirements and budgetary priorities.

63. (§ 157 - 2015/PAR/0384) The European Parliament regrets that it is not informed about the measures the Commission asked Member States to undertake in the context of the European semester; calls on the Commission to inform the European Parliament about the measures taken by the Member States in the context of the European semester.

Commission's response:

The European Parliament is informed about measures that the Commission has asked Member States to undertake in the context of the European Semester. The country reports that are published normally in February of each year accompany a

Communication from the Commission to the other EU institutions on Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011. The proposed country-specific recommendations, normally proposed by the Commission in May of each year, are also accompanied by a Communication to the other EU institutions summarising the content of the recommendations. In addition, the Commission is fully engaged in the discussion of the recommendations in the relevant committees of the European Parliament and in the plenary. Furthermore, the Commission participates in events such as the European parliamentary week organised by the European Parliament, where the European Semester is regularly discussed.

64. (§ 160 (connection with § 42 and § 44) - 2015/PAR/0385) The European Parliament is concerned that, in particular towards the end of a programming period, Member States focused on absorption funds available under national envelopes rather than on achievement of policy objectives; calls on the European Commission to help the worst performing Member States through technical assistance, especially at the end of the financial period.

Commission's response:

The Commission accepts the recommendation within the framework set out by the MFF and the relevant legislation.

The Commission put in place a Task Force for Better Implementation in order to improve the implementation of ESI funds in certain Member States, while ensuring full respect of legality and regularity of expenditure. The Commission ensured that full benefit was drawn from the work of the Task Force. In the 2014-2020 programming period the Commission has taken several actions in order to ensure successful implementation across EU28. These actions aim to assist Member States in the implementation stage, taking account of their specific need. Furthermore, the Commission services are specifically monitoring designation of authorities and fulfilment of ex-ante conditionalities and provide Member States with a wide range of technical assistance and advisory services in this respect (Peer2Peer, Jaspers, Integrity Pacts). Last, the Commission services are closely monitoring slowly performing programmes and are following up these cases with the responsible managing authorities. This monitoring is done regularly and the list of slowly performing programmes is also reviewed regularly. At national level, where specific bottlenecks in implementation have been identified, the Commission services have agreed with national authorities on a set of actions to address them.

65. (§ 161 - 2015/PAR/0386) The European Parliament is anxious that the 16 Member States that have not yet transposed the directive on public procurement, the 19 Member States that have not transposed the directive on award of concession contracts, and the 17 Member States that have not yet transposed the directive on procurement by entities operating in the water, energy, transport and postal services sectors, do so as quickly as possible as the directives aim at further simplification; calls on the Commission to verify progress in these areas.

Commission's response:

The Commission does not find this situation satisfactory, in particular considering the enhanced assistance it has provided and still continues to provide to Member States. The Commission started the preparatory assistance work before the formal adoption of the Directives and closely followed up the transposition process in the Member States (in particular: Member States were involved from the beginning of the process as they were asked to identify difficulties / most problematic issues; thematic meetings of the Commission Government experts Group on Public Procurement (EXPP) were organised (in total 20 days of meeting) where the identified topics were presented, explained, discussed; bilateral meetings took place; correlation tables (identifying the differences between the former 2004 Directives and the new 2014 Directives) were provided; a WIKI online platform was put in place for the information and best practices exchange; many punctual questions of Member States were replied to and this work goes on.

In terms of formal procedural follow-up: the infringement procedures for non-communication of transposition measures of one or more of the directives concerned were launched (letters of formal notice) in May 2016 against 25 Member States; In December 2016, reasoned opinions were sent to 15 Member States; the replies to the reasoned opinions and latest developments are now being examined in view of the referral to the Court of Justice with imposition of financial penalties as provided for by the Treaty.

The Commission continues to closely follow up the transposition process in the Member States.

66. (§ 166 - 2015/PAR/0387) The European Parliament expresses concern at the fact that in Italy there have been unacceptable delays in payments to trainees under the Youth Guarantee; calls on the Commission to monitor the situation and to draw up a specific action plan for those Member States in which this problem is occurring.

Commission's response:

The YEI programme is managed according to the principle of shared management, which means that the general guidelines are drafted at EU level, while implementation on the ground is the responsibility of the competent national authorities.

The Commission is in regular contact with the Italian authorities, which are closely following the issue of the delays in payments to trainees under the YEI programme. Indeed, this remains a relevant challenge, as highlighted by the European Parliament.

Some measures have been put in place to accelerate the payments, such as the new system called "Monitoring of the requests" implemented by INPS, the National Institute of Social Security in charge of the payments. It aims at supporting the Intermediate Bodies (the regions) in resolving cases of payment applications rejected by INPS because of irregularities/discrepancies in the data transmission, which gave rise to most of the delays.

The Commission will continue to closely monitor the implementation of the YEI operational programmes within the framework of shared management, as explained above, and provide guidance and support

to Member States to deal with similar problems if they arise.

67. (§ 168 - 2015/PAR/0388) The European Parliament urges the Commission to check whether the Member States use all information to prevent, detect or correct the errors.

Commission's response:

As explained in its Communication on the root causes of errors and actions taken available at <https://ec.europa.eu/transparency/regdoc/rep/1/2017/EN/COM-2017-124-F1-EN-MAIN-PART-1.PDF>, during the 2007 - 2013 programming period the Commission services put in place targeted actions to improve the administrative capacity in the Member States. This continues under the 2014 - 2020 programming period.

In addition to the specific actions defined for each programme, DG REGIO is implementing cross-cutting initiatives to mitigate the main risks and weaknesses identified. The actions already implemented or ongoing concern:

- a general administrative capacity initiative, including notably a peer-to-peer exchange of expertise between authorities managing the programmes ('Technical Assistance and Information Exchange (TAIEX) instrument REGIO PEER 2 PEER', a strategic training programme for Managing, Certifying and Audit Authorities and Intermediate Bodies on the implementation of the 2014 – 2020 Regulations, a Competency Framework for efficient management and implementation of ERDF and the Cohesion Fund, aimed at supporting further professionalization of the management of the funds, specific workshops in cooperation with OLAF in Member States on implementing effective and proportionate anti-fraud/anti-corruption as well as Pilot Integrity Pacts in cooperation with Transparency International.

- a public procurement initiative with dedicated action plans for strengthening capacity in this field, endorsed by the Commission, which include a Public Procurement Guidance for Practitioners on the avoidance of errors in ESI- funded projects (published in October 2015 in all EU languages), the monitoring of the ex-ante conditionality action plans on public procurement with a focus on those Member States which are still implementing their action plans, including providing customised support to Member States not fulfilling the ex-ante conditionality and a public procurement stock-taking study with good practice examples in public procurement across the EU which has been widely disseminated.

- a State aid action plan aiming at increasing awareness and understanding of the subject, at improving the co-operation between the various actors involved in the monitoring of State aid in the Member States, and providing pro-active support to the EU Member States and regions in the correct application of State aid rules.

In addition, the regulations for the 2014 - 2020 programming period offer a broad range of opportunities for simplification and reducing administrative burdens

(common rules for all ESI Funds, extended use of Simplified Cost Options, simplified ways to take account of revenue-generating projects and financial instruments) and the revised Public Procurement Directives adopted in February 2014 will help to further simplify the rules for all actors.

A 'High Level Group on Simplification' for beneficiaries has been set up with the objective to analyse the implementation of simplification opportunities in Member States and regions and make recommendations to improve the uptake of simplification measures for 2014 - 2020 and on the way forward for post 2020. Building on its first recommendations, the Commission has recently proposed further and more ambitious simplification in the rules governing ESI Funds, notably the Common Provisions Regulation, in particular to expand considerably the scope of simplified cost options and to make their use obligatory for operations below EUR 100 000. Taking up a new possibility proposed in the Financial Regulation, financing based on the fulfilment of conditions related to progress in implementation, rather than based on the costs of operations, would be allowed. The Commission has also proposed fewer requirements for the use of Joint Action Plans, simplification measures for revenue-generating operations and major projects, further clarifying the rules for financial instruments and a number of other changes. These proposals are contained in the "Omnibus" regulation adopted by the Commission in September 2016.

The Court made a recommendation in their 2015 Annual report to make out a focused analysis of the national eligibility rules for the 2014 - 2020 programming period and the Commission foresees to carry out such analysis for the programmes that have systematically presented high level of errors thus showing a potential scope for more simplified rules.

68. (§ 176 - 2015/PAR/0389) The European Parliament supports the Commission's plans that improving impact evaluations of cohesion policy programmes should be made a priority; asks the Commission how the findings will be incorporated in any legislation for the next programming period.

Commission's response:

The Commission is committed to a result-orientation and evidence-based policy making. Legislation for the next programming period will be based on an impact assessment. This assessment will draw on all the evidence available - including impact evaluations, internal analysis as well as expert advice and stakeholder consultations.

In 2014-2020, the Regulation requires that at least once during the programming period, impact evaluations assessing how support from the ESI funds has contributed to the objectives of each priority are carried out (art. 56 of CPR). Member States have specified their intentions already in the evaluation plans. The Commission has also established an "Evaluation Helpdesk" which is explicitly designed to assist Member States by providing methodological support in improving their evaluations, organising peer to peer review of evaluations and disseminating good practices. To this end, seminars on topics relating to impact evaluations are organised every year by the Commission.

69. (§ 184 - 2015/PAR/0390) The European Parliament calls on the Commission to present annually by June every year starting from 2018 a report on implementation from the beginning of the current Multiannual Financial Framework and state of play, including results achieved, of all financial instruments managed and implemented by the European Investment Bank Group, which operate with resources from the Union budget, in order to use it in the discharge procedure.

Commission's response:

The Commission already prepares an annual Reporting Package, containing information on all centrally-managed financial instruments covering both the internal and external EU policies enacted during the two latest Multiannual Financial Frameworks. This Reporting Package is composed of three reports, required by the Financial Regulation's art. 38, art. 49 and art. 140, respectively. While the art. 38 and art. 49 reports – containing mostly budgetary and accounting data – are annexed to the Draft Budget and thus transmitted to Parliament and Council via the annual budgetary procedure, the art. 140 report – containing inter alia the state of play, including results achieved, of all financial instruments managed and implemented by the EIB Group, which operate with resources from the EU budget – is transmitted to Parliament and Council as a separate Commission document usually in October, and has no formal deadline.

A revision of the Financial Regulation is currently underway, envisaging a reunification of the three current reports into a single consolidated document, planned to be annexed to the Draft Budget, and thus presented to Parliament and Council by June of each year. While in this new "merged" report all information currently present in the art. 38 and art. 49 reports will continue to be provided, only a streamlined content of the art. 140 report is likely to be preserved in view of the ambitious June deadline.

70. (§ 185 - 2015/PAR/0391) The European Parliament notes that the European-Anti Fraud Office (OLAF) opened administrative investigations, such as in Germany related to the Volkswagen Group on the basis of emissions scandal, in France related to the National Front and its President and into the project in the Czech Republic known as "Stork Nest" on the basis of alleged irregularities; calls on the Commission to inform its competent committee immediately when the investigations are completed.

Commission's response:

Upon completion of its investigations, OLAF notifies the relevant authorities and institutions as required by the legislation. Upon request, the Commission will inform the competent committee when the investigations are completed, taking into account possible judicial or administrative proceedings, the obligations for judicial secrecy in such matters, the right to protection of privacy and other relevant confidentiality requirements.

71. (§ 186 - 2015/PAR/0392) The European Parliament is deeply concerned that in Hungary, the Court and DG REGIO discovered serious irregularities related to the construction of metro line 4 in Budapest; notes that 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 may have to recover EUR 55 million; and that the mismanagement was discovered at project level; observes that the OLAF case report also recommends judicial follow-up in Hungary and the United Kingdom; calls on the Commission to keep its competent committee regularly informed on the progress made and measures taken.

Commission's response:

Upon request, the Commission will keep the competent committee informed on progress and measures taken, taking into account judicial proceedings which are on-going in both Member States, the obligation for judicial secrecy in such matters, the right to protection of privacy and other relevant confidentiality requirements.

72. (§ 190 (first indent) - 2015/PAR/0393) The European Parliament calls on the Commission:

– to make sure that the management and control systems concerned in the 15 Member States which showed weaknesses, are reinforced, and report on its effort to its competent committee in writing before October 2017.

Commission's response:

The Commission partially accepts the recommendation.

The Commission notes that the 15 Member States to which the Parliament refers correspond to Member States where some operations were audited by the Court of Auditors in the context of its audits of a sampling of individual transactions for the Statement of Assurance of the 2015 year (223 transactions from 15 Member States) for cohesion policy.

The Commission would like to stress that of these 223 transactions, only 72 (32%) were affected by error, and out of those only 33 errors (15%) were quantified by the Court of Auditors (point 6.11 of the Annual Report concerning the financial year 2015). The error frequency considerably decreased compared to previous years.

As it has always been the case, the Commission will follow up all individual cases identified by the Court and will propose actions as it deems necessary. However, the Commission does not share the view that the Court's audits of a sample of 223 transactions spread over 15 Member States could provide a sufficient basis to give an opinion on the management and control systems of the Member States audited. It is not a sufficient basis to conclude in particular that management and control systems showed a system weakness in all 15 Member States, simply because an error was detected through the audit of a specific transaction. As mentioned in the respective REGIO and EMPL AARs for 2015 and 2016, the Commission provides specific and individual assessment of management and control systems for each programme. Such a detailed assessment is based on various sources of information and audit results which, through the single audit approach, allow a large coverage of both systems and operations. Audit results stem from national system audit reports, national Annual Control Reports and audit opinions, Commission's review of the work of the audit authorities, Commission's on-the-spot system audits and audits of operations, relevant audit information received from other Directorates

General and reports from OLAF, as well as from ECA statement of assurance audit results. Other sources of information encompass the Annual implementation reports from the Member States, the monitoring committees and annual meetings as well as contacts with regional and national programme managers. The Commission therefore refers to the relative sections of REGIO and EMPL AARs which provide this detailed assessment by Member State and programme concerned.

Relevant information being available in the respective AARs, the Commission does not plan to provide additional reporting on these issues by October 2017.

73. (§ 190 (second indent) - 2015/PAR/0394) The European Parliament calls on the Commission:

– to clarify the distinction between recoverable and non-recoverable value-added tax.

Commission's response:

The Commission accepts this recommendation.

It will provide guidance to Member States to clarify the notion of recoverable VAT in the context of the 2014-2020 programming period, within the policy choice of the co-legislators for value added tax (VAT) eligibility, as provided for in Article 69(3)(c) CPR.

A first draft of the guidance has been prepared and is currently under consultation within DG REGIO. It would then need to be agreed among the Commission services and adopted by College decision before distribution to Member States.

74. (§ 190 (third indent) - 2015/PAR/0395) The European Parliament calls on the Commission:

– to report on the amount de-committed (country, fund, amount) after the financial period 2007-2013 came to an end.

Commission's response:

The Commission will provide budgetary/financial information on closure 2007-2013 in the respective AARs.

Each year DG BUDGET reports on de-commitments in relation to the previous budgetary year in its annual report entitled "Analysis of the budgetary implementation of the Structural and Investments Funds."

75. (§ 190 (fourth indent) - 2015/PAR/0396) The European Parliament calls on the Commission:

– in line with the Court's recommendation, when making its legislative proposal for the next programming period, to propose necessary updates of the design and delivery mechanism for the European structural and investment funds taking into account also the suggestions of the high level simplification group in order to strengthen the cohesion policy contribution to tackle disparities in inequalities between Union regions and Member States; calls on the Commission to prepare a communication on this issue at an early stage.

Commission's response:

The Commission partially accepted this recommendation issued by the Court of Auditors in its Annual report 2015 (recommendation 1, Chapter VI). While the Commission is not in a position at this stage to make any specific commitment in relation to legislative proposals for the post-2020 period, it will consider all viable options taking into account the suggestions of the High-Level Group on simplification as well as results of studies, evaluations, Impact Assessments, public consultations, evidence from 2014-2020 programme implementation and any other relevant information."

76. (§ 190 (fifth indent) - 2015/PAR/0397) The European Parliament calls on the Commission:

– to foresee for the next programming period more manageable and measurable performance indicators as Parliament attributes equal importance to legality and regularity checks, on the one side, and to performance, on the other.

Commission's response:

The Commission is committed to improving the performance and results orientation of programmes. The performance framework and the system of result indicators, introduced for the current period are a sign of this commitment. The Commission will build on this when developing and refining the framework for the next funding period. In that context, the Commission is exploring the possibility to proceed towards a streamlining of the current system of indicators coordinating the efforts across DGs in the context of the post 2020 discussions.

77. (§ 190 (sixth indent) - 2015/PAR/0398) The European Parliament calls on the Commission:

– to foresee full transparency and access to documentation for infrastructure work financed by the Union, focusing particularly on data relating to contractors and subcontractors.

Commission's response:

The Commission partially accepts the recommendation.

Concerning the first part of the resolution, documentation is made accessible by the Commission in accordance with the requirements and principles of shared management, especially the obligation for national authorities to disclose the full list of beneficiaries.

However, concerning the last part of the resolution, the Commission recalls that there is no legal basis to request from beneficiaries the disclosure of details of their contractors and subcontractors. Adding such requirements in the future would increase the administrative burden for beneficiaries in disproportionate manner.

Common agricultural policy

78. (§ 194 - 2015/PAR/0399) The European Parliament calls on the Commission, therefore, with a view to improving accountability and reporting at senior management levels, to examine a more flexible and efficient application of the rule on internal mobility of managers in cases where a long time in post is combined with high error rates constantly being noted by the Court and sustained reservations about the results of management in the services concerned.

Commission's response:

Whilst these are not issues that can be addressed through structured mobility policies which rely on other criteria as a trigger, such as length of time in post and length of time in a DG for middle management, it is clear that the reinforcement of the principle of mobility introduced by the middle management decision in 2016 will indirectly work in this direction. Nevertheless, as a general principle, the Commission deals with any specific instances as and when they arise using its normal HR management processes.

79. (§ 203 - 2015/PAR/0400) The European Parliament notes that as in 2014, the Court examined performance related issues for selected rural development transactions and is concerned by the facts that there was insufficient evidence that costs were reasonable in 44 % of projects, and that there were deficiencies in targeting measures and selecting projects, including weak links to Europe 2020 objectives; calls on the European Commission to take all possible measures to improve this worrying situation.

Commission's response:

The Commission notes that the projects examined by ECA for this assessment were approved during the 2007 – 2013 programming period and should not be evaluated against EU 2020 objectives. The Commission considers it a positive result that for 51% of the 2007-2013 projects reviewed, EU 2020 targets were actually reflected.

The Commission considers that rural development priorities as set out for 2014 – 2020 are a translation of thematic objectives of Europe 2020 into the specific context of the rural development policy.

EAFRD legal framework established a clear link: the contribution to Europe 2020 shall be pursued through six priorities subdivided into focus areas. This requirement is fully reflected in the structure of the EAFRD programmes. The progress towards targets set for the priorities/focus areas is monitored in the Annual Implementation Reports. In order to ensure consistency with the thematic objectives, correspondence tables have been annexed to the guidance documents.

80. (§ 213 - 2015/PAR/0401) The European Parliament asks the Commission to speed up the conformity clearance procedure opened on 8 January 2016 to get detailed and precise information on the risk of a conflict of interest concerning the State Agricultural Intervention Fund in the Czech Republic; takes note that a failure to remedy a conflict of interest may ultimately result in the withdrawal of the accreditation of the paying agency by the competent authority or in imposing financial corrections by the Commission; asks the Commission to inform the

Parliament without delay if at the end of the conformity clearance procedure information related to possible cases of fraud, corruption or any illegal activity affecting the financial interests of the Union are transmitted to OLAF by DG AGRI.

Commission's response:

This conformity clearance procedure follows the same steps as any other conformity procedure. The Czech authorities requested conciliation and conciliation body report has been received in July 2017. The Commission will analyse the report and communicate its final position to the Member State by 15 February 2018.

81. (§ 215 (a) - 2015/PAR/0402) The European Parliament calls on the Commission to:
- a) continue its efforts to follow up on cases where national legislation is not compliant with Union legislation, including all legal means at its disposal in particular suspension of payments.

Commission's response:

The Commission considers that this recommendation is being implemented by means of its ongoing audit work and the provision of guidance when required and takes the necessary steps in the context of shared management to assist the Member State management and control bodies to discharge their tasks effectively.

In addition, shortcomings in Member States management and control systems are addressed through targeted and comprehensive action plans where necessary. When the Commission detects such problems during the course of its monitoring or audits, it requests the Member State to take remedial actions. Where the problem is particularly acute, the Member State is required to implement a remedial action plan which is closely followed by the Commission services. So far such plans have been found to be very effective. When the implementation of the action plan is not deemed to be effective, payments can be reduced or suspended in order to protect the EU budget.

82. (§ 215 (b) - 2015/PAR/0403) The European Parliament calls on the Commission to:
- b) monitor annually the results of the Land Parcel Identification System quality assessment performed by Member States and check that all Member States with negative assessments actually take the necessary remedial action.

Commission's response:

The results of the LPIS quality assessment (QA) are monitored on an annual basis. This yearly exercise is a quality control process of which ultimate objective is to improve the quality and reliability of the LPIS, by analysing detected technical weaknesses and taking remedial actions to address them.

83. (§ 215 (c) - 2015/PAR/0404) The European Parliament calls on the Commission to:
- c) re-examine the current legal framework in order to simplify and streamline the Land Parcel Identification System-related rules for the next CAP period, e.g. by reconsidering the need for the 2 % stability threshold and the 100-tree rule.

Commission's response:

The Commission is working closely with the Member States to follow up on simplification proposals, as simplification is among the priorities of the Commission's agenda. All LPIS-related rules will be reviewed and, if considered necessary, revised for the new CAP post 2020.

84. (§ 215 (d) - 2015/PAR/0405) The European Parliament calls on the Commission to:
- d) ensure that all Member States' action plans addressing errors in rural development include effective actions on public procurement.

Commission's response:

The Commission is fully engaged in providing targeted and effective guidance on how to prevent irregularities in public procurement procedures: "Public Procurement – a study on administrative capacity of the EU" (2016), including country-specific recommendations, and "Guidance for practitioners on the avoidance of the most common errors in public procurement of projects funded by the European Structural and Investment Funds" (2015).

In December 2015 the Commission has underlined that all Member States need to pay particular attention to public procurement rules, and take corrective action where relevant.

The Commission continues to work intensively with the Member States in order to identify and remedy the causes of errors in the implementation of the policy. This work will continue with the aim to further address identified shortcomings, including requesting action plans. The Commission insists on the completeness and effectiveness of these action plans.

85. (§ 215 (e) - 2015/PAR/0406) The European Parliament calls on the Commission to:
- e) monitor and actively support the certification bodies in improving their work and methodology on the legality and regularity of expenditure and in particular in delivering opinions on the legality and regularity of the CAP expenditure of a quality and scope which enable the Commission to ascertain the reliability of paying agencies' control data or, where appropriate, estimate the necessary adjustment of paying agencies' error rates on the basis of those opinions, with a view to implementing the single audit approach in the area of agricultural spending.

Commission's response:

The Commission considers the Certification Bodies' work on legality and regularity of expenditure, when done in accordance with applicable regulations and guidelines, to be a key element in DG AGRI's assurance building model (i.e. the pyramid of controls) where each upper layer builds its work upon the results of the previous layer, and where each layer may use the results of the upper layer to improve its own controls. It is also significant progress towards full implementation of the single audit approach. On the basis of the two years of legality and regularity experience, Commission has presented to the Member States revised guidelines applicable as from FY2019 (voluntary application from FY2018) which aim at streamlining the methodology on the error rates' calculation and at relying more on the Certification Bodies' work in view of the single audit

approach. The Commission will continue to support the Member States to improve and consolidate the work done by the Certification Bodies, to ensure that, in the coming years, increased assurance can be drawn from their work. To that end, bi-annual expert group meetings are organised with the Certification Bodies, including workshops in order to discuss and share experiences with them. In addition, in view of assisting the Certification Bodies in implementing the work on legality and regularity, the Commission has instigated dedicated missions and has implemented a functional mailbox which serves as a contact point for questions or discussions with Certification Bodies.

86. (§ 215 (f) - 2015/PAR/0407) The European Parliament calls on the Commission to:

f) update DG AGRI's audit manual by including detailed audit procedures and documentation requirements for the verification of the data supplied by Member States and used for calculating financial corrections.

Commission's response:

The Commission has already – since the end of 2015 - detailed provisions in its Audit Manual in relation to the compulsory verification of the data supplied by the Member States for the calculation or extrapolation of the risk to the EU budget. These provisions establish the principles of the verification of that information by the auditors; however, due to the nature and wide variety of those calculations, details of those checks for all possible cases cannot be covered in an audit manual. Building on the experience gained in the past years, however, it seems reasonable to further elaborate and clarify the documentation requirements of such verifications. There is already an ongoing work and internal discussion at the level of the Audit Directorate of DG AGRI on this issue; the adoption of the detailed internal Guidelines – that will become part of the Audit Manual – is expected by the end of 2017.

87. (§ 215 (g) - 2015/PAR/0408) The European Parliament calls on the Commission to:

g) take the necessary measures in order to obtain from the Member States precise and comprehensive data as to the number of EU farmers and regarding the farmer income in order to really measure and monitor KPI 1 mentioned in the annual activity report of the director-general of DG AGRI concerning the agricultural income.

Commission's response:

KPI 1 is calculated on the basis of annual data provided in the Economic Accounts for Agriculture (EAA) according to a harmonised methodology laid down in Regulation (EC) No 138/2004 of the European Parliament and of the Council of 5 December 2003 on the economic accounts for agriculture in the Community. Eurostat has recently launched discussions on the modernisation of the EAA, which will also cover the data used to calculate KPI1.

88. (§ 215 (h) - 2015/PAR/0409) The European Parliament calls on the Commission to:

h) redefine KPI 4 relating to employment in rural area in order to stress the specific impact of the CAP measures on the employment in those areas.

Commission's response:

KPI 4 is defined as the rural employment rate. As such, it measures the percentage of employed persons in relation to the comparable total population in rural areas, which is influenced not only by CAP measures but by a number of different factors. The varied nature of CAP measures, ranging from market instruments and income support to rural development programmes, makes it impossible to measure its net impact on rural employment, which is also determined by job opportunities in other areas. However, the rural employment rate provides an indication of the overall socio-economic situation in rural areas, which the CAP aims to address via its objective to achieve balanced territorial development.

89. (§ 215 (i) - 2015/PAR/0410) The European Parliament calls on the Commission to:
- i) trigger regular debates between the Member States in the Council regarding the implementation of the provisions introduced by the 2013 CAP reform for redistributing the direct payments between beneficiaries and to fully report on the progress made in this regard in the annual activity report of DG AGRI.

Commission's response:

The Commission is carefully analysing the results and impact of the 2013 CAP reform and pertinent information is published in DG AGRI's Annual Activity Reports. It is up to the Member States to decide if they use this information in the CAP discussions in the Council.

90. (§ 215 (j) - 2015/PAR/0411) The European Parliament calls on the Commission to:
- j) assess in the context of its reflections on a simplified and modernised CAP whether the direct payment scheme is properly designed for stabilising farm income of all farms or whether a different policy design, or model of distribution of direct payments could result in better adjusting public funds to the objectives.

Commission's response:

In the ongoing work on the modernisation and simplification of the Common Agricultural Policy current policy instruments are evaluated. In this context the public consultation on the future CAP that was launched on 2 February 2017 provided useful insights as well.

In this evaluation particular care is being given to the targeting of direct payments and the result of this targeting on the effectiveness of the instrument.

91. (§ 215 (k) - 2015/PAR/0412) The European Parliament calls on the Commission to:
- k) substantially modify the system of certification of sustainable bio fuels and in particular effectively verify that Union biofuel feedstock producers comply with Union environmental requirements for agriculture, provide sufficient evidence of the origin of waste and residues used for the production of bio fuels and assess whether the voluntary schemes' governance reduces the risk of conflicts of interest.

Commission's response:

The Commission accepts the recommendation concerning the Union's environmental requirements for agriculture in so far as compliance with Article

17(6) RED (which is linked to the CAP GAEC standards and other relevant Directives and Regulations) should be verified. However, the RED does not oblige the Member States to verify compliance with Article 17(6) RED although they are part of the criteria. The Commission is required to recognise voluntary schemes on other grounds than those included in Article 17(6) RED. Compliance with CAP GAEC standards and other relevant Directives and Regulations is verified as part of the CAP. To further clarify this matter the Commission has proposed to remove the criterion from the Renewable Energy Directive after 2020.

92. (§ 215 (l) - 2015/PAR/0413) The European Parliament calls on the Commission to:
- l) lift the threshold below which conformity clearance inquiries in accordance with Article 52 of Regulation (EU) No 1306/2013 do not need to be pursued from EUR 50,000 to 100,000.

Commission's response:

The threshold the Commission applies to decide not to pursue or start a conformity clearance enquiry is regulated under Article 35 of the Implementing Commission Regulation 908/2014. Member States are invited to make proposals in the framework of the competent management committee to amendment of this Regulation. The Commission is currently analysing certain provisions of this Regulation that could be simplified. A proposal will be submitted to the Agricultural Funds Committee by the end of the year.

93. (§ 215 (m) - 2015/PAR/0414) The European Parliament calls on the Commission to:
- m) reconsider the introduction of a binding cap for the direct payments.

Commission's response:

In the ongoing work on the modernisation and simplification of the CAP, the Commission is paying particular attention to the targeting of direct payments and the result of this targeting on the effectiveness of the instrument.

The Commission notes that rules about different levels of payments or capping of support would be enacted in a basic act, i.e. a regulation adopted by the European Parliament and the Council. Thus, it would be for the co-legislator to agree on such capping.

Global Europe

94. (§ 218 - 2015/PAR/0415) The European Parliament notes that if all the information gathered by the Commission - and the auditors appointed by the Commission - had been used to correct errors, the estimated error rate for the chapter Global Europe would have been 1,6% points lower; urges the Commission to use all available information to prevent, detect and correct any error and to act accordingly.

Commission's response:

The requested action has been taken.

The Commission strives to apply the most strict and rigorous mechanisms to the control of its financial transactions. However, it is important to remember that - given the particular context in which external actions take place - a certain level of error, linked to specific factors, is difficult to avoid. In any event, the Commission considers that by implementing the measures foreseen in the action plan aiming to address the weaknesses in DG DEVCO's control system, as well as the complementary measures to be included in the new one resulting from the reservations in the 2016 Annual Activity Report (AAR), this level of error will be further reduced.

95. (§ 236 - 2015/PAR/0416) The European Parliament welcomes that for the first time the Commission questioned the heads of Union delegations about the a priori risk of projects which may offer a first step into a centralised risk management process; recommends that on the basis of the information available regarding the difficult field in which delegation may operate the Commission intensifies its dialogue with the delegations on how to manage this risk during the implementation phase of the project.

Commission's response:

The requested action has been taken.

Since 2016, as part of the External Assistance Management Review (EAMR), the EU Delegations in charge of the implementation of projects are requested to review the risk category of each project. This is done through KPI 5 (percentage of projects with red traffic lights for implementation progress) and 6 (percentage of projects with red traffic lights for objectives achievement) where the degree of implementation of activities and the achievement of expected results are assessed on a yearly basis. As part of the EAMR exercise, the EU Delegations have to specify the typology of problems encountered and the proposed corrective measures. The state of problematic projects as well as corrective measures proposed are then reviewed at HQ level in view of further actions. The situation is monitored on a yearly basis through the EAMR of the following year. A summary of this assessment is included in Annex 10 of the AAR 2016 of DG DEVCO, where Key Performance Indicators (KPIs) 5 and 6 dealing with project implementation and results are presented and analysed at global and EU Delegation level.

96. (§ 245 - 2015/PAR/0417) The European Parliament congratulates the Commission on the outcome of proceedings in Case T-381/15 on 2 February 2017; asks which contracts with International Management Group are still underway at present.

Commission's response: *The Commission will provide the latest state of play on contracts with IMG in its reply to question no. 21 in the written questions to Commissioner Mimica as part of the 2016 discharge to the Commission.*

97. (§ 246 (first indent) - 2015/PAR/0418) The European Parliament calls on:

- DG DEVCO and DG NEAR to enhance the quality of expenditure verifications contracted by beneficiaries, namely by introducing new measures such as the use of a quality grid to check the quality of the work performed by the beneficiary contracted auditors and the revision of the auditors' terms of reference.

Commission's response:

The Commission is taking the requested action.

The Commission - DG DEVCO is working on a revision and harmonisation of all terms of reference used for audits and verifications (including expenditure verifications performed by auditors contracted by beneficiaries) with a view on increasing the assurance value of these controls.

98. (§ 246 (second indent) - 2015/PAR/0419) The European Parliament calls on:

- DG NEAR to take action to ensure that funding channelled through a twinning instrument is in accordance with the non-profit rule and adheres to the principle of sound financial management.

Commission's response:

In line with this recommendation, DG NEAR has implemented two concrete interlinked steps: 1- The Commission Decision C (2017) 1122 of 21 February 2017 introduces (in accordance with Article 124 of the Financial Regulation) a revised system of flat-rates and unit costs for the implementation of Twinning Projects with the objective to ensure compliance with the no-profit principle. 2- The revised Twinning manual addresses compliance with the non-profit principle under point 6.2 "Eligible Costs".

99. (§ 246 (third indent) - 2015/PAR/0420) The European Parliament calls on:

- DG NEAR to revise the residual error rate methodology in order to provide statistically accurate information on the amount at risk for payments made under the Pre-Accession Instrument indirect management.

Commission's response:

DG NEAR has revised the methodology for the 2016 RER study, in accordance with the European Court of Auditors recommendations. The European Court of Auditors has received it and found broadly fit for purpose and effective.

100. (§ 246 (fourth indent) - 2015/PAR/0421) The European Parliament calls on:

- DG DEVCO to revise the estimate of its future corrective capacity by excluding from the calculation recoveries of unspent pre-financing and earned interests and cancellation of recovery orders previously issued.

Commission's response:

The requested action has been taken.

The recoveries of unspent pre-financing, earned interests and cancellation of recovery orders previously issued were excluded from the estimation of the corrective capacity presented by DG DEVCO in its Annual Activity Report 2016. Furthermore, detailed guidelines were issued on correct encoding of recovery orders on pre-financing. Manual checks will continue to ensure correct encoding of recovery orders and accurate estimation of the corrective capacity in the future.

101. (§ 246 (fifth indent) - 2015/PAR/0422) The European Parliament calls on:

- DG DEVCO and DG NEAR to publish the external assistance and management reports issued by the heads of Union delegations as an annex to their annual activity reports as foreseen by article 67.3 of the Financial Regulation and to indicate in their annual activity reports the measures taken to redress the situation in delegations with implementation problems, to shorten the delays and to simplify the programmes.

Commission's response:

The External Assistance Management reports (EAMR) issued by the Heads of European Union Delegations were transmitted to the Budgetary Authority. Given their confidentiality, these documents cannot be made public; hence they cannot be annexed to the Annual Activity Report which is published on the website of the European Commission.

The requested action has been taken: annex 10 of the AAR 2016 of DG DEVCO presents a detailed analysis of Key Performance Indicators (KPIs) results at global and EU Delegations levels, and actions to be taken in order to improve performance in the future. In particular, annex 10 presents a detailed analysis of Delegations performances in terms of projects implementation and results (KPIs 5 and 6). This information was retrieved from the EAMR 2016 for which EU Delegations and HQ operational Units were requested, for all problematic projects, to indicate the typology of problems encountered and the proposed corrective measures.

It is the nature of external assistance to operate in sometimes problematic environments and situations cannot always be solved in a simple way. However, as shown in the 2016 AAR, the number of projects flagged very problematic (red) from one year to another is declining and very low thanks, inter alia, to the corrective measures taken for these projects.

102. (§ 246 (sixth indent) - 2015/PAR/0423) The European Parliament calls on:

- the Commission to make public the declarations of assurance of the heads of Union delegations.

Commission's response:

The declarations of assurance of the Heads of European Union Delegations are included in their External Assistance Management Reports (EAMR). These reports were transmitted to the Budgetary Authority on 18/05/2016. Given their confidentiality, these documents cannot be made public.

103. (§ 246 (seventh indent) - 2015/PAR/0424) The European Parliament calls on:

– the Commission to:

- 1) Clarify objectives;
- 2) Develop, expand and improve the performance measurement framework of its migration and asylum policies in neighbourhood countries;
- 3) Focus available financial resources on clearly defined and quantified target priorities and,
- 4) Further consolidate the link between development and migration.

Commission's response:

The Commission has continued to intensify its efforts to define coherent and impact-oriented co-operation frameworks in the Neighbourhood and beyond. Since the adoption of the EU TF, the three windows of the EU TF (Sahel and Lake Chad, Horn of Africa and North of Africa) have adopted Operational Frameworks guiding their respective strategies.

As an example, the strategy of the North of Africa window focuses mainly on objective 3 of the EU TF, namely 'improved migration management in countries of origin, transit and destination', and it reflects priorities established by guiding policy frameworks, such as the European Agenda on Migration and the revised European Neighbourhood Policy. In addition, the Commission has already taken action to follow up on the recommendations of African partners and EU Member States in Valletta, regarding in particular the development of a solid monitoring and evaluation framework to measure results and impact.

A results' matrix for the EU TF has already been prepared and constitutes a living document to be further developed and refined as the EU Trust Fund progresses in the establishment of its performance monitoring system. To contribute to this exercise of setting up of a coherent, measurable and impact-oriented cooperation framework for the EU TF, the Commission has initiated several ad hoc initiatives. In this context, the North of Africa window of the EU TF has developed a tailor-made monitoring and evaluation framework for the North of Africa window's strategy in order to steer coherently the formulation of programmes and projects financed by this window and to allow the measurement of achievements and impact, as well as its harmonized reporting. In parallel, actions aiming at strengthening the use of standard tools, in particular the Result Oriented Monitoring (ROM), have been adopted under the MADAD Trust Fund and the North of Africa window.

The European Commission is making significant efforts to ensure that the projects clearly define each step of the project management cycle. The Commission endeavours to make sure that projects are based on comprehensive logical frameworks including results indicators, taking into account country differentiation.

The Commission follows closely the increasing body of evidence underlining the positive impact of migration on development (both of countries of origin and destination, and of the migrants themselves). The adoption in September 2015 of the 2030 Agenda on Sustainable Development further consolidates the important relationship that exists between development and migration and vice-versa, and confirms the key role for development cooperation to maximise the positive aspects

of migration on development. However, giving the changing and increasing migration trends, it is necessary to continue acquiring reliable migration data in order to inform the programmes. The Commission is investing in the further consolidation of this evidence, as a basis for designing future response strategies and projects.

At EU level, efforts were significantly stepped up in 2015, through the European Agenda on Migration, resulting in a comprehensive approach which breaks the silos and mainstreams migration across all policy areas, both at internal and external level, not least in the area of development cooperation. Building upon this evidence, programmes adopted under the EU TF have applied particular emphasis on the migration-development nexus. Through the articulation of comprehensive approaches, the programmes adopted react to the protection needs of the most vulnerable population but also address the socioeconomic development potential that both migrants and host communities can trigger when effectively supported.

The mid-term review of the programming documents under both the Development Cooperation Instrument and the European Development Fund, due in 2017, will be a crucial opportunity to ensure that programmes take full account of migration concerns and are adapted in case of need.

104. (§ 246 (eight indent) - 2015/PAR/0425) The European Parliament calls on:

- the Commission to include in the code of conduct for commissioners the definition of what constitutes a conflict of interest, to fundamentally reconsider the need to foresee in its funding arrangements with international organisations and entrusted entities provisions regarding their remuneration for staff costs linked to activities that are at the core of their mission and to report fully to the Parliament by the end of 2017 on its reflections in this regard but also on the impact of the application of the new cost recovery policy.

Commission's response:

Code of conduct for Commissioners: A definition of what constitutes a conflict of interest is included in the draft new Code of Conduct for Commissioners adopted in principle by the Commission on 12 September 2017. The President has now sought the Parliament's opinion on this new Code as foreseen in the Framework Agreement on relations between the European Parliament and the Commission.

International organisations: The decision to make a Union contribution to a given international organisation or entrusted entity takes into account the nature of the action, the objectives to be met and the capacity of the organisation. The Union contribution does not replace the core funding of that organisation or entity: the Union contribution covers costs – including staff costs – directly assigned to the activities funded and only to the extent those costs are additional to those resulting from the normal functioning of the Organisation.

The Commission will continue to report to the EP on the arrangements with International Organisations and specifically on the impact of the application of the new cost recovery policy with the World Bank as it did already in February and May 2017 by invitation of the CONT Committee.

Migration and security

105. (§ 255 (a) - 2015/PAR/0426) The European Parliament recommends that DG HOME:

a) carefully quantify and analyse in its annual activity report the nature of the errors it identifies and provide more information concerning the reliability of its “corrective capacity”.

Commission's response:

In the framework of the 2016 AAR, DG HOME performed a detailed analysis for assurance purposes for each of its control building blocks (shared management SOLID, shared management AMIF/ISF, direct management grants non-research, direct management grants research, direct management procurement, indirect management/agencies and indirect management/delegation agreements). Causes of errors have been analysed and quantified, when applicable and reported in the AAR. Also, following the instructions received from DG Budget and the Secretariat General, DG HOME reported detailed information on its corrective capacity, for each control building block (table page 74 of 2016 AAR).

106. (§ 255 (b) - 2015/PAR/0427) The European Parliament recommends that DG HOME:

b) promote the use of simplified cost options, the use of lumps sums and standardised “unit costs” in the management of its funds.

Commission's response:

Harmonised general conditions for the eligibility of expenditure, including simplified costs, are defined in the AMIF and ISF legislation. However, as the eligibility of expenditure is determined by national rules, it is up to the Member States to decide on the use of simplified cost options. Member States have access to 'frequently asked questions' on simplified cost options and the use of simplified cost options was discussed during the AMIF-ISF conference in 2015 as well as in the AMIF/ISF Committee in 2014. Recently, Member States, on voluntary basis, informed DG HOME on the application of simplified cost options. A workshop on the use of simplified cost options will be organised during the AMIF/ISF Committee meeting in the third quarter of 2017.

107. (§ 255 (c) - 2015/PAR/0428) The European Parliament recommends that DG HOME:

c) carefully draw lessons from the past regarding the deficiencies detected in the management of the European Refugee Funds, Return Fund, European Fund for Integration of Third-Country Nationals and the External Borders Fund for the period 2007-2013.

Commission's response:

The Commission has implemented the recommendation. DG HOME intensively monitors and supervises the implementation of funds under its responsibility. Detected irregularities and systems deficiencies are carefully analysed, followed up with the Member States and taken into account to further improve the ongoing

programme implementation. This has been also the case for the deficiencies in the management and control systems to which the European Parliament refers to.

Overall, a significant number of financial corrections implemented in 2015 has lowered the residual risk to the funds where issues with Management and Control systems were identified in the past and led to the average residual error rate for all closed annual programmes across all four SOLID funds of 0.62%.

DG HOME also ensured an intensive monitoring in 2015 with regard to the new AMIF/ISF funds which included missions and regular exchanges with Member States' authorities. However, no audits were carried in 2015 as the systems in Member States were not yet mature for cost-effective audit work and no accounts have been submitted to the Commission yet.

108. (§ 255 (d) - 2015/PAR/0429) The European Parliament recommends that DG HOME:

d) provide the budget and budgetary control authority with the most precise data possible as to the cost paid for migrants/asylum seekers in order to solidly justify the amounts of budgetary requests for funding programmes, while acknowledging the unquantifiable value of any and all human life.

Commission's response:

The Commission is not in a position to accept the recommendation. The management of migratory flows comprises a wide range of activities, from border control and surveillance activities to direct support to migrants/refugees such as shelter and accommodation, catering, healthcare, transportation, interpretation, processing of asylum claims, relocation, integration of third-country nationals and return to countries of origin or transit. Moreover, the cost varies to a great extent from one to another Member State. Also, EU funding covers only a share of the Member States' efforts in the field of asylum, migration, integration and return. Therefore, it is extremely difficult if not impossible, to provide an estimated cost paid for migrants/asylum seekers. Moreover the funding allocation under the AMIF and ISF is based on the principle of solidarity between Member States to support policy developments in the field of asylum, migration and border management. Also, EU funding, even if reinforced, covers only a relatively small share of the Member States' efforts in those fields. Nevertheless the Commission puts all the efforts to ensure a strategic approach to the EU funding.

In addition, national programmes (shared management) can be complemented by emergency assistance (direct management).

The budget for emergency assistance has increased significantly since 2014 in order to respond to the short term needs expressed by Member States. Member States applications for emergency assistance, including the cost estimations, are carefully assessed at the evaluation stage and monitored at the implementation stage. Emergency assistance support is not directly linked to the number of migrants, but always reflects concrete actions deemed necessary by the Member States to cope with exceptional pressure.

109. (§ 255 (e) - 2015/PAR/0430) The European Parliament recommends that DG HOME:

e) test the effectiveness of Member States internal control systems used for the SOLID programmes over most key processes : selection and award procedures, award procedures, project monitoring payments and accounting.

Commission's response:

Up to the end 2016, 110 SOLID Annual Programmes (out of 676) have been audited in total. This figure will significantly increase in the future as Annual Programmes may still be audited up to 5 years after the closure of the Programme. DG HOME tests the effectiveness of internal controls over the most key processes, based on a risk categorisation of the different Management and Control Systems in each audited Member State. The assurance on the control effectiveness is gradually built, not only on the system audits but through a system approach, starting with the inception phase, DG HOME operational monitoring visits, annual closures, ex-post audits and, in line with the Single Audit Principle, through the audit work of the Member State, which must ensure over the whole programming period the audit coverage of all key processes, as stipulated in Article 17 par. 2 of Decision 574/2007/EC of 5 March 2008.

As to the 2017 Audit Work Plan, DG HOME fully took into consideration the recommendation of the Court of Auditors issued in the framework of the 2015 discharge procedure and plans to test the control systems of five countries which have not yet been audited by DG HOME (Austria, Cyprus, Ireland, Slovenia and Slovakia) and which present a high level of assurance (i.e. green category) or reasonably good level of assurance (i.e. yellow category). These ex-post audits will allow to gain additional assurance on 19 funds (Austria, Cyprus, Slovenia and Slovakia – four funds and Ireland three funds), multiplied by the number of Annual Programmes which will be subject to audit. As a reasonable estimation, four Annual Programmes will be audited per fund, which makes an estimated number of 76 Annual Programmes to be audited in the year 2017.

110. (§ 255 (f) - 2015/PAR/0431) The European Parliament recommends that DG HOME:
- f) organise and favour more synergy between all the services in charge of programmes possibly influencing the migration flows.

Commission's response:

The Commission has partially implemented the recommendation. DG HOME has been working closely together with other Commission services, in particular with DG EMPL, DG REGIO, DG AGRI, DG MARE in charge of European Structural and Investment Funds (internal dimension) and with DG ECHO, DG NEAR and DG DEVCO (external dimension) to ensure that the different EU funding instruments can be used in a more integrated, coordinated and strategic way for a better impact of the EU support.

A number of concrete examples of cooperation are: The cooperation between DG HOME and DG ECHO has been intensified since the services started closely cooperating on the response to the crisis on the Western Balkans route in the last quarter of 2015. Now, the Directorates-General meet at technical level each week, to coordinate respective activities and share information with particular focus on Greece but also, where relevant, on other countries such as Bulgaria and Italy

which are facing considerable challenges in the current context of migratory pressure at EU borders. Substantial emergency assistance funding has been provided to Greece from the funding instruments managed by the two Directorates-General and coordination is indispensable in this regard.

DG HOME has developed contacts with DG NEAR and DG DEVCO in the perspective of implementation of the Trust Funds and other external action instruments.

DG HOME had prepared in late 2015, together with DG EMPL, DG REGIO, DG AGRI and DG MARE and with the contribution of the International Financial Institutions, an overview document to inform Member States how the different funding instruments can support integration-related interventions. The follow-up information was ensured also in the AMIF and ISF Committee. DG HOME, in close cooperation with the ESIF Directorates-General, has been offering to Member States to organise synergy meetings to discuss opportunities in the national context, with the participation of all relevant actors, including regional and local level, social partners and civil society. A pilot meeting had taken place in Finland in 2016, another meeting was organised jointly with the Member States in Sweden in early 2017. DG HOME has been encouraging other Member States to benefit from this opportunity as well.

A dedicated workshop regarding this new cooperation, its principles and objectives was organised by DG HOME on 30/05/2016 for all AMIF Responsible Authorities. The importance of the more integrated, strategic and coordinated use of the EU funding for integration work has been also underlined in the Commission's Action Plan on the Integration of third-country nationals and in the relevant Council Conclusions of December 2016.

A number of meetings with stakeholders, including from regional and local level, involved in the integration work has been organised with the participation of DG HOME, including in the framework of the Urban Agenda Partnership and the ESF Transnational Network. On 29/03/2017, DG HOME organised an Info-Day on access to EU funding for integration of third-country nationals to facilitate the relevant information for public administration at all levels and for stakeholders to disseminate good practice and further enhance the dialogue and reinforced cooperation. At the level of Commission services, a formal cooperation framework has been established with the ESIF Directorates-General regarding the synergies, including also joint missions to the Member States and closer cooperation across services pursued, including in the context of the MFF mid-term review and post-2020 preparatory work. The Commission is also planning a synergy meeting in Lithuania in 2017.

Administration

111. (§ 256 - 2015/PAR/0432) The European Parliament notes that an official can be appointed to a senior expert or a senior assistant post which opens the possibility to be promoted to the AD 14 grade or AST 11, and that once an official is appointed to a senior expert post, there is no possibility to move him/her back to an administrator job; regrets the inconsistency between this measure and those aiming to reduce administrative expenses or reinforce the link between grade and function; calls on the Commission to end this practice.

Commission's response:

The Commission, and in particular DG HR as the service in charge of the personnel management, will continue to manage the appointments to senior expert and senior assistant posts within the applicable legal framework of the Staff Regulations.

Commission officials can access the last two grades of non-management AD (AD13 – AD14) and AST (AST10 – AST11) careers by appointment to senior expert or senior assistant posts. These positions are associated with a higher level of responsibility, require expertise and allow staff members to value and foster their talent.

Once appointed senior experts (AD13 – AD14) or senior assistants (AST10 – AST11), officials concerned cannot move to posts that involve a lower level of responsibility, such as administrators (AD5 – AD12) or assistants (AST1 – AST9). This measure is consistent with the new career structure introduced by the 2014 Staff Regulations, aimed at establishing a stronger link between officials' careers, including their grade range, and their level of responsibility.

It is also worth mentioning that only part of the appointments to senior expert or senior assistant positions leads to a promotion. A number of appointments to these positions concern officials already in grades AD13 / AD14 or AST10 / AST11. These latter appointments do not entail a financial impact as they do not change the remuneration level of concerned officials.

In addition, the appointments to senior expert and senior assistant positions remain within the maximum rates of promotion for AD12 and AST9 provided for in Annex IB to the Staff Regulations. As the 2014 Staff Regulations Reform provided for a reduction of these promotion rates, this measure is generating savings in remuneration expenditure and reduces pension liability.

112. (§ 257 - 2015/PAR/0433) The European Parliament notes with concern that the average number of years in the grade before promotion have decreased for the grades AD 11 and higher; for grade AD 12, for example, in 2008 an official was promoted only every 10,3 years on average while in 2015 he/she was promoted every 3,8 years, which shows that the promotions in the upper salary grades have been speeded up; asks the Commission to slow down promotions in grades higher than AD 11 or AST 9.

Commission's response:

The promotions are managed by the Commission in line with the promotion rate defined in Annex IB of the Staff Regulations.

Before the reform of the Staff Regulations introduced in 2004, promotion in grade A4 (current AD12) was restricted to managers. The 2004 reform removed the management position criteria. Therefore, non-managers who had been blocked in grade A4 for years became eligible for promotion and were gradually promoted. This explains why the average time spent in the grade before promotion was so high in 2008.

The 2014 reform of the Staff Regulations re-introduced a criteria similar to the management criteria: for instance, in grade AD12, are eligible for promotion only the officials occupying a type of post of Head of Unit. In 2015, 51 AD12 were promoted. This is to be compared with the numbers of AD12 promoted in 2013: 593.

113. (§ 259 - 2015/PAR/0434) The European Parliament notes with concern the excessively high prices charged for medical services in Luxembourg and the difficulties in ensuring that members of the EU institutions' Joint Sickness Insurance Scheme receive treatment on an equal footing with Luxembourg's citizens; calls on the institutions, and the Commission in particular, to demand and guarantee that Article 4 of Directive 2011/24/EU, under which Member States are required to ensure that healthcare providers on their territory apply the same fees for patients from other Member States as for domestic patients, be enforced in all Member States, and in the Grand Duchy of Luxembourg especially; calls for it to impose the appropriate sanctions where this directive is not complied with.

Commission's response:

La Commission, et notamment le PMO en tant que service en charge de la gestion du RCAM, continuera d'analyser régulièrement l'évolution des coûts de santé et se réserve la possibilité de prendre toutes les initiatives nécessaires auprès des autorités nationales et des représentants des prestataires de soins, en tenant compte du cadre juridique applicable, de la jurisprudence de la Cour de justice de l'Union européenne et des risques inhérents à la dénonciation des conventions existantes.

Les dispositions de la directive 2011/24/EU ne sont pas d'application aux affiliés du RCAM. Ces derniers bénéficient en effet d'un régime de sécurité sociale spécifique établi par le statut des fonctionnaires et le régime applicable aux autres agents de l'UE. La jurisprudence de la Cour de justice de l'Union européenne a cependant confirmé qu'en l'absence de justification objective, l'application, de manière unilatérale, de tarifs plus élevés que ceux applicables aux affiliés au régime national de sécurité sociale constitue une discrimination en raison de la nationalité interdite par l'article 18 TFUE (voir notamment l'arrêt du 3 octobre 2000 dans l'affaire C-411/98 – Ferlini).

Or, les tarifs appliqués aux affiliés du RCAM à Luxembourg font l'objet de conventions entre la Commission et des représentants de prestataires de soin du Luxembourg.

Plusieurs analyses approfondies de la situation ont d'ailleurs permis de constater que ces conventions constituent, en tenant compte du libre choix de prestataire garanti par le régime commun d'assurance maladie et par rapport à la situation antérieure caractérisée par la liberté de fixation de prix, une protection pour les affiliés contre des hausses incontrôlées des coûts de santé. En outre, la libéralisation des tarifs de santé qu'entraînerait une dénonciation desdites conventions comporterait des risques financiers et juridiques importants pour le régime et ses affiliés.

114. (§ 260 - 2015/PAR/0435) The European Parliament asks the Commission to place the OLAF director-general on leave until the end of the investigation conducted by the Belgian authorities, and to appoint a temporary substitute.

Commission's response:

The Commission informed the European Parliament and the Council in April 2016 that the Director-General of OLAF remains fully in function and that it is of the utmost importance that OLAF continue to operate normally in order to ensure a high level of protection of the financial interests of the Union. The Commission's decision taken on 2 March 2016, in line with the duty to cooperate sincerely with national judicial authorities, does not call into question the presumption of innocence.

115. (§ 260 - 2015/PAR/0436) The European Parliament is shocked by news reports that, according to OLAF calculations, the U.K. customs' 'continuous negligence' deprived the EU of EUR 1.987 billion in revenues in lost duties on Chinese merchandise; and that a highly sophisticated organised crime network also stripped EUR 3.2 billion from the value-added-tax income of major EU countries such as France, Germany, Spain and Italy; asks to be granted access to the complete case file and to be kept regularly informed.

Commission's response:

Upon request, the Commission will keep the competent committee informed, taking into account possible on-going judicial or administrative proceedings, the obligation for judicial secrecy in such matters and other relevant confidentiality requirements.

As regards the access to the complete case file, the Commission will assess any request from the EP under the conditions of the Framework Agreement between the Parliament and the Commission.

OLAF is in position to provide the competent parliamentary committee with access to OLAF documents of closed investigations on a case-by-case basis and in light of the budgetary control rights of the European Parliament.

Following a request for access to specific documentation, OLAF takes individual decisions based on relevant factors, including:

- 1) Whether the investigation was closed with or without recommendations;*
- 2) If the judicial or administrative proceedings are still ongoing;*

3) the legitimate rights of the persons concerned, the sources of information and presumption of innocence;

4) whether the authorities to whom the report was sent would agree on such disclosure.

Normally, all personal data is expunged from the documents concerned, unless such transfer of any personal data is necessary for the legitimate performance of the tasks covered by relevant competencies.

116. (§ 262 - 2015/PAR/0437) The European Parliament calls on the Commission to review the code of conduct for commissioners by the end of 2017, including by implementing Parliament's recommendation that the ad hoc ethical committee be reformed to extend its powers and include independent experts, by defining what constitutes a "conflict of interest", as well as introducing criteria for assessing the compatibility of post-office employment and extending the cooling off period to three years for all commissioners.

Commission's response:

The Commission partially accepts this recommendation: the President of the Commission already announced his intention to review the Code of Conduct for Commissioners.

As regards the members of the Ad Hoc Ethical Committee, the Commission recalls that, unlike the European Parliament's Advisory Committee on the Conduct of Members or the Consultative Committee responsible for ensuring the proper application of the Code of Conduct of the Members of the Court of Justice, the Ad Hoc Ethical Committee is composed of personalities who are not Members of the Commission nor Commission staff and whose qualifications and independence are beyond any doubt. See also reply above to 2015/PAR/0425 on the revision of the Code of Conduct for Commissioners.

117. (§ 264 - 2015/PAR/0438) The European Parliament calls on the College of commissioners to take a decision now that the recommendation of the ethical ad-hoc committee in the case of the former Commission President has been finalised so as to refer the case to the European Court of Justice for it to give an opinion on the matter.

Commission's response:

No violation of the duty of integrity and discretion as imposed by Article 245 (2) of the Treaty on the Functioning of the European Union has been established. This was also the conclusion of the publicly available reasoned opinion of the Ad Ethical Committee. The Commission will strengthen the rules for the future with a new Code of Conduct which will extend of the so-called cooling-off period for Commissioners.

118. (§ 269 - 2015/PAR/0439) The European Parliament calls on the European Commission to publish the names, the function, the grade and the contract (working hours, length of the contract, place of work) of all special advisors; considers that there is a risk of conflicts of interest with the special advisors; is of the firm opinion that conflicts of interest should be avoided as it would undermine the credibility of

the institutions; calls on the Commission to publish the declarations of interest of the special advisors.

Commission's response:

The Commission fully shares the view on the importance of avoiding conflicts of interest which is expressed in this amendment. For this reason, the Commission has, in its Rules on Special Advisers (C(2007) 6655), already introduced a comprehensive procedure for the identification and prevention of possible conflicts of interest. This procedure provides, among others, for the publication of the names of the Special Advisers, their mandates, their sworn statements (declarations on the honour) and their CVs on the Europa website as well as the start and end dates of their contracts.

119. (§ 280 - 2015/PAR/0440) The European Parliament calls on the Commission to prepare a communication to the Parliament and the Council reflecting on how the administrative structure of the European schools could best be reformed before November 2017.

Commission's response:

The Commission agrees to prepare a communication to the Parliament and the Council related to the European Schools structure and the ongoing reforms, by end of 2017.

120. (§ 281 - 2015/PAR/0441) The European Parliament calls for the Commission to play its full part in all aspects of the process of reform covering managerial, financial, organisational and pedagogical issues; asks that the Commission submit annually a report giving its assessment of the state of progress in these areas to the Parliament, to ensure its relevant committees can scrutinise the management of the schools system and evaluate the use it makes of the resources put at the system's disposal out of the Union budget; asks that the relevant commissioner give the matter his close attention, and specifically calls on him to participate personally in the biannual meetings of the board of governors; reiterates Parliament's view that a 'comprehensive review' of the European Schools system is urgently required; calls for the first draft of the review in question to be provided by 30 June 2017.

Commission's response:

The European Schools operate in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools. The Board of Governors is empowered to take the decisions required for reforming and improving managerial, financial, organisational and pedagogical issues. In agreement with the Secretary-General of the European Schools, the Commission proposes to provide the European Parliament with the 2016 Annual Report issued by the Secretariat-General. The report was presented to the Board of Governors in April 2017 and gives an overview of all progress made in the administrative, financial, organisational and pedagogical domains requested in the recommendation.

As far as the Commission is concerned, it uses its leverage to promote reforms and ensure progress in this regard is being made. Notably, the Commission continues to provide support and follow-up to the Secretariat-General of the European

Schools to reduce the risks pertaining to the weaknesses in the financial governance (with emphasis on the payment system) to an acceptable level. The action plan aimed at removing the reservation related to those weaknesses, attached to this response, is continuously monitored.

The presence of the Commission in the European Schools decision-making and preparatory bodies is appropriately ensured by DG HR and follow-up of progress made is sufficiently brought to the attention of the Commissioner through reporting in the Annual Activity Report or at any time if required.

Foreign Affairs Committee's opinion

121. (§ 282 - 2015/PAR/0442) The European Parliament while welcoming the progress achieved, notes that 6 out of 10 civilian missions under the Common Security and Defence Policy (CSDP) have not yet been recognised by the Commission as compliant with Article 60 of the Financial Regulation; urges the Commission to step up work in order to accredit all civilian CSDP missions, in line with the Court's recommendation, allowing them to be entrusted with budget implementation tasks under indirect management.

Commission's response:

The CSDP missions and their auditing for compliance with Article 60 of the Financial Regulation takes time due to the complexities of the context in which these missions operate and taking into account that they start ex-nihilo. Since last year, two additional missions have positively passed the pillars assessment (EUAM Ukraine in March 2017 and EUBAM Rafah in May 2017). EUAM Ukraine was declared formally compliant in April 2017 and compliance for EUBAM Rafah will be formalised in the coming weeks.

As a result, five missions are now declared compliant and have moved to "ex-post mode" representing the most substantial part of the CSDP operations (EULEX Kosovo, EUPOL Afghanistan, EUMM Georgia, EUPOL COPPS in the Occupied Palestinian Territories and EUAM Ukraine).

The EUCAP Sahel Mali is currently being assessed with a view to be compliant by November 2017. The assessments of EUCAP Sahel Niger and EUCAP Nestor prior to 2016 were not compliant and a road map was established. Work is now advanced towards the compliance of these two missions which will be re-assessed in accordance with the roadmap in 2018.

The auditing of EUBAM Libya is planned for end 2017 (the mission has been relocated from Tripoli to Tunis and was downsized).

The six-pillar assessment of all EUSRs (currently nine of them) will be launched in 2018/19, starting by the EUSR in BiH and EUSR Kosovo, following the finalisation of the Standard Operating Procedures manual for EUSRs.

122. (§ 283 - 2015/PAR/0443) The European Parliament welcomes the establishment of the Mission Support Platform aimed at reducing the administrative burden and increasing the efficiency of civilian CSDP missions; regrets its limited size and scope and reiterates its call for further progress towards a shared services centre, which would lead to further budgetary and efficiency gains through centralising all mission support services that do not need to be ensured locally.

Commission's response:

The setting up of the MSP was formalised with Council Conclusions in April 2016 and has already been established to provide administrative support to civilian CSDP missions, so as to improve their management, rapid deployment and efficient conduct, including in their set-up phase. The MSP is also aimed at generating economies of scale by decreasing staff in individual missions in areas for which the MSP provides centralised support.

The MSP consists of two cells within the Commission/FPI and the EEAS/CPCC, supervised by the two respective Directors. The coordination of the two cells is constantly ensured at different levels at management and technical level. Missions are charged for the services which they receive from the MSP through a system of assigned revenues. Recruitment of MSP staff started in September 2016 and was completed in February 2017. In line with the Council agreement, 7 staff members have been recruited under the CPCC cell to work on IT and logistic matters and 1 staff member has been recruited under the FPI cell for procurement tasks. A report on the first year of MSP activities and achievements will be presented to the Council in June 2017 as provided for in the Council Conclusions that also contain a review clause after two years.

In the discussions which preceded the launching of the MSP, the proposal for setting-up a Shared Services Centre (SSC) was not considered as a viable option given legal, budgetary and human resources constraints. In particular, the Commission identified that a CFSP operational legal basis could not be used to establish a body responsible for tasks which are of administrative nature. As alternative, the MSP was conceived as the only viable and legally sound option to improve a centralised support to missions.

123. (§ 285 - 2015/PAR/0444) The European Parliament is concerned by the lack of direct means of control in regard to the use of macro-financial assistance by recipient third countries; calls on the Commission to tie assistance of this kind more closely to measurable parameters.

Commission's response:

For the following reasons the Commission does not share the concerns of the European Parliament with regard to the use of macro-financial assistance (MFA):

Before making a proposal for MFA to third countries, the Commission, with the support of duly mandated external experts, carries out an operational assessment of the financial circuits and administrative procedures in the beneficiary country in line with the Financial Regulation. These operational assessments normally cover budget preparation and execution, public internal financial control, internal and external audit, public procurement, cash and public debt management as well as the independence of the central bank. Only if the conclusions of these operational assessments present sufficient guarantees with regard to public finance management, the Commission will submit a proposal for MFA to the European Parliament and the Council.

The legislative decisions on MFA programmes contain detailed provisions on the protection of the EU's financial interests in line with the Financial Regulation. These provisions are reflected subsequently in the loan (and grant) agreement with the MFA beneficiary country. They foresee measures to prevent fraud, corruption or any other illegal activity with regard to the use of MFA funds. In addition, the MFA loan (and grant) agreement foresees the possibility that the European Anti-Fraud Office (OLAF) and the European Court of Auditors can carry out inspections and controls, including on-the-spot checks, in the MFA beneficiary country.

In case the MFA beneficiary should have engaged in fraud, corruption or any other illegal activity detrimental to the EU's financial interests, the MFA loan (and grant) agreement foresees that the beneficiary has to immediately reimburse the outstanding MFA loan at accrued interest rates and, in case of a MFA grant, the recovery of MFA funds.

Development and Cooperation Committee's opinion

124. (§ 290 - 2015/PAR/0445) The European Parliament supports the use of budget support in general, but urges the Commission to more clearly assess and define the development outcomes to be achieved through budget support in each case and above all to enhance control mechanisms concerning recipient states' conduct in the fields of corruption, respect of human rights, rule of law and democracy.

Commission's response:

The Commission is taking the requested action.

The fight against corruption and fraud is a key concern in the Commission's budget support. The Commission assesses the partner government's efforts to improve public financial management and to fight corruption. A risk management framework is used to identify and monitor risks and develop mitigating measures in a structured way, including on corruption and fraud. The ongoing update of the budget support guidelines reinforces the guidance on the fight against corruption as well as on the increased emphasis and inclusion of respect of human rights, rule of law and democracy. The updated guidelines will also include improved guidance on the definition of objectives and reporting templates.

125. (§ 291 - 2015/PAR/0446) The European Parliament calls on the Commission to incorporate an incentive-based approach to development by introducing the more-for-more principle, taking as an example the European Neighbourhood Policy.

Commission's response:

The requested action has been taken.

The "Partnership Framework" approach on migration is based on jointly agreed priorities and clear mutual expectations and offers more partnership and more cooperation to partner countries committed to closer partnership.

Furthermore, through the EU Trust Fund for Africa, the Commission recently decided to take a more selective approach to ensure incentives and complementarity, i.e. doing more with those cooperating more (the "more for more" principle).

126. (§ 292 - 2015/PAR/0447) The European Parliament calls for more effective efforts to enhance the transparency of decisions on Emergency Trust Fund projects and underlines the lack of an adequate format for the regular consultation of Parliament; regrets that no action has been taken in this respect.

Commission's response:

The Commission is taking the requested action.

The Commission is aware of the European Parliament demands to be associated further with the management of Trust Funds and considers that this requires further horizontal discussion to find pragmatic solutions within institutional boundaries. The European Parliament has obviously the right to scrutinise implementing acts against ultra vires (exceeding of powers) and its comments are always welcome. However, the Commission is responsible for the implementation

of Emergency Trust Fund projects according to established procedures. The Commission is therefore committed to ensure transparency by providing, amongst others, regular information to the European Parliament on the EUTF for Africa and through its proper involvement in relevant governance structures, in accordance with applicable EU legislation. The Commission also recalls that monthly reports on the financial implementation of the EU Trust Funds are provided to the Budgetary Authority. More specifically, the Commission is committed to welcome the participation of duly designated members of the concerned Committee of the Parliament in meetings of the Strategic Board of the EUTF for Africa with the status of observers.

Employment and Social Affairs Committee's opinion

127. (§ 294 - 2015/PAR/0448) The European Parliament calls on the Commission to consider the possibility of including Union funding programmes in its Annual Burden Survey as agreed in the Inter-institutional Agreement on Better Law-making of 13 April 2016.

Commission's response:

Within the Interinstitutional Agreement for Better Lawmaking, the Commission committed to carry out an annual Burden Survey within its REFIT Programme. The REFIT programme focuses on the EU's regulatory acquis and does not include funding programmes. The Commission works on the simplification of funding programmes through e.g. the High-Level Group on the Simplification of ESI funds and through programme evaluations and impact assessments.

Transport and Tourism Committee's opinion

128. (§ 303 (*connection with § 25*) - 2015/PAR/0449) The European Parliament points out that the EIB's evaluation report notes geographical imbalances and sectoral concentrations in the Infrastructure and Innovation Window portfolio and that financing under the Infrastructure and Innovation Window is concentrated (63%) in three Member States; calls on the Commission to urgently assess the impact of the European Fund for Strategic Investment for the Union as a whole.

Commission's response:

The geographical and sectoral distribution of EFSI support across the Union, in particular under the Infrastructure and Innovation Window, was analysed as part of the independent evaluation of the EFSI finalised in November 2016. The next independent evaluation of the EFSI will further assess such aspects in 2018.

129. (§ 305 - 2015/PAR/0450) The European Parliament points out that transport projects in 2014-2020 will be financed from several sources, including the Connecting Europe Facility, the CF, the ERDF and the European Fund for Strategic Investments; calls on the Commission, therefore, to develop synergies that will enable these different sources of funding to allocate the funds available more efficiently, as well as the blending of these resources; calls on the Commission to annually deliver and publish, inter alia on its websites, easily accessible lists of transport, including modal share percentages, and tourism projects, that are co-financed through the mentioned funds.

Commission's response:

The Commission continues to ensure close coordination between different funding frameworks, in order to ensure coherence of priorities and complementarity for funding of transport infrastructure projects.

1. With regard to the transport infrastructure projects financed from the Connecting Europe Facility (CEF) and the European Structural and Investment Funds (specifically, Cohesion Fund and ERDF), the relevant Commission services (DG MOVE and DG REGIO) have signed in March 2014 a Memorandum of Understanding establishing a general framework for cooperation, with the aim to ensure consistency of EU support for transport at programming and implementation stages, and with a view to ensure complementarity and avoid duplication of efforts for the optimal use of funding for transport across the Union.

In line with the provisions of the MoU, the Commission services have:

- a) reinforced cooperation on policy documents, i.e. by ensuring regular contacts and an early consultation before the formal inter-service consultation is launched;*
- b) strengthened cooperation with a view to ensuring, where appropriate, the inclusion of EU transport policy objectives and priorities in the Partnership Agreements and the relevant Operational Programmes to be agreed between the Member States (MS) and the Commission, for the allocation of the EU funds from the ESI Funds, as well as for the work programmes (annual and multi-annual) under the CEF;*

c) strengthened coordination and increased co-operation of the EU financial support provided to the transport projects (ESI, CEF), which covers:

- Strategic planning/programming of transport interventions,*
- Preparation and decision-making procedure on financial support to specific projects,*
- Monitoring of programme and project implementation and of the use of funds by the MS.*

Several missions/meetings took place in Cohesion Countries capitals with several EC departments in order to discuss the synergies & complementarities between CEF and ESIF.

Moreover Directorate general in charge of Regional and Urban policy was actively involved in the evaluation of the project proposals in order to ensure complementarity.

2. The complementarity of the CEF resources dedicated to the CEF Debt Instrument with the support under the European Fund for Strategic Investments (EFSI) is discussed periodically by the CEF Debt Instrument Steering Committee for the purposes of approving the CEF Debt Instrument pipeline of projects. Moreover, the EFSI Investment Committee is kept informed of the potential use of CEF resources to support projects proposed under EFSI. This approach has been adopted in order to ensure an efficient use of EU budgetary resources through the two initiatives, and to avoid double counting when reporting on leverage or investment mobilised. While the CEF requires that transport projects are eligible under the CEF legal base (Annex I to the Regulation TEN-T Union Guidelines), EFSI allows for financing of other transport infrastructure investments across the Union.

Finally, common rules and procedures in relation to the delegation agreements between the European Commission and the European Investment Bank have been agreed and are applied to all projects supported through Financial Instruments or related Technical Assistance under the common Framework Administrative and Financial Agreement (FAFA). To this effect, the EIB has the obligation to publish the information on the transport projects supported by the CEF Debt Instrument, as well as updates on the EFSI supported projects on the bank's website.

3. Lists of CEF supported transport projects by country and transport modes are available on the INEA website together with detailed information on each project. <https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/cef-transport-projects>

4. Lists of projects supported under Regional Policy are available on a dedicated website. http://ec.europa.eu/regional_policy/en/projects/

Regional Development Committee's opinion

130. (§ 306 (*partial connection with § 190*) - 2015/PAR/0451) The European Parliament calls on the Commission through the HLG to pay specific attention to national eligibility rules in its audit of national management and control systems, helping Member States to simplify them to allow changes to be made; in this context, underlines the importance of applying the single audit principle; calls on the Commission through simplified and effective guidance to clarify the notion of recoverable VAT to avoid different interpretation of the term 'non-recoverable' VAT and avoid a sub-optimal use of Union funds; calls on the Commission, Member States and the regional authorities to ensure that beneficiaries are provided with consistent information about funding conditions, particularly concerning the eligibility of expenditure and the relevant ceilings for reimbursement.

Commission's response:

The Commission recalls that the 'High Level Group on Simplification' for beneficiaries has been set up with the objective to analyse the implementation of simplification opportunities in Member States and regions and make recommendations to improve the uptake of simplification measures for 2014 - 2020 and on the way forward for post 2020. Since 20 October 2015, the High Level Group has held several meetings to discuss various topics in detail: e-Governance, Simplified Cost Options, access to EU funding for SMEs and Financial Instruments and audits. It has already adopted its first conclusions and recommendations on e-Governance and Simplified Cost Options.

Building on these first recommendations, the Commission has proposed further and more ambitious simplification in the rules governing ESI Funds, notably the Common Provisions Regulation, in particular to expand considerably the scope of simplified cost options and to make their use obligatory for operations below EUR 100 000. In addition, taking up a new possibility proposed in the Financial Regulation, financing based on the fulfilment of conditions related to progress in implementation, rather than based on the costs of operations would be allowed. The Commission has also proposed fewer requirements for the use of Joint Action Plans, simplification measures for revenue-generating operations and major projects, further clarifying the rules for financial instruments and a number of other changes. These proposals are contained in the "Omnibus" regulation adopted by the Commission in September 2016

The Court made a recommendation in their 2015 Annual report to make out a focused analysis of the national eligibility rules for the 2014 - 2020 programming period and the Commission foresees to carry out such analysis for the programmes that have systematically presented high level of errors thus showing a potential scope for more simplified rules.

Under shared management the Commission applies the single audit principle with the national authorities; as part of its supervisory role, it ensures a continuous review of the quality of the audits carried out by the Audit Authorities.

In recent years DG REGIO has reviewed the work of the most important Audit Authorities covering over 98% of the European Regional Development Fund and

the Cohesion Fund allocations through on-the-spot audits including re-performance of audits of operations to assess the audit conclusions drawn up by the Audit Authorities. It is continuously monitoring the situation where 'Single Audit' status has been granted. On-the-spot re-performance of audits including beneficiaries, associated with the issue of continuous advice, audit guidelines and methodological tools by the Commission services, has enabled comprehensive capacity-building for Audit Authorities since 2009. As a result, most Audit Authorities are now up to standards and provide DG REGIO with reliable audit results, as demonstrated in its 2016 AAR.

DG REGIO pursued the organisation of fora for exchanges on audit issues and capacity building actions for the benefit of all Audit Authorities through targeted training on request, on issues such as audit of public procurement or State aid, recommended sampling techniques for conclusive and reliable audit results and to ensure good implementation of the new features for 2014 - 2020 such as audit of performance indicators and e-cohesion. It has also introduced in its audit procedures the identification of gold-plating practices and has encouraged the audit authorities to do the same.

Finally the Commission will provide guidance to Member States to clarify the notion of recoverable VAT in the context of the 2014-2020 programming period, within the policy choice of the co-legislators for value added tax (VAT) eligibility, as provided for in Article 69(3)(c) CPR.

A first draft of the guidance has been prepared and is currently under consultation within DG REGIO. It would then need to be agreed among the Commission services and adopted by College decision before distribution to Member States.

131. (§ 307 - 2015/PAR/0452) The European Parliament points out that delays in the budgetary execution for the 2014-2020 period should not be greater than those for the previous period and lead to an accumulation of unpaid claims towards the end of the funding period; urges the Commission to monitor the situation closely with Member States and adapt its payment plan accordingly.

Commission's response:

At the time of the mid-term review of the current Multi Financial Framework (MFF) in September 2016, the Commission did not consider it necessary to adapt the payment ceilings. Nonetheless, the Commission will continue to monitor closely the evolution of payments in this MFF.

132. (§ 308 - 2015/PAR/0453) The European Parliament regrets that, as of 30 June 2016, not all Member States had transposed the directives on public procurement and urges the Commission to continue to assist Member States to increase their capacity to transpose those directives, as well as to implement all their action plans on ex ante conditionalities, which is an essential pre-requisite for prevention of fraudulent and non-fraudulent irregularities.

Commission's response:

The Commission does not find this situation satisfactory, in particular considering the enhanced assistance it has provided and still continues to provide to Member States. The Commission started the preparatory assistance work before the formal

adoption of the Directives and closely followed up the transposition process in the Member States (in particular: Member States were involved from the beginning of the process as they were asked to identify difficulties / most problematic issues; thematic meetings of the Commission Government experts Group on Public Procurement (EXPP) were organised (in total 20 days of meeting) where the identified topics were presented, explained, discussed; bilateral meetings took place; correlation tables (identifying the differences between the former 2004 Directives and the new 2014 Directives) were provided; a WIKI online platform was put in place for the information and best practices exchange: many punctual questions of Member States were replied to and this work goes on.

In terms of formal procedural follow-up: the infringement procedures for non-communication of transposition measures of one or more of the directives concerned were launched (letters of formal notice) in May 2016 against 25 Member States; In December 2016, reasoned opinions were sent to 15 Member States; the replies to the reasoned opinions and latest developments are now being examined in view of the referral to the Court of Justice with imposition of financial penalties as provided for by the Treaty.

The Commission continues to closely follow up the transposition process in the Member States.

133. (§ 310 - 2015/PAR/0454) The European Parliament calls on the Commission to identify more efficient channels of communication in order to increase the visibility of investments using European structural and investment funds; calls on the Commission to develop a limited number of relevant indicators which can help measure performance.

Commission's response:

The Commission opened in December 2015 an open data platform providing detailed information on 2014-2020 programming and progress for all European Structural and Investment Funds. Beyond this information tool, the Commission is committed to better communicate and fully acknowledges the need underlined by the European Parliament to give more visibility to the concrete achievements of cohesion policy for the benefit of EU citizens in their daily life. In this respect Commissioners Crețu and Thyssen underlined the collective responsibility to communicate better and to do so, to communicate locally, closer to the citizens, in a way that resonate with them, in line with the regulatory requirements already falling on programmes as part of programme implementation. To go a step further, Commissioners Crețu and Thyssen proposed 7 concrete actions at the 25 April 2017 GAC meeting, which Member States broadly endorsed. The proposed joint communication actions will now be formally transmitted to the European Parliament and the European Council of ministers, together with the suggestion to review progress at political level at least once a year.

With respect to the second part of the recommendation, the Commission is committed to improving the performance and results orientation of programmes. The performance framework and the system of result indicators, introduced for the current period are a sign of this commitment. The Commission will build on this when developing and refining the framework for the next funding period. In that

context, the Commission is exploring the possibility to proceed towards a streamlining of the current system of indicators coordinating the efforts across DGs in the context of the post 2020 discussions.

134. (§ 311 - 2015/PAR/0455) The European Parliament urges the Commission and Member States to make the best use of the territorial instruments by ensuring that in due time the integrated urban development strategies are approved for financing, which will allow cities to invest in comprehensive strategies, exploit synergies between policies and ensure a more effective long-term impact on growth and jobs.

Commission's response:

In order to facilitate the implementation of integrated territorial and urban strategies and the territorial instruments, the Commission is closely monitoring their implementation in each Member State.

By January 2017, 26 Member States have adopted and selected territorial strategies (735 in total, representing around 70% of the total expected strategies). Thanks to the Urban Development Network (UDN) and the Regio TAIEX Peer2Peer tool, The Commission was able to provide support to Member States and urban authorities showing difficulties in developing and adopting the territorial strategies, fulfilling the obligatory requirements of the instruments, or showing a low absorption rate. In 2016, the UDN reached approximately 1000 stakeholders through tailor-made activities, such as EU wide and national seminars, workshops, peer-reviews and thematic events.

Since all the strategies are expected to be launched by the end of 2017, our future activities can focus more and more on collecting and sharing experiences and good practices and providing advisory support for project-specific issues. The JRC and research studies will also help to monitor and evaluate the implementation of urban development strategies, and will collect examples, good practices and inspirational stories to share with the relevant policy community.

Agriculture and Rural Development Committee's opinion

135. (§ 315 - 2015/PAR/0456) The European Parliament calls, in relation to national payment agencies in the Member States that have fallen short of expectations in the past three years, for Union officials who are already in post rather than nationals of the Member State concerned, to be responsible in those payment agencies.

Commission's response:

The Commission cannot accept this recommendation. In accordance with Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the CAP expenditure is implemented in shared management. Member States are responsible to accredit paying agencies in charge of the management and control systems.

The Commission carries out audit missions to examine whether paying agencies fulfil the accreditation criteria laid down in EU law. Financial corrections are applied when necessary. Furthermore, where there are serious failings in the operation of Paying Agencies, the Competent Authority may suspend, on its own initiative or at the request of the Commission, the accreditation of the Paying Agency.

136. (§ 317 - 2015/PAR/0457) The European Parliament notes that the simplification of the CAP should not put viable food production at risk and calls for measures to shift towards a low-carbon economy in the agri-food and forestry sectors.

Commission's response:

The Commission pays particular attention to the sustainability of agriculture.

Enhancement of environment performance was one of the objectives of the new CAP during preparations of the 2013 reform. A mandatory "greening" component was included in direct payments to support agricultural practices beneficial for the climate and the environment throughout the Union. For that purpose Member States must use part of their national ceilings for direct payments in order to grant, on top of the basic payment, an annual payment for compulsory practices to be followed by farmers addressing both climate and environment policy goals. Those practices take the form of simple, generalised, non-contractual and annual actions that go beyond cross-compliance and that are linked to agriculture, such as, crop diversification, the maintenance of permanent grassland and the establishment of ecological focus areas.

Moreover, under rural development measures, farmers are encouraged to take up voluntary commitments aiming at preserving eco-systems, preventing soil erosion, maintaining of water resources and other climate-friendly objectives. Payments are granted for commitments going beyond relevant mandatory standards. Certain measures target specifically forest holders and agro-forestry.

In designing the post-2020 CAP, the Commission continues to foster environmental objectives in future policy design that will be submitted to the co-legislator.

Culture and Education Committee's opinion

137. (§ 323 - 2015/PAR/0458) The European Parliament reiterates that the incorporation of all mobility programmes for young people in the EU into ERASMUS+ is primarily intended to increase their efficacy, and therefore urges the Commission to stick to the agreed aims and programme budget lines in order to avoid the programme losing its focus.

Commission's response:

Article 18 of the Erasmus+ Regulation No 1288/2013 foresees a specific distribution of the financial envelope of the programme for the overall period 2014-2020 that seeks to ensure that the programme sticks to its agreed aims and focus.

In 2015, the mobility actions under Erasmus+ (which correspond to Key Action 1 minus the budget allocated to the Student Loan Guarantee Facility) received EUR 1,163,633,528, which amounted to 69.81% of the overall budget of Erasmus+ in 2015. Article 18 of the Erasmus+ Regulation foresees that at least 63% of the budget of the programme will be allocated to the learning mobility of individuals. Therefore, the budget allocation of 2015 was in line with the percentage established in the Regulation, ensuring that the programme did not deviate from its aims.

The Commission underlines that this percentage was set for the overall period 2014-2020, and therefore it is monitored in a cumulative way to ensure it is respected by the end of the programme.

Civil liberties, Justice and Home Affairs Committee's opinion

138. (§ 327 - 2015/PAR/0459) The European Parliament calls on the Commission to draft and submit to the discharge authority a track record of cases of conflicts of interest identified.

Commission's response:

There are different rules to prevent conflicts of interests in different areas (notably Staff Regulations, Financial Regulations, rules for experts in expert groups, rules for Members of the institutions).

Their application follows different procedures.

Moreover, prior notification of a conflict of interest or a risk of it allows remedying the situation.

Ex-post detection of conflicts of interest can occur in different services like lead DGs, OLAF or IDOC.

Given the diversity of the different areas where different situations need to be addressed, a central registration of conflicts of interest does not seem opportune.

Gender issues Committee's opinion

139. (§ 332 - 2015/PAR/0460) The European Parliament repeats its calls on the Commission to consider gender budgeting at all stages of the budgetary process, including, inter alia, in the implementation of the budget and the assessment of its execution, including EFSI, ESF, ERDF, Horizon 2020, in order to combat the discrimination taking place in Member States.

Commission's response:

The Commission has currently no horizontal programme which exclusively addresses gender equality. There are however sectoral funding programmes where gender equality aspects are addressed if appropriate and measured. An overview of the role of EU funding in gender equality is also included in the 'Evaluation of the strengths and weaknesses of the strategy for equality between women and men 2010-2015' which is available on http://ec.europa.eu/justice/gender-equality/files/documents/151201_strategy_evaluation_en.pdf. A similar study will be produced after the end of the current "strategic engagement for gender equality 2016-2019".)

140. (§ 333 - 2015/PAR/0461) The European Parliament calls on the Commission to use gender budgeting analysis of both new and existing budget lines and, where possible, to make necessary policy changes to ensure that gender inequality does not occur indirectly.

Commission's response:

The Commission has currently no horizontal programme which exclusively addresses gender equality. There are however sectoral funding programmes where gender equality aspects are addressed if appropriate and measured. An overview of the role of EU funding in gender equality is also included in the 'Evaluation of the strengths and weaknesses of the strategy for equality between women and men 2010-2015' which is available on http://ec.europa.eu/justice/gender-equality/files/documents/151201_strategy_evaluation_en.pdf. A similar study will be produced after the end of the current "strategic engagement for gender equality 2016-2019".)

EDF

141. (§ 8 - 2015/PAR/0462) The European Parliament welcomes the Commission's action to solve the issue of the recovery both for interest on pre-financing above EUR 750 000 and for interest on pre-financing between EUR 250 000 and EUR 750 000 resulting in the proper recording of EUR 2,5 million of earned interest in the 2015 financial statements; calls on the Commission to also consider the situation of cases below EUR 250 000.

Commission's response:

The requested action has been taken.

The EDF regulations do not impose that interest on pre-financing below EUR 250,000 be recovered. The Commission has assessed the possibility of recovering pre-financing below EUR 250,000 but considers it preferable to leave the interest available for use within the project, particularly in view of the administrative costs associated with the recovery procedure.

142. (§ 10 - 2015/PAR/0463) The European Parliament regrets that EUR 29,6 million of recovery orders under the eighth, ninth, tenth and eleventh EDFs were cancelled due to encoding errors, corrections or modifications; asks the Commission to report on the EUR 15,8 million still subject to ongoing litigation.

Commission's response:

The Commission is taking the requested action.

However, the Commission would like to highlight the fact that out of the cancelled amount of EUR 29.6 million:

- Recovery Orders for a total amount of EUR 11 million were re-issued and reimbursed by the debtors to the Commission;*
- Recovery Orders for a total amount of EUR 15.8 million were not re-issued as they are subject to an ongoing litigation process;*
- A Recovery Order of EUR 2.3 million was not re-issued as the final audit report concluded that the amount was not due by the contractor.*

The balance of EUR 0.5 million compared with the initial amount of EUR 29.6 million corresponds to corrections made in the encoding of the amount to be recovered and to adjustments made following complementary justification and supporting documents received from the beneficiary.

The recovery of the amount of EUR 15.8 million is subject to the decision awaited in the court case "CDE (Chemin De Fer Djibouto Ethiopien) vs CJV (Consta Joint Venture)". The Court of Appeal of Ethiopia's Federal Supreme Court accepted jurisdiction to review the Final Arbitral Award of 6 May 2016, in which CDE was ordered to pay over EUR 20.6 million to CJV. The decision of the Court of Appeal of Ethiopia's Federal Supreme Court is expected in fall/winter 2017. Depending on whether the Court of Appeal of Ethiopia's Federal Supreme Court rules in favour of CDE, the Commission might issue a Recovery Order or not. As the lead company of CJV is bankrupt, even if CDE wins, no Recovery Order might be

issued. The Commission is following the evolution of the situation closely and will inform the European Parliament of the final result of the ongoing procedure.

143. (§ 13 - 2015/PAR/0464) The European Parliament regrets that the Court's report estimates that the most likely error rate for expenditure transactions from the eighth, ninth, tenth and eleventh EDFs remains identical to that in 2014, which was 3,8 %, and higher than that in 2013, which was 3,4% and that in 2012, which was 3 %; calls on the EIB and the Commission to prepare an action plan to turn around the increasing trend of material error and present it to the discharge authority.

Commission's response:

The Commission is taking the requested action.

A new action plan to further improve DG DEVCO's control system is under preparation. It will cover the new expenditure areas highlighted by the reservations made in the 2016 AAR - i.e. grants and programmes estimates under indirect management - and will include relevant measures from the previous action plan (actions that have not been fully implemented and others that have proven to be effective but that will be reinforced). It will be transmitted to the discharge authority once adopted by DG DEVCO's Management.

144. (§ 14 - 2015/PAR/0465) The European Parliament expresses concern about the Court's assessment related to the legality and regularity of payments underlying the accounts which are materially affected by error; is concerned by the results of the sampling with regard to payments transactions, whereby 35 among 140 payments (25 %) were affected by error; notes that internal control systems and checks of their effectiveness involve not only Commission headquarters and Union delegations in beneficiary countries, but also other actors such as the national authorising officers designated by ACP countries, where frequently weaknesses in checks have been detected; calls on the Commission to support and strengthen those fragile institutional and administrative capacities.

Commission's response:

The requested action has been taken.

The Commission has continued with its programme of training on financial and contractual procedures of the ACP administration and, in the period 2015-2016, a total of 40 trainings have been provided. Furthermore, specific programmes to support the National Authorising Officers (NAO) as well as other capacity building actions are present in almost all ACP countries.

145. (§ 15 - 2015/PAR/0466) The European Parliament is concerned that the typology of errors underlying the 2015 error rate of 3,8 % remains the same as 2014, i.e. the absence of supporting documents (the sum affected to this category of error being EUR 3,692 833 million) and non-compliance with procurement rules (the sum affected to this category of error amounting to EUR 1,176 140 million) representing 70 % of the estimated level of error (compared to 63 % in 2014); asks the EIB and the Commission to step up their efforts and effectively improve both ex-ante and ex-post controls of the funding projects in order to bring the sums effected by errors in the categories like "absence of supporting documents" and "non-compliance with the procurement rules" down considerably.

Commission's response:

The requested action has been taken.

The Commission strives to apply the most strict and rigorous mechanisms to the control of its financial transactions. However, it is important to remember that - given the particular context in which external actions take place - a certain level of error, linked to specific factors, is difficult to avoid. In any event, the Commission considers that by implementing the measures foreseen in the action plan aiming to address the weaknesses in DG DEVCO's control system, as well as the complementary measures to be included in the new one resulting from the reservations in the 2016 Annual Activity Report (AAR), this level of error will be further reduced.

146. (§ 16 - 2015/PAR/0467) The European Parliament expresses, furthermore, its long-standing concern on the weaknesses of ex-ante checks insofar as 16 out of the 28 final transactions that were subject to ex-ante checks were subsequently authorised despite quantifiable errors revealed by those ex-ante checks; regrets that most of the errors found concerned, as in previous years, programme estimates, grants and operations managed with international organisations; calls therefore on the Commission to pay more attention to ex-ante checks to ensure the legality and regularity of EDF implementation; acknowledges that the nature of budget support limits the assessment of the factual error rate of budget support disbursements, such that transactions are prone to errors.

Commission's response:

The Commission is taking the requested action.

A number of actions contained in the action plan set up in 2016 as a result of the reservation in DG DEVCO's Annual Activity Report (AAR) for 2015 - and which took into consideration the European Court of Auditors's observations in terms of deficiencies in the ex-ante controls - are considered as fully or partially implemented. A comprehensive report on the progress in its implementation will be produced during the second half of 2017, one year after its launch. Even though the RER for 2016 went down to 1.67%, i.e. below the materiality level, this action plan is being adjusted in the light of the findings of the 2016 RER study. The adjusted action plan will aim at improving DG DEVCO's control system further by focusing on the new expenditure areas covered by the reservations issued in the 2016 AAR (i.e. grants and programmes estimates under indirect management).

147. (§ 19 - 2015/PAR/0468) The European Parliament urges the Commission to swiftly remedy those deficiencies in ex-ante checks, while noting that the Commission had sufficient information from its information systems to prevent, detect and correct the quantifiable errors before making the expenditure with a direct positive effect on the estimated level of error which would have been 1,7 percentage points lower.

Commission's response:

The Commission is taking the requested action.

A number of remedial actions contained in the action plan set up in 2016 as a result of the reservation in DG DEVCO's Annual Activity Report (AAR) for 2015 -

and which took into consideration the European Court of Auditors's observations in terms of deficiencies in the ex-ante controls - are considered as fully or partially implemented. A comprehensive report on the progress in its implementation will be produced during the second half of 2017, one year after its launch. Even though the RER for 2016 went down to 1.67%, i.e. below the materiality level, this action plan is being adjusted in the light of the findings of the 2016 RER study. The adjusted action plan will aim at improving DG DEVCO's control system further by focusing on the new expenditure areas covered by the reservations issued in the 2016 AAR (i.e. grants and programmes estimates under indirect management).

148. (§ 22 - 2015/PAR/0469) The European Parliament notes the actions undertaken by the Commission targeted on the two higher risk areas and calls the Commission to report on the implementation of those actions to Parliament.

Commission's response:

The Commission is taking the requested action.

A comprehensive report on the 2016 action plan aiming to address the weaknesses in DG DEVCO's control system will be prepared after one year following the launch of the action plan (September 2016) and be transmitted to the European Parliament during the second half of 2017.

149. (§ 23 - 2015/PAR/0470) The European Parliament invites the Commission to continue refining the risk assessment of its activity based budgeting to further ensure an adequate level of sectorial assurance; asks, in that context, to evaluate the level of risk and vulnerabilities of indirect management.

Commission's response:

The requested action has been taken.

The risk assessment undertaken for DG DEVCO's 2016 Annual Activity Report included a breakdown into different sub-categories of indirect management with beneficiary countries and led to additional reservations for grants and Programme Estimates under this management mode in the Declaration of Assurance.

150. (§ 29 - 2015/PAR/0471) The European Parliament calls on the Commission to maintain high methodological standards in its RER assessment as well as to extensively monitor and enforce financial corrections by Member States.

Commission's response:

The requested action has been taken.

The Commission follows lessons drawn in the implementation of the RER study as well as the recommendations made by the European Court of Auditors in order to guarantee that the highest methodological standards are applied when calculating the error rate. Lessons learned are introduced in the update to the manual prior to every new RER contract.

As for corrections, DG DEVCO monitors the follow-up given to the errors identified through the RER study and the Annual Report of the Court of Auditors.

151. (§ 32 - 2015/PAR/0472) The European Parliament invites the Commission to integrate into its ex-ante and ex-post evaluation, management and performance assessment tools in line with the Commission's Budget for Results initiative targeted to analyse the impact of other Union external policies and actions on the situation of the beneficiary countries.

Commission's response:

The requested action has been taken.

Within the Commission, the evaluation function is decentralised and each Directorate-General has its own mandate and set-up. The Commission undertakes regular retroactive evaluations in third countries and regions where DG DEVCO provides support. Every strategic evaluations in a given country / region includes all financial instruments mobilised during the evaluation period. This gives a comprehensive picture of the impact of different external EU instruments for the beneficiary countries.

In its evaluations, DG DEVCO takes into account the consistency and synergy with all external policies (e.g. trade, humanitarian aid ...) and, when relevant, Policy Coherence for Development (with non external policies) is included in geographic evaluations. An evaluation on the EU Policy Coherence for Development in order to "assess to what extent the European Union has taken account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries and to what extent this has contributed to poverty reduction and sustainable growth" is ongoing. The final report is due early 2018.

The Commission regularly consults internally on important aspects related to management and evaluation tools (ex-ante and ex-post), e.g. through networks managed by the Secretariat-General of the Commission or the application of the Better Regulation Guidelines. This requires consultation among services for both evaluations and impact assessments.

152. (§ 40 - 2015/PAR/0473) The European Parliament urges the Directorate-General for International Co-operation and Development to put into place a quality grid to assess the reliability of checks in place for audits and expenditure verifications done by local audit companies directly contracted by beneficiaries, where the risk of insufficient quality is assessed to be higher and audit and verification reports do not contain sufficient information on the actual work done to enable the current grid to be used effectively.

Commission's response:

The Commission is taking the requested action.

The Commission - DG DEVCO is working on a revision and harmonisation of all terms of reference used for audits and verifications (including expenditure verifications performed by auditors contracted by beneficiaries) with a view on increasing the assurance value of these controls.

153. (§ 55 - 2015/PAR/0474) The European Parliament regrets, however, that nine delegations out of 86 have not reached the benchmark of 60% of their key

performance indicators; calls on the Commission services to closely monitor those delegations which have recently reached the target of 60 % or which stand just above the 60 % target to refine and consolidate the delegations trend analysis.

Commission's response:

The requested action has been taken.

Six out of the nine EU delegations which had not reached the benchmark of 60% of their KPIs in 2015 actually achieved the benchmark in 2016. The other three delegations are making progress. The analysis of the KPI results for all EU delegations is presented and discussed in Management meeting at the end of each quarter. Special attention is given to those delegations whose results are below benchmarks and appropriate mitigation actions are decided as necessary.

154. (§ 56 - 2015/PAR/0475) The European Parliament invites the Commission's services both to regularly update the definition of key performance indicators and related modes of assessment and to further develop their risks assessment, in particular through setting up risk profiles (a priori or output risks) for projects in each delegation's portfolio with a view to better selecting only viable projects at early stage; strongly suggests a more comprehensive ex-ante risk assessment so that only the most viable projects are selected.

Commission's response:

The Commission is taking the requested action.

The definition of KPI-5 and KPI-6 changed between the 2014 and 2015 External Assistance Management Report (EAMR) in order to be more forward-looking and risk-based. Each External Assistance Management Report contains specific questions on the risks as well as the Action Document template for the identification/formulation phases.

However, in many of the EU's partner countries, operations are undertaken in situation of risk linked to security, capacity or climatic hazards. Selecting only the most viable projects would definitely exclude some of the most vulnerable and poorest people. The Commission is upgrading its level of monitoring. A new, more accurate system of projects and programmes monitoring supported by an IT platform to better address situation presenting increasing risk is currently under preparation.

155. (§ 57 - 2015/PAR/0476) The European Parliament invites the Commission to develop a typology of the causes of the blockages and difficulties encountered in the implementation of the projects in order to identify immediately the most appropriate responses and corrective measures.

Commission's response:

The requested action has been taken.

Since 2016, as part of the External Assistance Management Reports (EAMR), the EU Delegations in charge of the implementation of projects were requested to indicate the typology of problems encountered and the proposed corrective measures. The state of problematic projects as well as corrective measures

proposed are then reviewed at HQ level in view of further actions. The situation is monitored on a yearly basis through the EAMR of the following year. A summary of this assessment is included in annex 10 of the 2016 Annual Activity Report (AAR) of DG DEVCO, in which Key Performance Indicators (KPIs) 5 and 6 dealing with project implementation and results are presented and analysed at global and EU Delegation level.

156. (§ 61 - 2015/PAR/0477) The European Parliament calls on the Commission to report immediately on the specific remedial actions taken when a project has been classified 'red' three years consecutively in relation to the key performance indicator 5 (i.e. percentage of projects with red traffic light for implementation progress) and key performance indicator 6 (i.e. percentage of projects with red traffic light for achieving results) in order to rapidly re-examine the initial programming objectives, reallocate available funds to more appropriate projects and aid needs, or even consider to possibly stopping the project.

Commission's response:

The requested action has been taken.

It is highly exceptional that projects are classified as 'red' for three consecutive years. As shown from analyses between 2015 and 2016, and as duly reported in the DG DEVCO 2016 AAR, only 9 projects (out of 3179) were flagged 'red' in the two years, showing the very important corrective action taken by the relevant EU Delegations. If the projects still remain 'red' after two consecutive years, this means that the case in question is an extreme one. Generally, the project is either stopped or suspended and the resources reallocated.

Therefore, in view of the extremely limited amount of these cases (0.3% of the total), the Commission does not envisage to set up "special" reports in addition to the set of information already made available project by project through the current monitoring and reporting systems.

157. (§ 63 - 2015/PAR/0478) The European Parliament urges the Commission to pay particular attention to monitoring of operations carried out with international organisations such as the United Nations as well as its suborganisations, to the old outstanding commitments, especially in the EDF context and to the reliability of the Common External Relations Information System data and values used for the preparation of external assistance management reports.

Commission's response:

The requested action has been taken.

In the Action Plan following the 2015 Annual Activity Report (AAR), a special focus is put on the monitoring of operations with International Organisations as this spending area has been identified as associated with a high risk of error. The separate reservation on the management of the African Peace Facility (APF) also relates to a series of measures that are being implemented.

Furthermore, the amount of old RAL (i.e. RAL on decisions and contracts signed since more than five years) is subject to close monitoring by the Commission. The

amount of old RAL for the EDF was actually reduced by 46% between 2014 and 2017.

The reliability of the data and values retrieved from the Common External Relations Information System for the preparation of EAMRs is ensured by a system of automatic business rules preventing encoding errors and by regular data quality verifications.

158. (§ 65 - 2015/PAR/0479) The European Parliament calls on the Commission to ensure that the connection between evaluations and policy formulation is effective by taking into account all lessons learned in the decision making process.

Commission's response:

The requested action has been taken.

The Commission manages two types of evaluations: (i) Projects evaluations; ii) Strategic evaluations, which comprise geographic evaluations (covering a country or region) and thematic evaluations, which cover a sector (e.g. education, food security) or an aid delivery method (e.g. budget support, cooperation with development banks, etc). Both types of evaluations are carried out by external contractors under the supervision of DG DEVCO's evaluation unit and with the full engagement of the services concerned, thus ensuring connection between evaluation results and policy formulation.

For instance, in order to prepare the new Partnership Agreement with ACP countries, DG DEVCO drafted an evaluation in 2016. One of the main inputs for this evaluation was an external review commissioned and supervised by DG DEVCO of 111 strategic evaluations managed during the period 2000-2015. This evaluation supported the new proposal under discussion.

The same was applied to prepare the new European Consensus on Development. DG DEVCO commissioned and supervised a "Review of strategic evaluations managed by DEVCO" in the period 2007-2016, on the basis of what had been done for the Cotonou Partnership Agreement. This review has assessed the achievement of the objectives of the 2005 European Consensus on Development, reviewing about 150 strategic evaluations. It has synthesised the existing evidence and identified broader lessons, thus providing a solid basis for the formulation of the Commission proposal for a new European Consensus on Development.

159. (§ 65 - 2015/PAR/0480) The European Parliament asks the Commission to both allocate adequate management capacities to the various evaluation activities and to ensure the reliability of Europe Aid evaluation and results-orientated monitoring systems.

Commission's response:

The requested action has been taken.

With regard to human resources, EuropeAid conducts regular needs assessments for its staff allocation, which include tasks of staff with respect to evaluations and results-orientated monitoring. In December 2014, DG DEVCO completed a Workload Assessment in Headquarters, which covered all units/task forces and main activities.

160. (§ 70 - 2015/PAR/0481) The European Parliament considers that budget support is an aid modality adapted to the specificities of development aid, fostering country ownership and aid effectiveness, which has shown concrete results in reaching the objectives of development policy; notes, however, that budget support entails fiduciary risks and may lead to uncertainty regarding results and performance; calls on the Commission to ensure the good use of development aid through budget support, in particular by providing tailored trainings and technical assistance to beneficiaries.

Commission's response:

The requested action has been taken.

The Commission assesses the partner government's capacity and efforts to implement their public policies, to improve public financial management and to fight corruption systematically and thoroughly before and during each operation. A risk management framework is used to monitor risks and mitigating measures in a structured way, including on fiduciary risks. Additionally, the Commission has reinforced support through training and technical assistance, particularly along two main axis:

- The extended programme providing tailored training directly to national authorities (upon demand) as well as through the strategic partnership with the IMF;*
- by increasing support to and through the Regional Technical Assistance Centres (RTACs) directly to the national administrations.*

161. (§ 75 - 2015/PAR/0482) The European Parliament considers it necessary to strengthen the political and policy dialogue, aid conditionality and the logical chain framework to ensure coherence between decisions and preconditions to payments by clearly linking payments to the achievement of results, selected objectives and predefined key performance indicators; invites the Commission services to further consolidate its supervision framework accordingly; calls on the Commission to closely monitor and report more systematically on performance and results.

Commission's response:

The Commission is taking the requested action.

The ongoing update of the budget support guidelines reinforce guidance on the increased emphasis and inclusion of respect of human rights, rule of law and democracy. The updated guidelines would include a new annex devoted to policy dialogue, and a strengthened annex on the intervention logic. They would also contain further instructions on conditionalities and performance indicator design for budget support operations. These are verified through the control chain during the preparation of the operations as well as before each disbursement. Conditionalities and performance indicators, as well as the expected results, are systematically taken up in policy and political dialogue, as appropriate. Lastly, the Commission is reporting annually on budget support operations, trends and results; this report is transmitted to the European Parliament and published.

162. (§ 76 - 2015/PAR/0483) The European Parliament calls on the Commission to regularly report on the implementation of the Addis Tax Initiative launched in 2015, particularly on the actions launched to tackle tax avoidance, tax evasion and illicit financial flows; considers also that government effectiveness and public financial management, corruption and fraud are the main risk dimension to be steadily and thoroughly scrutinised.

Commission's response:

The Commission is taking the requested action and will report annually on the implementation of the Addis Tax Initiative (ADI) through the ATI reporting mechanism. The first report will establish the baseline against which further progress is being monitored and will be based on the 2015 data. It is foreseen for mid-2017 and should be presented at the first ATI Conference in June 2017. The report will be structured along the three ATI commitments (collectively double support to DRM; political commitment by developing countries to DRM reform; Policy Coherence for Development). In addition to broad-based capacity building in tax policy and administration reform, areas related to tax evasion, tax avoidance and illicit financial flows will be taken into account in the ATI report.

163. (§ 78 - 2015/PAR/0484) The European Parliament believes that the coherence and complementarity of any new development tools with the EDFs should be duly taken into account, particularly as regards aid impact, management and administrative costs against total contributions; calls on the Commission to ensure that those new development tools are always in line with the Union's overall strategy and development policy objectives.

Commission's response:

The requested action has been taken.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (e.g. budget support actions, projects and programmes implemented under direct management, ACP Investment facility, Energy for all initiative) and with other donors is a key feature in all countries and regions while implementing the facilities under the EDF Blending Framework. It is applied through a regular internal consultation processes and exchanges between the different Commission services.

In this context, extensive information is provided in the grant application form of each proposal to ensure coherence with relevant EU policy objectives, the general policy framework, basic principles for blending as well as the remaining existing support programmes in the relevant field. Furthermore, additionally and complementarity with other EU measures are always ensured in the preparatory process, by close coordination with our blending partners, Commission and the EEAS, as well as during the decision-making process.

Special attention is actually given to ensure the complementarity of existing blending facilities to other EU instruments in the ACP region. The new African Investment Facility set up at the end of 2015 indicates that complementarity is to be achieved by providing an opportunity to support within the facility a larger

variety of sectors, built with a large group of stakeholders and with the help of a diversified toolbox in terms of support modalities.

As regards the EU Trust Funds, The EUTF for Africa is mainly financed by the European Development Fund (EDF) and to a limited extent by a number of other EU financial instruments (DCI, ENI, ECHO, etc.) and EU Member States contributions. The EDF provides 86.4% of the total pledges to the EU Trust Fund for Africa (out of the EUR 2,850.8 M total pledges, EUR 358.5 million are provided by the EU budget (ENI and DCI), and EUR 2,289.9 million by the EDF).

The objectives of the EUTF Africa are fully coherent with the strategic objectives of the EDF and the overarching principles of the Cotonou Agreement in the area of migration and security (cf. art. 13 of the Agreement). Strategies aiming at reducing poverty, improving living and working conditions and creating employment and developing training contribute, in the long term, to normalising migratory flows. 25.5% of the resources allocated to approved projects (EUR 1, 9 billion) covers the first strategic objective of the Trust Fund namely "greater economic and employment opportunities" and over 30% covers the second objective, namely "strengthening resilience of communities". The remaining 45 % of the approved resources is almost equally distributed between the other 2 objectives of the EUTF for Africa, namely "improved migration management" and "improved governance and conflict prevention".

The EUTF for Africa has demonstrated its ability to ensure full complementarity with national and regional development and migration strategies and programs as well as with bilateral programs funded and implemented by EU Member States. It has succeeded in pooling together resources from different sources and donors which has further helped to ensure coherence and complementarity with the EDF.

Regarding the 'Bêkou' Trust Fund (BTF), coherence and complementarity with the EDF are ensured at both Trust Fund and project levels:

- At TF level: prior to the establishment of BTF, the Commission has conducted an assessment of the choice of a trust fund as funding vehicle and ensured that the BTF does not duplicate other existing funding channels. A needs analysis has also been conducted and taken stock of a number of studies and analysis made by the most committed partners in the Central African Republic (CAR) and in situations of fragility. On that basis, and considering the vulnerability profile of the country, the founding partners of BTF have agreed to establish it as part of a comprehensive approach where the Trust Fund would be the LRRD instrument thanks to a focus on resilience. In parallel, the EU would continue to provide assistance through traditional development aid, three military Common Security and Defence Policy missions and operations, as well as civilian crisis response and humanitarian aid.

In 2014, when BTF was created, EDF aid was hampered by the absence of a National Indicative Programme for the CAR because of the absence of a democratically elected government. BTF was the way to provide a rapid response to the need for a coordinated instrument to link LRRD and to go beyond the coordination of aid towards a pooling of resources. With the government elected in 2016, the NIP under the 11th EDF has just been signed and the division of labour between BTF, other instruments and other donors should be determined by the

CAR government within the framework of the national recovery and peacebuilding plan.

- At project level: from 2014 to 2016, the EDF's national allocation for the CAR financed a limited number of activities, which concentrated on areas other than those covered by BTF, such as education or national health policies. Before the adoption of individual projects, the national and sector context are drawn-up, including the other donors action within this specific context, to ensure complementarity and coherence.

As regards aid impact, management and administrative costs, the audit recently conducted by the European Court of Auditors concluded that BTF projects have delivered all or most of their expected outputs and that the 5% management fee charged by BTF in agreement with its Constitutive Agreement is in line with other development aid channels.

164. (§ 82 - 2015/PAR/0485) The European Parliament calls on the Commission to implement comprehensive control mechanisms to ensure political scrutiny, especially from Parliament, on the governance, management and implementation of these new instruments in the context of the discharge procedure; considers it to be important to develop specific supervision strategies for those instruments, with specific objectives, targets and reviews.

Commission's response:

The requested action has been taken.

The Commission is aware of the European Parliament demands to be associated further with the management of these new instruments and considers that this requires further horizontal discussion to find pragmatic solutions within institutional boundaries. The European Parliament has obviously the right to scrutinise implementing acts against ultra vires (exceeding of powers) and its comments are always welcome. However, the Commission is responsible for the implementation of projects funded through trust funds or blending according to established procedures. The Commission remains therefore committed to ensuring transparency by providing, amongst others, regular information to the European Parliament, in accordance with applicable EU legislation.

165. (§ 83 - 2015/PAR/0486) The European Parliament is strongly concerned by insufficiently specific objectives and a lack of binding indicators and measureable targets to assess performance of the trust funds; asks that performance monitoring arrangements (or results matrices or frameworks) relating to planned actions be further enhanced to include middle and long term goals fully in line with the EU policy objectives.

Commission's response:

The Commission is taking the requested action.

Appropriate performance monitoring arrangements are being set up or reinforced for the existing Trust Funds. For instance, The EUTF 'Africa' has developed a global results framework which is available on the Trust Fund webpage. The operational teams of the EUTF 'Africa' are using a common IT-based platform,

"AKVO Real Simple Monitoring", which centralizes projects and log frames and favours monitoring and reporting. In the last few months, the three windows of the Trust Fund have agreed on a list of 19 macro indicators to be aggregated in the AKVO platform and the Trust Fund website which will be operational as of September 2017. Based on these indicators, teams are collecting targets from implementing partners for each approved project. In addition, the operational windows of the EUTF 'Africa' are setting separate Monitoring and Evaluation frameworks based on the objectives of their respective regional strategies.

'Bêkou' Trust Fund (BTF) has developed specific objectives at action and programmes level in accordance with BTF objectives (see art. 2 and Annex I of the Constitutive agreement), together with indicators, which are regularly assessed following DEVCO ROM monitoring principles. The same basis will be used to develop an overarching performance framework which is currently on its way. The goal is to eventually have a trust fund performance framework that feeds into DG DEVCO overarching results framework. The Timeframe requested by the European Court of Auditors for the implementation of a similar recommendation resulting from its recent performance audit of the 'Bêkou' Trust Fund is October 2018.

166. (§ 92 - 2015/PAR/0487) The European Parliament invites the Commission to adapt the governance, coordination and respective responsibilities of stakeholders involved (i.e. the Commission services, the European External Action Service and the Union delegations) in the monitoring of the APF funding and reporting on its ongoing projects.

Commission's response:

The requested action has been taken:

The Commission has already adapted the governance, coordination and respective responsibilities of all stakeholders involved in the monitoring of the APF:

i) A Services Level Arrangement was signed between DG DEVCO and the EEAS on 24 January 2017 establishing a clear division of labour between DEVCO HQ/EEAS HQ and the EU Delegations concerning the management of the APF;

ii) In accordance with the Aide Mémoire signed on 15 April 2016 between the European Commission and the African Union Commission on measures to strengthen the financial management of the African Union Commission, both sides set up an African Union-European Commission steering committee in order to facilitate effective oversight of the implementation of the actions funded by the EU and of the progress made in the implementation of the commitments contained in the Aide Mémoire;

iii) The Steering Committee has met three times already (29 June and 15 November 2016, and 24 May 2017). The progress in the implementation of the APF programmes has been discussed in details during those three meetings.

167. (§ 93 - 2015/PAR/0488) The European Parliament asks to the Commission to report in due course to Parliament on the corrective measures, level of recoveries and improvements in the management of funds by the APF.

Commission's response:

The requested action has been taken.

The Commission has reported on the corrective measures taken and the improvements made on the management of the African Peace Facility (APF) on two occasions:

i) DG DEVCO's Director General attended an exchange of views with the Chairs of the European Parliament CONT and DEVE committees on 31 January 2017 (CONT/8/09125). During this meeting, he briefed both committees members on the implementation of the Commission's Action Plan addressing the recommendations of the IAS internal audit report on the management of the APF.

ii) The Commission provided a further update on the implementation of the Action Plan on 6 April 2017 through a letter addressed by the Director General of DG DEVCO to the co-Chairs of the EP CONT and DEVE committees.

168. (§ 94 - 2015/PAR/0489) The European Parliament acknowledges that the EDFs mainly focus on African countries and considers that OCTs should not be side-lined in terms of political objectives; calls on the Commission to implement more synergies with the Union internal and horizontal policies with concrete OCTs-participation.

Commission's response:

The requested action has been taken.

Regular policy and political dialogue between the Union and the OCTs are actually the core elements of the Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision'), thus ensuring synergies between EDF-funded cooperation with the OCTs and the EU internal and horizontal policies.

169. (§ 95 - 2015/PAR/0490) The European Parliament believes that attention should be brought on the aid performance and impact of the development policy but also other European and international policies on countries located in the same geographical area than OCTs; calls for particular attention to be paid to the specific situation of Mayotte owing to its change in status from OCT to that of an outermost region in 2014.

Commission's response:

The requested action has been taken.

The coherence of internal and external policies is central to all EU cooperation programs; however, OCTs have a political specificity. Mayotte is fully benefitting from the EU internal policies, in particular from the Structural Funds. Moreover, Mayotte's adaptation to the "acquis communautaire" extends over several years.

170. (§ 96 - 2015/PAR/0491) The European Parliament invites the Commission to ensure that funding benefits all OCTs fairly and equally; calls on the Commission to further support OCT administrations in the implementation of EDF projects, in particular through training and technical assistance.

Commission's response:

The requested action has been taken.

The methodology and distribution of funds for the territorial allocations for the OCTs were presented by the Commission during the 454th EDF committee meeting on 21 November 2013. The Commission continues to actively support the OCTs administrations throughout the implementation of EDF programs by providing support via the EU Delegations and through the Technical Cooperation Facility (TCF) in order to ensure aid performance.

171. (§ 97 (second sentence) - 2015/PAR/0492) The European Parliament recalls the geographic characteristics of OCTs; calls on the Commission to better integrate targeted key performance indicators for funding in OCTs.

Commission's response:

The requested action has been taken.

Budget Support has been privileged by the Commission to funding the cooperation with OCTs. The Commission communication of 13/10/2011 actually develops criteria of intervention and performance indicators to implement this cooperation with each OCT.

172. (§ 97 (third sentence) - 2015/PAR/0493) The European Parliament recalls the geographic characteristics of OCTs; calls also on the Commission to propose, as part of the extension of preparatory action within the BEST scheme (the voluntary scheme for Biodiversity and Ecosystem Services in Territories of European overseas), a permanent mechanism to protect biodiversity, develop ecosystem services and combat the effects of climate change in the Union's overseas countries and territories.

Commission's response:

The Commission is taking the requested action.

However, the feasibility of the request made by the European Parliament could only be assessed during the preparation of the proposals for the post-2020 financing instruments. In this context, the Commission cannot take any firm commitment at this stage as there are many pre-requisites to be fulfilled before a proposal is made and a decision is taken(e.g. public consultations, impact assessments, etc.).

173. (§ 98 - 2015/PAR/0494) The European Parliament once again calls on the Commission to establish by 2020 a specific funding instrument for OCTs, bearing in mind their special status and their membership of the European family.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the Commission does not intend to change the legislative framework before 2020.

174. (§ 105 - 2015/PAR/0495) The European Parliament acknowledges that the EDF's funds are contributing to addressing the root causes of the current global refugee and

migration crisis; underlines that the EDF's funds must not be misused for purposes other than determined in the provisions such as secure border control and effective return measures; calls the Commission to engage constructively to achieve synergies between the Union budget, the EDF and bilateral cooperation in order to address issues concerning migration crisis prevention.

Commission's response:

The requested action has been taken.

The Commission is already engaged in ensuring synergies between the Union budget, the EDF and EU Member States bilateral cooperation. The adoption of the European Agenda on Migration in 2015, followed by the Partnership Framework in 2016, has framed the EU approach to address the challenge of irregular migration and forced displacement and their root causes as part of the broader cooperation on migration with third countries. Coordination mechanisms have been set up, both in Brussels and in partner countries, in order to ensure streamlining and coordination between EU and EU Member States actions.

In addition, the EU Trust Fund for Africa allows the EU to quickly react in challenging, fragile environments, and to deliver more flexible and coordinated EU support. It provides the possibility to merge contributions from several EU financing instruments along with contributions from Member States into one mechanism, thus increasing EU political leverage.

175. (§ 106 - 2015/PAR/0496) The European Parliament calls for continuously refinement of the strategic understanding and framework of the Union's migration external policies and policy options with key actors to ensure clarity as well as a coordinated and coherent mobilisation of external migration mechanisms in the short, medium and long term, within or outside the budgetary framework of the Union.

Commission's response:

The requested action has been taken.

In the last two years, the Commission has substantially contributed to the revision and strengthening of the Union's migration policy, including in its external dimension.

The EU Global Strategy for Foreign and Security Policy (2016) intends to overcome the fragmentation of external policies, including those relevant to migration and forced displacement: in particular the development of stronger links between humanitarian and development efforts through joint risk analysis, and multiannual programming and financing, and also by making different external policies and instruments migration-sensitive – from diplomacy and CSDP to development and climate – and ensuring their coherence with internal ones regarding border management, homeland security, asylum, employment, culture and education.

The "European Agenda on Migration" (2015) and the "Partnership Framework" (2016) stress the importance of reinforced dialogue with partner countries on migration, where the Commission and Member States have a key role to play. The comprehensive approach including all the different aspects of EU migration policy

and adaptation to the different interests of partner countries is also a key feature of the Partnership Framework approach.

Furthermore, the adaptation of EU financial instruments to provide quick and flexible responses to migration challenges has been even more substantial, leading in DG NEAR and DEVCO to the creation of three major mechanisms and instruments (the EU regional Trust Fund in response to the Syrian crisis - the 'Madad' Trust Fund, the EU Emergency Trust Fund for Africa, and the Facility for Refugees in Turkey). The possibility to pool funds has enhanced the coherence of the EU response and the use of emergency procedures has made it possible to adopt several priority programmes in a very short period of time. Results are duly monitored leading to further adaptations and refining in the design of the new programmes to be formulated.

In addition, the adoption of the 2030 Agenda on Sustainable Development helps to further consolidate the close links between development and migration. Consequently, the new European Consensus on Development builds on the 2030 Agenda and includes migration and mobility as one of its priority areas for action, thus fully recognising the challenges and opportunities of the migration and development nexus.

Lastly, the link with key actors, like UNHCR, IOM and specialised civil society organisations has been further reinforced. The EU has consulted them regularly on policy developments and involved them in the implementation of relevant programmes. Additionally, as a follow-up of the New York Declaration for Refugees and Migrants (Sept 2016) the Commission is actively engaging at international level to support the work towards the adoption of a global compact on refugees and a global compact for safe, orderly and regular migration.

176. (§ 111 - 2015/PAR/0497) The European Parliament believes that climate change and its challenges, migration and development are closely intertwined; calls for a better understanding of this correlation in the allocation of development aid and in the development policy objectives; calls on the Commission and the EIB to avoid simply increasing the funds spent to tackle migrations related problems without taking into account projects aimed to climate change adaptations and other development projects.

Commission's response:

The requested action has been taken.

The Commission is fully aware of the linkages between climate change, development and migration. The proposal for the new European Consensus for Development puts an emphasis on cross-cutting elements such as climate change, migration and mobility and the recent EU Agenda on Migration recognizes climate change among the root causes of migration.

Furthermore, the Commission has supported important pilot projects on migration and climate change: the Nansen Initiative on cross-border displacement caused by disasters and climate change, the United Nations University Pacific Climate Change and Migration Project and the Migration, Environment and Climate Change- Evidence for Policy (MECLEP) project. This is however an evolving topic and the Commission (DG DEVCO) has recently commissioned a study to the

Technical Assistance for the Mainstreaming of Environmental Sustainability to update its knowledge and understanding of the linkages between environmental degradation, climate change and migration (to be finalised by 31/09/2017).

Lastly, the Commission has intensified its environment and climate change mainstreaming efforts during the current Multiannual Financial Framework to better integrate climate change and environmental considerations into all programmes and policies, including the blending facilities. Mainstreaming is actually an important tool to avoid increasing funds spent to tackle migrations related problems without taking into account climate change considerations. In the case of the European Development Fund (EDF), contributions to climate change have increased from 3.3% in 2014 to 23.3% in 2016 (provisional data).

177. (§ 123 - 2015/PAR/0498) The European Parliament welcomes the Joint Communication to Parliament and the Council on “A renewed partnership with countries of Africa, the Caribbean and the Pacific”, published by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy on 22 November 2016 (JOIN(2016)0052), and calls for further discussions between the Union institutions on the future of Union-ACP relations.

Commission's response:

The requested action has been taken.

Following the publication by the Commission and the Vice-President/High Representative of the Union for Foreign Affairs and Security Policy of the Joint Communication “A renewed partnership with countries of Africa, the Caribbean and the Pacific” on 22 November 2016 (JOIN(2016)0052), the dialogue with the European Parliament has continued, mainly through the DEVE parliamentary committee and through bilateral contacts between the Commissioner for development and international cooperation Neven Mimica and MEPs. The dialogue with the European Parliament is of utmost importance and will continue throughout the process.

178. (§ 127 - 2015/PAR/0499) The European Parliament recommends that the post-Cotonou agreement goes beyond economic questions and promotes an efficient political dialogue; recalls that political dialogue is one of the keys to ensure aid performance and effectiveness.

Commission's response:

The requested action has been taken.

As proposed in the Joint Communication “A renewed partnership with countries of Africa, the Caribbean and the Pacific” of 22 November 2016 (JOIN(2016)0052), the relationship between the EU and the ACP countries is comprehensive and a number of priorities have been identified. It englobes a focus on sustainable and inclusive economic growth but goes largely beyond dealing with issues of, e.g., peace and security, migration and environment. Political dialogue remains a key aspect of the relationship with the ACP countries.

179. (§ 129 - 2015/PAR/0500) The European Parliament calls for recognition of the impact of climate change and its challenges and loss of biodiversity on all

development factors; believes that the post-Cotonou agreement should be more focused on the sustainable development of beneficiary countries and especially on the issue of energy self-efficiency.

Commission's response:

The requested action has been taken.

The Commission and the High Representative of the Union for Foreign Affairs and Security Policy have proposed, through the Joint Communication “A renewed partnership with countries of Africa, the Caribbean and the Pacific” (JOIN(2016) 52 final, 22.11.2016), to focus on sustainable development, in line with the Agenda 2030 and the Paris Agreement. In this context, environment and climate change, as well as energy provision, have been identified as priorities.

180. (§ 130 - 2015/PAR/0501) The European Parliament calls on the Commission to recognise and further develop the island dimension in the development policy and to create a specific instrument for small island developing states, allowing better allocation of funds, performance and adapted control.

Commission's response:

The Commission is taking the requested action.

The Commission recognises the island dimension in the development policy. The revision of the Cotonou Agreement by the Ouagadougou Agreement of 22 June 2010 reinforced the need for the EU development policy in ACP countries to take into consideration the specificities of Small Island Developing States (SIDS), in particular as regards their vulnerability vis-a-vis the effects of climate change. It should be noted that many of the SIDS are ACP countries with which the EU seeks to renew its partnership after 2020, allowing for further cooperation on common concerns, including climate change. In addition, a significant number of SIDS are Overseas countries and territories (OCTs) linked with EU member States and associated with the EU. The fight against climate change and environmental issues constitute major sectors of concentration for the EDF territorial and regional programmes of the OCTs.

Furthermore, in the new European Consensus on Development signed on 7 June 2017, the EU and its Member States commit to supporting national strategies, including cross-government planning and programming, which promote resilience, reduce climate risk and contribute to emission reduction, consistent with the implementation of Nationally Determined Contributions (NDCs), taking into account the challenges faced by developing countries, particularly Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Also, in the context of Aid for Trade, they commit to taking into account the needs of least developed countries (LDCs) and landlocked developing countries (LLDCs), for whom trade facilitation and trade infrastructure are key development drivers, as well as of SIDS.

Notwithstanding this, the European Parliament request for a specific instrument could only be assessed during the preparation of the proposals for the post-2020 financing instruments but the Commission cannot take any firm commitment at

this stage as there are many pre-requisites to be fulfilled before a proposal is made, including the completion of relevant public consultations and impact assessments.

Part I – Special Report No 18/2015 of the Court of Auditors entitled “Financial assistance provided to Member States in difficulties”

181. (§ 11 - 2015/PAR/0502) The European Parliament asks the Court and Commission to analyse the relevance of the measures adopted by the Council, the role of the European Central Bank and whether these were appropriate to meet the objectives of the programme and contributed to the Union's objectives, including phasing out the economic crisis, more jobs and growth.

Commission's response:

The Commission rejects the recommendation:

The measures included in the programmes are jointly determined by the programme partners including the country in question, and the resulting economic adjustment programme is approved by the Council. It is therefore generally neither possible nor desirable to attribute particular measures to different institutions.

Other actions by the ECB and the Council are considered as part of the context in which programmes are to be designed and implemented. The Treaties governing the EU and the euro-area distinguish economic and monetary policy and assign specific responsibilities to the ECB, which is independent.

While not focusing on the roles of the different institutions, the Commission will continue to carry out comprehensive ex post evaluations of the content of past programmes, to further improve its understanding of the adjustment process and to draw lessons from experience.

182. (§ 12 - 2015/PAR/0503) The European Parliament urges the Commission to set up formal agreements with its partners in order to have full access to all information available in due time and thus avoid inconsistent approaches by the negotiating team.

Commission's response:

Since the recent global economic and financial crisis, a number of new Regional Financing Arrangements (RFAs) have been established and existing ones developed further. When the Commission is involved in a programme, it is involved in the context of the EU RFA, which includes financing tools such as the ESM and the EFSM and BoP. The IMF is currently considering ways to improve cooperation with RFAs. The Commission is of the view that any further development of the IMF policy on cooperation with RFAs should ensure that there is sufficient flexibility to avoid creating unnecessary burdens.

In its conclusions (8874/16 on 13/5/2016), the Council notes that the format of cooperation for future programmes should be established jointly by the participating institutions. The Commission considers that clarifying this cooperation should avoid formalisation that might make the decision-making process burdensome, especially given the time pressures involved.

The ESM recently finalised an evaluation of the EFSF and ESM financial assistance. This may lead to follow-up actions in terms of co-operation with the Commission and other programme partners.

183. (§ 17 - 2015/PAR/0504) The European Parliament urges the Commission to increase the level of Parliament's involvement in the framework of financial assistance when the Union budget it is at stake.

Commission's response:

The Commission partially accepts the recommendation:

The Commission takes very seriously the need for democratic accountability, which is ensured by the European Parliament. The two-pack (Regulation 472/2013 of the European Parliament and the Council) set a new standard in this regard. For the euro-area Member States requesting financial assistance from the European Financial Stabilisation Mechanism (EFSM), the European Financial Stability Facility (EFSF, now no longer in active function) and the European Stability Mechanism (ESM), it was agreed that the Commission is required to inform the Chair and Vice-Chairs of the EP economic and monetary affairs committee orally of the progress made in the preparation of the programme and on the conclusions drawn from the monitoring of the programme. The macroeconomic adjustment programme is made public and the conclusions of the debt sustainability analysis are annexed to it.

The Commission also frequently holds exchanges of views with the Financial Assistance Working Group of the European Parliament, which follows the implementation of ESM-supported programmes and regularly reports to the European Parliament either in its ECON or Plenary formations.

Concerning financial assistance to non-euro-area Member States for their balance of payments (Council Regulation (EC) No 332/2002 2012), a revamped draft regulation remains under discussion in the Council. Once adopted, this proposal would extend the two-pack standards to this type of assistance.

It is not within the Commission's powers to further increase (unilaterally) the involvement of the EP in the field of financial assistance. However, the Commission remains fully committed to strengthening further democratic accountability and will not hesitate to use its powers to that effect wherever an opportunity presents itself.

184. (§ 21 - 2015/PAR/0505) The European Parliament welcomes the approval by the legislators of the 'six' and 'two' pack introduced as a result of the financial crisis which addressed the surveillance weakness that the crisis revealed; considers however that the reform of the Union Economic governance framework in the past years has not lead to a complete phase-out of the crisis and calls on the Commission to further analyse the strengths and weaknesses of the new framework compared to other similar economies (i.e. US, Japan and other OECD countries) and to propose new reforms, if necessary.

Commission's response:

The Commission reflects on the strengths and weaknesses of the economic governance framework; in particular in the context of the reflections on deepening the Economic and Monetary Union (EMU). On the 31st of May 2017, the Commission published a "Reflection paper on the deepening of the Economic and Monetary Union" (COM(2017)291) that sets out possible ways forward up until

2025. It does so by setting out concrete steps that could be taken by the time of the European Parliament elections in 2019, as well as a series of options for the following years.

As the EMU is an original architecture, the analysis of the new framework should not be focused on a comparison with other countries, which is likely to provide only a partial view.

With specific reference to the Two-Pack and Six-Pack, a previous communication in November 2014 undertook a review of the relevant regulations. A first review of Regulation 472/2013 was published already in February 2014. The Regulations of the Two-Pack and Six-Pack provide for reviews every five years (next reviews by 2019).

185. (§ 22 - 2015/PAR/0506) The European Parliament calls on the Commission to follow the Court's recommendation to further improve the quality of its macroeconomic and fiscal forecasts.

Commission's response:

The Commission is following up all accepted recommendations from the Court in due time. As suggested by the Court, to better deliver quality checks, the Commission is developing a pilot forecast model, initially for the euro area as a whole with country specific modules. However, no change is foreseen to the general approach of judgement-based forecasts, which is in line with the practice of other international institutions that conduct forecasting.

186. (§ 29 - 2015/PAR/0507) The European Parliament shares the Court's recommendations that the Commission should further analyse the key aspects of the countries' adjustments, but also should compare economic forecasts including housing market, public and private national debts.

Commission's response:

The Commission is following up the Court's recommendation. It is seeking to further improve its understanding of the adjustment process under the programmes through comprehensive ex post assessments of past programmes and to draw lessons from them.

With reference to the comparison of economic forecasts including housing market, public and private national debts:

• House price and private debt are considered in the macroeconomic surveillance, notably in the context of the Macroeconomic Imbalance Procedure (MIP). The Commission carries out an in-depth analysis of past and current developments and has developed a number of analytical tools to assess potential risks. These tools are however not used for forecasting.

• Concerning public debt, since 2011, the Commission has substantially strengthened its framework to monitor Member States public debt sustainability so as to apprehend the associated risks (see for example the latest Debt Sustainability Monitor: https://ec.europa.eu/info/publications/economy-finance/debt-sustainability-monitor-2016_en). In the particular case of countries under

financial assistance, a more in-depth and tailored analysis of public debt sustainability and forecasts is made by Commission services.

- The methodology underpinning these instruments, together with results, is routinely shared with Member States and international organisations.*

- While it does not intend to take further specific actions in terms of comparison of forecasts concerning housing market, public and private national debt, the Commission will continue to work on refining its analytical tools to assess risks, in particular with reference to these topics.*

Part II – Special Report No 19/2015 of the Court of Auditors entitled "More attention to result needed to improve the delivery of technical assistance to Greece"

187. (§ 34 - 2015/PAR/0508) The European Parliament requests that in its subsequent technical assistance programmes the Commission applies a more planned approach, including a timeline with start and end date for mandates.

Commission's response:

In 2015 the Commission set up a specific service, the Structural Reform Support Service, for the provision of technical support to the MS and the coordination of all technical assistance provided by different Commission Services. This has contributed to a more planned and coordinated approach on the provision of technical assistance.

The recent adoption of the Structural Reform Support Programme for the provision of technical support to Member-State structural and administrative reforms for the years 2017 to 2018 also results in a more planned approach: the programme sets out objectives; sets out criteria for the selection of actions; identifies support provision modes; clarifies the roles of different stakeholders, including Member States; and provides for the monitoring and evaluation of actions.

188. (§ 37 - 2015/PAR/0509) The European Parliament points out that the Commission should insist on receiving quarterly activity reports without excessive delay and a comprehensive final report in the form of an ex-post evaluation within a reasonable timeframe after the conclusion of the work of the Task Force on Greece; requests the Commission to monitor the implementation of technical assistance systematically in order to focus on results-oriented technical assistance; requests further that the technical assistance and the Task Force on Greece should include in their various reports an accounting of how and where exactly the so-called 'bailout' funds for Greece were disbursed.

Commission's response:

The Commission is committed to carrying out an ex-post evaluation of the work of the TFGR, as recommended by the Court of Auditors.

The Commission will monitor the implementation of technical support provided under the SRSP as required by Regulation (EU) 2017/825 (Article 16) and will provide annual reports to the European Parliament and Council.

The disbursement of the so-called "bailout" funds for Greece did not fall under the competence or mandate of the TFGR; nor is such disbursement part of the mandate for the technical support activities carried out by the Commission under the Structural Reform Support Service (SRSS) (note that the activities of the TFGR have in the meantime being subsumed in the SRSS, which can provide technical support to all MS under the Structural Reform Support Programme); Since the disbursement of so-called bailout funds is not linked to the provision of technical support, this element cannot be covered by the evaluation and monitoring activities covering the provision of technical support.

189. (§ 38 - 2015/PAR/0510) The European Parliament calls on the Commission, Parliament and European Council to use the discussion on the SRSP for the period 2017 to 2020 as an opportunity to revise the good practice of domain leaders; encourages the Commission to find a system together with the Member States to hire experts directly from the Member States, thus avoiding another layer of complexity and administrative burden by circumventing national agencies.

Commission's response:

The Regulation establishing the SRSP, as adopted by the co-legislators in May 2017, provides for a wide set of implementation tools, like grants, procurement, recourse to indirect management or by using experts (see Article 13(2) (3) and (5)). Furthermore the Commission is currently streamlining the provision of expertise by individual external experts or by experts from the Members States by two means: a) by establishing lists of external experts through calls for expression of interest and b) the use of the Commission's Technical Assistance and Information Exchange instrument (TAIEX) that will facilitate exchanges between experts of different MS administrations.

Part III – Special Report No 21/2015 of the Court of Auditors entitled "Review of the risks related to a results-oriented approach for Union development and cooperation action"

190. (§ 42 - 2015/PAR/0511) The European Parliament welcomes the Court's recommendation to the Commission to improve the use of terminology regarding long-term results (outputs, outcomes and impacts) and stresses the importance of formulating true S.M.A.R.T. objectives before any decision on financing different projects is taken.

Commission's response:

The Commission is taking the requested action.

DG DEVCO has already been working on ensuring consistent terminology in all relevant documents: the 2013 sector indicator guidance, the Action Document template and related guidance applicable as of 1st January 2015, as well as the new International Cooperation and Development Results Framework and the related instructions and guidance for reporting on the basis of the results framework. They are all in line with the terminology used in the basic regulations.

The Commission services are furthermore in the process of strengthening support as part of internal quality assurance with respect to these aspects of individual action documents, and will also continue to improve its staff training modules in this area. Lastly, the revision of the general guidelines on project and programme management is on-going and scheduled to be completed by early 2018.

191. (§ 51 - 2015/PAR/0512) The European Parliament calls on the Commission to ensure that the connection between evaluations and policy formulation is effective by taking into account all lessons learned in the decision-making process.

Commission's response:

The requested action has been taken.

The Commission manages two types of evaluations: (i) Projects evaluations; ii) Strategic evaluations, which comprise geographic evaluations (covering a country or region) and thematic evaluations, which cover a sector (e.g. education, food security) or an aid delivery method (e.g. budget support, cooperation with development banks, etc). Both types of evaluations are carried out by external contractors under the supervision of DG DEVCO's evaluation unit and with the full engagement of the services concerned, thus ensuring connection between evaluation results and policy formulation.

For instance, in order to prepare the new Partnership Agreement with ACP countries, DG DEVCO drafted an evaluation in 2016. One of the main inputs for this evaluation was an external review commissioned and supervised by DG DEVCO of 111 strategic evaluations managed during the period 2000-2015. This evaluation supported the new proposal under discussion.

The same was applied to prepare the new European Consensus on Development. DG DEVCO commissioned and supervised a "Review of strategic evaluations managed by DEVCO" in the period 2007-2016, on the basis of what had been

done for the Cotonou Partnership Agreement. This review has assessed the achievement of the objectives of the 2005 European Consensus on Development, reviewing about 150 strategic evaluations. It has synthesised the existing evidence and identified broader lessons, thus providing a solid basis for the formulation of the Commission proposal for a new European Consensus on Development.

Part IV – Special Report No 23/2015 of the Court of Auditors entitled "Water quality in the Danube river basin: progress in implementing the Water Framework Directive but still some way to go"

192. (§ 54 - 2015/PAR/0513) The European Parliament agrees with the Court that the Commission should foster comparability of data, for example, by reducing the discrepancies in the number of physicochemical substances that are assessed for the ecological status.

Commission's response:

Under the Water Framework Directive, Member States are responsible for designating river basin specific pollutants (RBSPs) for the assessment of ecological status. RBSPs, by definition, are not necessarily relevant in all river basins or at all scales within a river basin. However, the Commission is continuing to look at the comparability of RBSP designation between Member States, and at the environmental quality standards (EQS) set for them, which are not always the same for individual RBSPs. It intends to encourage Member States to add relevant substances to their list of RBSPs, and to support the development of harmonised EQS values under the 2016-2018 Work Programme of the Common Implementation Strategy for the Water Framework Directive.

193. (§ 60 - 2015/PAR/0514) The European Parliament calls on the Commission to consider systematically assessing not only the existence, but also the adequacy of the good agricultural and environmental condition standards and minimum requirements adopted by the Member States.

Commission's response:

The Commission does not accept this recommendation.

As regards minimum requirements, the Commission carries out the assessment of the minimum requirements by reference to their existence and relevance to the measures for which they constitute part of the baseline. Given the diversity of situations where these requirements are defined, the Commission relies on Member States' judgment with regard to their adequacy.

The Commission will stress the necessity for the Member States to set the parameters of minimum requirements at the level which ensures the reflection of their situations and to respect the rules upon which such requirements should be established.

With regard to GAEC standards, the Commission assesses the existence and adequacy of these standards. The Commission considers this approach as consistent with the CAP legal framework.

194. (§ 63 - 2015/PAR/0515) The European Parliament invites the Commission and the Member States to identify ways for simplifying the set-up and implementation of the checks and for ensuring their effectiveness, on the basis of an inventory of the enforcement of both Union and national mechanisms.

Commission's response:

There are no inspection requirements in the Water Framework Directive and the Nitrates Directive. It is for each Member State to implement the appropriate controls to ensure effective implementation of obligations in the ground.

Part V – Special Report No 24/2015 of the Court of Auditors entitled "Tackling intra-Community VAT fraud: More action needed"

195. (§ 66 - 2015/PAR/0516) The European Parliament calls on the Commission in the context of its evaluation of the administrative cooperation arrangements among the Member States for exchanging information between their tax authorities to fight against intra-Community VAT fraud, to carry out monitoring visits selected on a risk basis; believes that these monitoring visits should focus on improving the timeliness of Member States' replies to information requests, the reliability of the VAT Information Exchange System, the speed of Multilateral Controls, and the follow-up of the findings of its previous reports on administrative cooperation.

Commission's response:

The Commission presented a VAT Action plan in April 2016 proposing measures to tackle the VAT-gap, including conducting monitoring visits.

In the first semester 2017, the Commission carried out selected visits to 10 Member States in the framework of Regulation 1553/89 of 29 May 1989. These visits covered several aspects of VAT collection and control procedures applied in the Member States, and addressed the timeliness of the replies to information requests, issues with the Vat Information Exchange System and the Multilateral Controls.

The Commission will present a report on VAT collection and control applied in the Member States (so-called 'article 12' report) by the end of the year.

196. (§ 67 - 2015/PAR/0517) The European Parliament, bearing in mind that Member States need information from non-Union countries to enforce VAT collection of e-commerce business-to-consumer services and intangibles supplied via the internet, calls on the Commission to support the Member States in negotiating mutual assistance arrangements with the countries where most of the digital service providers are established and in signing these arrangements, in order to strengthen cooperation with non-Union countries and enforce VAT collection.

Commission's response:

The Commission agrees that international mutual assistance is an important instrument to enforce VAT collection in e-commerce. This is why, for example, the Commission has just concluded the negotiations of a bilateral agreement on VAT between the EU and Norway, to be signed soon. This follows the European Court of Auditors' recommendation that Member States should authorise the Commission to negotiate Mutual Assistance Arrangements with the countries where most of the digital service providers are established (n° 119, page 43), this matter falling under the exclusive competence of the EU.

Part VI – Special Report No 25/2015 of the Court of Auditors entitled "EU support for rural infrastructure: potential to achieve significantly greater value for money"

197. (§ 72 - 2015/PAR/0518) The European Parliament considers the Court's findings and recommendations, included in the Special Report 25/2015, useful for further improvement of the performance-based utilisation of Union funded investments in rural infrastructure and for achievement of better results and value for money; requests that the Commission implement them.

Commission's response:

The Court's recommendations are partially implemented.

Following on the Court's recommendations, the Commission is providing support to the Member States in order to overcome the weaknesses identified in the special report concerning their management of infrastructure projects in rural areas. In order to improve the effectiveness and the efficiency of EU support for rural infrastructures the Commission has issued guidance in the form of working documents and measure fiches presented to and discussed in the Rural Development Committee as well as seminars organised by the European Network for Rural Development (ENRD). The topics addressed include among others reasonableness of costs, application of eligibility conditions and selection criteria as well as the controllability and verifiability of the measures.

In the context of its reflections on modernisation and simplification of the CAP, the Commission is exploring ways to further increase the result-orientation of the rural development support in future. Those reflections will materialise into the proposal for a CAP post-2020.

198. (§ 75 - 2015/PAR/0519) The European Parliament calls on the Commission to build upon the first steps taken to ensure effective coordination and complementarity between the different funds of the Union, undertaken through the checklist used by it to ensure the consistency of the 2014-2020 RDPs, and to provide further guidance to Member States during the implementation of the programmes on how to achieve not only better complementarity, but also on how to avoid the risk of substitution of funds and to mitigate the risk of deadweight; in this regard, asks the Commission also to intervene by promoting good practices.

Commission's response:

Mechanisms to ensure better complementarities and coordination between funds have been reinforced in the 2014-2020 programming period through the partnership agreements, where the Member States have to describe the use of ESIF in order to ensure complementarity and synergies of activities. The issue of complementarity and demarcation was also raised in the RDPs. With the adoption of the rural development programmes the Commission has mitigated the risk of non-achievement of added value for the EU funds. As regards promoting best practices to mitigate risks of deadweight, the European Network for Rural Development will continue the networking and exchanges of practices activities.

199. (§ 77 - 2015/PAR/0520) The European Parliament calls for the principle of additionality to be respected at all levels and insists therefore on a proper set-up of

monitoring committees and their active participation in the process of coordination; asks the Commission to properly utilise its advisory role in the monitoring committees.

Commission's response:

While the principle of additionality of RDP resources to national funds is addressed at programme level by applying the relevant co-financing rates, the Commission will continue to promote efficiency in rural development spending by promoting exchange of good practices and through its advisory role in the monitoring committees.

200. (§ 81 - 2015/PAR/0521) The European Parliament recommends that the Commission include in the scope of its future audits an examination of performance aspects concerning rural infrastructure projects; expects the changes made for the 2014-2020 programming period by the Commission, based on the identified past problems, to bring the intended improvement.

Commission's response:

The Commission acknowledges the need to reflect on how to better integrate performance aspects in its audits concerning rural infrastructure projects for the future. The current legal framework focuses on conformity audits, therefore, this change of approach could only be taken into consideration in the future programming period.

201. (§ 82 - 2015/PAR/0522) The European Parliament requests that the Commission and the Member States introduce requirements that oblige the beneficiaries to ensure long-term sustainability and proper maintenance of the infrastructure financed by Union investments, and to check implementation of respective requirements.

Commission's response:

Relevant requirements on durability of investment actions (including as regards infrastructures) are already introduced in the Common Provision Regulation Regulation (EU) No 1303/2013 (Article 71) of the European Parliament and of the Council. The implementation of investment in infrastructure is monitored and subsequently audit missions are carried out to check the implementation of the measures.

202. (§ 84 - 2015/PAR/0523) The European Parliament recommends that for the 2014-2020 period, the Commission and the Member States collect timely, relevant and reliable data that provides useful information on the achievements of the projects and measures financed; expects that this information will allow conclusions to be drawn on the efficiency and effectiveness of the funds spent, identify the measures and types of infrastructure projects delivering the greatest contribution to the Union objectives and provide a sound basis for improving the management of the measures.

Commission's response:

Given the limited value of assessing measures in isolation, the Commission is promoting evaluations at the level of the focus areas, which reflect policy objectives.

Data collection on ongoing projects and measures financed through rural development will continue to be done throughout the whole programming period according to the relevant rules in force. Such information will be used in the context of evaluations, as described above, to draw conclusions on the effectiveness and efficiency of the rural development spending.

Part VII – Special Report No 1/2016 of the Court of Auditors entitled "Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?"

203. (§ 87 - 2015/PAR/0524) The European Parliament recommends that the Commission develop a more comprehensive statistical framework to provide information on the disposable income of farm households and to better capture the standard of living of farmers; believes that for this purpose the Commission should, in cooperation with the Member States and based on a common methodology, consider how best to develop and combine existing Union statistical instruments.

Commission's response:

The Commission is considering ways in which this recommendation can be implemented.

The existing framework for providing information on the income derived from agricultural activities could be strengthened, but the development of a framework for providing information on the disposable income of farm households, if practically possible at all, implies a high administrative burden which may well outweigh the potential benefits.

The recently launched modernization of the Economic Accounts for Agriculture as well as discussions on the future of the FADN aim to improve the measurement of agricultural income. Both initiatives, together with the strategy for agricultural statistics towards 2020 and beyond, focus on strengthening links between different data sources to improve the cost-effectiveness of data collection.

Future of FADN: next round of reflection with Member States to be held before 31.12.2017. Modernisation of the economic accounts for agriculture: 31.12.2021.

204. (§ 88 - 2015/PAR/0525) The European Parliament recommends that the Commission improve the framework for the comparison of farmers' incomes with incomes in other sectors of the economy.

Commission's response:

The Commission is considering ways in which this recommendation can be implemented. The disposable income of farm households is a much wider concept than farm income. The CAP supports farmers' income by supporting their agricultural activities. Thus, it is important to focus on the evolution of income derived from agricultural activities to evaluate if the objective has been met. This is consistent with the analysis of incomes in other sectors of the economy, where also only income derived from sector-related activities is assessed.

Both the modernization of the Economic Accounts for Agriculture as well as ongoing discussions on the future of FADN will take this aspect into account.

Modernisation of the economic accounts for agriculture: 31.12.2021

Future of FADN: next round of reflection with Member States held before 31.12.2017.

205. (§ 89 - 2015/PAR/0526) The European Parliament calls on the Commission to further develop the Economic Accounts for Agriculture so that their potential could be better used in order to:

- provide more detailed information on the factors impacting agricultural income;
- ensure transmission of regional-level data based on formal arrangements with the Member States.

Commission's response:

ESTAT had committed to consulting Member States and did so at the Agricultural Accounts and Prices (AAP) Working Group meeting of 7/8 February 2017.

Regarding provision of more detailed information on the factors impacting agricultural income, it was agreed at the said 7/8 February 2017 meeting:

- *that priority would first be given to public goods (referring to the second part of recommendation n° 2 of the Court's Special Report 01/2016 which calls the Commission to examine whether the EAAs can be further developed to provide a reasonable estimate of the economic value of the public goods that are produced by farmers);*
- *that Eurostat should undertake a study on it and revisit other areas of coverage (referring to the first part of recommendation n° 2 of the Court's Special Report 01/2016 which calls the Commission to provide more detailed information on the factors impacting agricultural income) only after public goods had been first looked at.*

It was agreed that the issues relating to this part of recommendation n° 2 of the Court's Special Report 01/2016 would be put on the agenda of the next AAP WG meeting (2018). This would push the original timescales indicated out by 12 months.

A review would need to be undertaken, with the findings presented and discussed with Member States and an agreement on implementation reached. The outcome would be dependent on this review which would be completed by 30/06/2019. The implementation, including the legal basis, is expected to be resource and time intensive.

Regarding formalisation of transmission of regional level data, Eurostat proposed to include this in the updating of Regulation (EC) No. 138/2004 which is already foreseen to take place for other reasons. Eurostat will proceed along these lines.

206. (§ 91 - 2015/PAR/0527) The European Parliament recommends that the Commission base its analysis of farmers' incomes on indicators taking account of the current situation of agriculture and on sufficient and consistent data for all beneficiaries of CAP measures; considers that this could be done by developing synergies between existing administrative data or by developing the Farm Accountancy Data Network or other suitable statistical tools.

Commission's response:

The Commission is of the view that the existing indicators for income derived from agricultural activities reflect to the extent possible the current situation of

agriculture and provide sufficient and consistent data on the largest possible share of beneficiaries of CAP measures.

FADN data already cover almost the totality of EU subsidies. As regards the coverage of small farms/beneficiaries, since these farms do not have data of sufficient quality to ensure that their participation in the FADN would be based on accountancy and bookkeeping practices, the Commission will rely on the better use of administrative sources of information.

In addition to the better use of administrative sources of information, the Commission is also actively promoting the linkages of statistics with other data sources (registers, administrative data) at Member State level, for pre-filling and thus reducing the burden of data collection (aim to "collect once, use many times"), for verification and validation of the data and for filling in the gaps in data analysis.

Ongoing discussions on the future of FADN will take this aspect into account. Next round of reflection with Member States held before 31.12.2017.

207. (§ 93 - 2015/PAR/0528) The European Parliament recommends that the Commission address weaknesses identified in the implementation of the Farm Accountancy Data Network by agreeing a clear timetable with the Member States concerned and encouraging better use of the system's potential.

Commission's response:

The Commission is aware of FADN performance problems in individual Member States and actions are already on-going to tackle existing weaknesses. An annual plan of on-the-spot visits is realised, together with action plans and follow up meetings to assess the progress made on agreed points. In recent years this approach has led to considerable improvements in several Member States.

For 2017, two such visits are being planned.

In 2016 Commission and Member States started the reflection about the future of FADN in short and longer term. During the FADN Committee meeting on 11 May 2017, those discussions were structured around the following areas: timing of data collection/analysis and publication, incentives to deliver data, representativeness of sample, new data needs, costs of data collection, better dissemination of results and analysis. This process will continue with objective to work out future FADN vision and related action plan.

Visits to Member States: by 31.12.2017

Future of FADN: next round of reflection with Member States held before 31.12.2017.

208. (§ 94 - 2015/PAR/0529) The European Parliament urges the Commission further to develop the present quality arrangements for the establishment of the Farm Accountancy Data Network statistics by the Member States to ensure that, in all Member States, sectors and size classes of holdings that are of interest for the CAP are adequately represented, reflecting also the choices made by Member States in terms of CAP options.

Commission's response:

The Commission has reliable data as regards farmers' incomes collected by the Farm Accountancy Data Network which are representative of the value of agricultural production and of farms of different economic size and type of farming.

Following the 2013 CAP reform, the FADN regulations were updated in line with the new data needs. Valuable examples of enhanced data collection are the inclusion among collected variables of the 'greening' dimension of direct payments and of costs and output from other gainful activities directly related to the holding.

Given that the criteria for FADN sample selection are laid down in legislation (which cannot be changed quickly), it is not possible to base the sample on the choices made by Member States in terms of CAP options. This would also lead to a break in established time series. However, given the high coverage of agricultural production in the FADN, most choices made by Member States are likely to be adequately covered.

Ongoing discussions on the future of FADN will take this aspect into account. Next round of reflection with Member States held before 31.12.2017.

209. (§ 95 (first indent) - 2015/PAR/0530) The European Parliament recommends, taking into consideration the weaknesses identified by the Court, that the Commission improve the reliability and completeness of performance information of the CAP measures in relation to farmers' incomes by:

- defining from the outset appropriate operational objectives and baselines against which the performance of the CAP measures can be compared for the next programming period.

Commission's response:

The Common Monitoring and Evaluation Framework (CMEF), covering both pillars of the CAP was developed in 2014. Based on the experience so far and the policy needs, a thorough review will be made on the line to take regarding the quantity and the type of indicators that should be available for the next programming period, in order to ensure an adequate balance between reliable and complete information, on one hand, and MS's administrative burden, on the other hand.

210. (§ 95 (second and third indents) - 2015/PAR/0531) The European Parliament recommends, taking into consideration the weaknesses identified by the Court, that the Commission improve the reliability and completeness of performance information of the CAP measures in relation to farmers' incomes by:

- in the context of its evaluations, complementing the current framework of performance indicators with other relevant and good-quality data to measure the results achieved;

- also in the context of its evaluations, assessing the effectiveness and efficiency of the measures designed to support farmers' incomes.

Commission's response:

Currently, evaluators use the information collected in the framework of the CMEF, to carry out their evaluation activities. Where the need arises, evaluators have to complement these data with other appropriate methods and information sources to assess the results achieved.

An evaluation is being launched at the moment to assess the impact of CAP measures towards the general objective "viable food production", with a focus on income, competitiveness and price stability. The evaluation aims at assessing effectiveness, efficiency, coherence, relevance and EU added value of the above measures.

Part VIII – Special Report No 3/2016 of the Court of Auditors entitled “Combating eutrophication in the Baltic Sea: further and more effective action needed”

211. (§ 97 - 2015/PAR/0532) The European Parliament deeply regrets that even though between 2007 and 2013, the Union contributed EUR 14,5 billion to waste water treatment and water protection measures in Union Member States in the Baltic Sea region, in addition to EUR 44 million to water quality improvement in Russia and Belarus in 2001-2014, limited progress has been achieved to reduce nutrient emissions; asks the Commission to pay special attention to the cost-effectiveness of the above-mentioned measures.

Commission's response:

Concerning Belarus and Russia, while the EU is the largest donor of the Northern Dimension Environmental Partnership (NDEP) Support Fund managed by the EBRD, results depend on actions agreed by all NDEP parties. Recent developments which are expected to have a positive impact on the reduction of nutrient emissions are:

- 1) Completion of wastewater treatment facilities in St.Petersburg with reconstruction of the Northern Waste Water Treatment Plant and the Northern Tunnel Collector (to be completed in 2017);*
- 2) Completion of the WWTP in Kaliningrad meeting HELCOM requirements;*
- 3) Active implementation of projects for reconstruction of the WWTPs in Russia (Petrozavodsk, Gatchina) and Belarus (Grodno, Vitebsk, Brest, Lida, Polotsk).*

The Commission will raise the issue of cost-effectiveness of the NDEP projects at the Assembly of Contributors; measures to increase cost-effectiveness will have to be developed and agreed by all NDEP parties.

Concerning EU Member States, the Commission will continue paying special attention to the cost-effectiveness of the measures co-financed by the EU as regards waste water treatment and water protection.

However, the responsibility for reducing nutrient emissions falls within the Member States of the Baltic Sea region, who must ensure that the EU environmental legislation (in particular the Urban Waste Water treatment and Nitrates Directives) is fully and correctly applied as well as plan and construct their waste water infrastructure as efficiently as possible.

212. (§ 100 - 2015/PAR/0533) The European Parliament asks the Commission to request that Member States collect information on the cost- effectiveness of nutrient load reduction measures in order to have a robust analysis for establishing future programmes of measures.

Commission's response:

Already implemented, under the Marine Strategy Framework Directive (for marine waters), under the Water Framework Directive (for inland, transitional and coastal waters), and under the Nitrates Directive on measures concerning the protection of waters against pollution caused by nitrates from agricultural sources.

Under the Marine Strategy Framework Directive, Member States "shall ensure that measures are cost-effective [...], and shall carry out impact assessments, including cost-benefit analyses, prior to the introduction of any new measure" (Art 13.3 MSFD).

Under the Water Framework Directive, Member States shall carry out an economic analysis "about the most cost-effective combination of measures in respect of water uses to be included in the programme of measures under Article 11 based on estimates of the potential costs of such measures." (Annex III WFD).

Under the Nitrates Directive, Member States "shall moreover take, in the framework of the action programmes, such additional measures or reinforced actions as they consider necessary [...]. In selecting these measures or actions, Member States shall take into account their effectiveness and their cost relative to other possible preventive measures (Art 5.5 ND). The Nitrates Directive Reporting Guidelines (9.3) also indicate that an overview is needed on the cost-effectiveness of the implementation of measures in the Action Programmes.

213. (§ 101 - 2015/PAR/0534) The European Parliament urges the Commission to improve the reliability of monitoring data on nutrients in the Baltic Sea as the reliability is not assured.

Commission's response:

Regarding the MSFD: Under the MSFD, Member States have established monitoring programmes to assess progress towards good environmental status and targets. The Commission's assessment of monitoring programmes was published in January 2017 (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2017:3:FIN>). For the Baltic Sea, the Commission's assessment indicates that most Member States have included nutrient input monitoring (for instance, input levels of land-based sources of nutrients, of nutrients from the atmosphere and of fertilisers and other nitrogen- and phosphorus-rich substances).

Regarding the assessment of nutrient loads, the Commission considers that the recommendation is already implemented when it comes to marine waters, as the MSFD contains an obligation requesting Member States to assess the environmental status of their marine waters (Article 8), looking inter alia at nutrient enrichment.

Regarding the WFD: The Commission considers that this recommendation has already been implemented when it comes to WFD.

Regarding the nitrates Directive: Under Article 10 of the Nitrates Directive, Member States submit a report to the Commission every four years including information on water monitoring, quality and trends, including information on nitrate concentrations and trophic status of water. On the basis of the information received pursuant to Article 10 of the Nitrates Directive, the Commission publish a summary report and communicate it to the European Parliament and to the Council.

214. (§ 102 - 2015/PAR/0535) The European Parliament urges the Commission to promote effective designation of nitrate vulnerable areas to Member States in order

to put in place sufficient measures in highly vulnerable areas and on the other hand avoid putting an unnecessary burden on farmers operating in areas that are not nitrate vulnerable; emphasises that the Member States in the Baltic Sea region should re-evaluate their designation of nitrate vulnerable areas.

Commission's response:

The Commission considers that this recommendation is being implemented. The Commission asks that WFD information on agricultural nutrient pollution pressures is taken into account when Member States are revising their nitrate vulnerable zones and nitrates action programmes. The Commission will assess second River Basin Management Plans and publish an implementation report by 2018. As regards the Nitrates Directive, the Commission is always engaged in a dialogue with Member States to ensure that the provisions on the designation of Nitrates Vulnerable Zones are fully complied with.

215. (§ 103 - 2015/PAR/0536) The European Parliament notes with concern the lack of effectiveness of actions to reduce nutrient pollution of urban waste water; asks the Commission to ensure effective follow-up of the implementation of the Urban Waste Water Directive and ensure that Member States comply fully with the directive.

Commission's response:

The Commission is closely following-up the implementation of the Urban Waste Water Treatment Directive in Member States around the Baltic. It has launched infringement procedures at the end of 2016 or beginning of 2017 against LV, LT, EE and intends to continue with PL, for non-compliance with the obligations of the Directive.

216. (§ 105 - 2015/PAR/0537) The European Parliament notes that the leverage effect has been high in financing the projects in Russia and Belarus; is worried however about the delays in projects which might result in significant losses of resources; asks the Commission to continue its efforts in this regard and to focus more closely on key polluters identified by HELCOM; also believes that in regard to the cooperation among Union and non-Union states best practices should be identified and applied widely.

Commission's response:

Reasons for delays in projects are linked with the fact that NDEP projects are municipal infrastructure projects whose implementation is long as IFIs work to high international standards and municipal clients' administrative capacity requires developing.

The Commission will raise the issue at the Assembly of Donors.

Regarding the comment on key polluters identified by Helcom (which are mostly located in Russia) and best practices, the EU will address key polluters and best practices in its future actions (environmental CPP) which are envisaged in the Northern Dimension AAP 2017- AAP20018.

To note that, while ongoing projects are being implemented, further actions under the NDEP in Russia are currently blocked because of the sanctions and this affects

the overall performance and represents a limit to the improvement of water quality in Russia.

Part IX – Special Report No 4/2016 of the Court of Auditors entitled “The European Institute of Innovation and Technology must modify its delivery mechanism and elements of its design to achieve the expected impact”

217. (§ 116 - 2015/PAR/0538) The European Parliament calls on the Commission to ensure a coordinated and efficient innovation policy, in which the responsible directorates-general tune up the activities and instruments, and to inform the Parliament on these efforts.

Commission's response:

The European Commission has introduced with H2020 a coherent system supporting innovation in Europe. Notably, the EIT has been integrated in H2020 starting from 2014. The Commission is basing its innovation policy on evidence instruments such as: Innovation Union Scoreboard, the Regional Innovation Scoreboard and the Innobarometer, with financial support coming from the Horizon 2020 Programme and other instruments. In order to coordinate innovation policy, the European Commission has set up the Research and Innovation Directors-General Group, which has been in operation since the start of Horizon 2020 in 2014. DG EAC actively participates in this Group and all related fora and contributes to a more coherent EU innovation policy coordination.

218. (§ 121 - 2015/PAR/0539) The European Parliament calls on the Commission to provide the Parliament with a follow-up report on the implementation and monitoring of and actions taken regarding the Court's recommendations.

Commission's response:

The Commission accepts the recommendation and will provide the EP with a follow-up report on the implementation and monitoring of and actions taken regarding the Court's recommendations of the Special Report No 4/2016 of the Court of Auditors.

The Commission will send the follow up report by end September 2017.

Part XI – Special Report No 6/2016 of the Court entitled “Eradication, control and monitoring programmes to contain animal diseases”

219. (§ 137 - 2015/PAR/0540) The European Parliament notes that the programmes in certain countries were not as successful in eradication of the animal diseases and the progress was rather slow; invites the Commission in cooperation with the Member States to prioritise these specific cases and to prepare a detailed strategy that would help to streamline the eradication of the diseases, in particular of the bovine tuberculosis in the UK and Ireland and ovine and caprine brucellosis in the south of Italy.

Commission's response:

The Commission informed the Parliament and the Council already in 2014 that the results achieved by the UK bovine tuberculosis programme and the Italian brucellosis programmes showed room for improvement. The Commission provides technical support and experts' advices to the Member States for their eradication programmes, and requests from Member States to take action in line with EU recommendations and regulations. The national programmes are reviewed and inspected by the Commission on a regular basis.

In most of those Member States, either several regions are already officially free or the trend is positive in relation to the decrease of indicators such as herd prevalence and incidence. For example, In Ireland, the herd prevalence as regards bovine tuberculosis has decreased from 5,27% in 2009 to 3,53% in 2015; in Italy, with regard to ovine and caprine brucellosis, the prevalence at national level is falling, and had reached 1.2 % in 2015, compared to 3.7 % in 2008. Over the same period, prevalence in Sicily decreased from 11.9 % to 3.6 %.

Part XIII – Special Report No 8/2016 of the Court of Auditors entitled “Rail freight transport performance in the EU: still not on the right track”

220. (§ 152 - 2015/PAR/0541) The European Parliament considers rail freight transport one of the key aspects of the single market for goods and given its massive positive potential in terms of climate change targets and reducing road transport usage, urges the Commission to give it a new impetus within the single market strategy; asks for a rail freight transport strategy to be put in place.

Commission's response:

The Commission agrees with the recommendation but intends to tackle the issue through the implementation of the Rotterdam Ministerial Declaration and Sector Statement rather than through a separate strategy. The Single European rail area, which our complementary initiatives aim at creating, is indeed a key aspect of the single market. The Commission very closely and actively works with the relevant stakeholders, including the MS authorities and the sector, both at strategic and operational level, in order to foster the competitiveness of rail freight in Europe.

The Rotterdam Ministerial Declaration and Sector Statement adopted in June 2016, towards which the Commission has closely contributed, form the framework for priority actions to boost rail freight in the coming years. The Commission is actively accompanying their implementation and will re-assess in the next years whether there would be a need to adapt the framework conditions, taking account of the progress achieved by the sector in the meantime.

221. (§ 153 - 2015/PAR/0542) The European Parliament asks for a comprehensive evaluation of the Union's rail freight transport with particular emphasis on the implementation of Regulation (EU) No 913/2010 including one-stop-shop activity and paths allocation, and an evaluation, in parallel, of freight corridors and of the Connecting Europe Facility corridors including the projects already approved under the Connecting Europe Facility.

Commission's response:

The Commission is completing its evaluation on the implementation of Regulation 913/2010, following a comprehensive consultation process. The COM will give time to the sector to progress on on-going initiatives in the framework of the follow-up process of the Rotterdam Sector Statement before deciding whether to make legislative changes. In this context COM will focus on the ambitious daily development of the RFCs and the solving of practical issues.

The Commission would like also to point out that the "Core Network Corridors" (which is the official terminology) are a tool to facilitate the coordination and implementation of the TEN-T Core Network until 2030. The Commission is closely monitoring the implementation of the Core Network Corridors, in particular through ongoing detailed studies which support the Work Plans for each Core Network Corridor.

222. (§ 154 - 2015/PAR/0543) The European Parliament asks for a comprehensive evaluation of the national rail systems interoperability.

Commission's response:

Since the adoption of the first interoperability Directive in 1996 (Directive 96/48/EC) the Commission reports regularly, approximatively every three years, on the progress made toward interoperability. This reporting obligation has been confirmed in the 4th Railway Package (Article 53 of Directive (EU) 2016/797). All reports published after 2004 were based on reports produced by the European Union Agency for Railways (ERA); the reporting obligation by ERA has been confirmed in its new Regulation (Article 35(4) of Regulation (EU) 2016/796).

223. (§ 155 - 2015/PAR/0544) The European Parliament asks for an evaluation of the Member States' transport strategies drawn up following conclusion of the partnership agreements as regards the cross border harmonisation and operability of TEN-T corridors.

Commission's response:

The Commission rejects the recommendation. While the importance of ensuring seamless functioning of transport links in all areas - including cross-border regions - is evident, the primary role of the development of transport strategies in Member States is not in setting standards for cross-border harmonisation and interoperability but to provide a sound framework for transport investments.

The Commission nevertheless encourages the Rail Freight Corridors (RFCs) to contribute to cross-border harmonisation and interoperability, as they constitute platforms involving the different relevant stakeholders (including ministries, infrastructure managers and railway undertakings) and can potentially flow forward information related to identified cross-border issues to the bodies competent to solve them (national safety authorities, ERA, Commission, ministries, etc.)

224. (§ 156 - 2015/PAR/0545) The European Parliament asks for an action plan to support the full and swift implementation of the 4th Railway Package.

Commission's response:

Rapid and effective implementation of the technical pillar of 4th Railway Package is a top priority for the Commission and European Agency for Railways, and a timetable for implementation has been developed and shared with stakeholders. The Commission has established a Group of Experts that assists the Commission in implementing the Technical Pillar with a view to prepare the Agency for its new authority role to start in June 2019; progress on implementation is regularly reported to the Rail Interoperability and Safety Committee (RISC) and (as regards the Agency's preparedness) to the ERA Management Board. In addition, the Commission is proactively assisting the Member States in their task of transposing the rail recast safety and interoperability directives in order to avoid delays or errors in transposition and provide legal certainty to the future applicants.

The Commission has also started to work with key stakeholders (rail regulatory bodies, Member States, operators) to prepare the implementation of the market pillar of the 4th Railway Package, in particular Directive (EU) 2016/2370 EU, as regards the opening of the market for domestic passenger transport services by rail and the governance of the railway infrastructure.

Part XIV – Special Report No 9/2016 of the Court of Auditors entitled “Union external migration spending in Southern Mediterranean and Eastern Neighbourhood countries until 2014”

225. (§ 160 - 2015/PAR/0546) The European Parliament calls on the Commission to evaluate all of the Court’s observations and to take the requested measures to avoid making the same mistakes during 2014-2020 migration policy; calls for application of all the Court’s recommendations.

Commission's response:

The European Commission takes into account all observations made by the Court and will take the necessary steps and measures in order to comply with them. Furthermore, the Commission has a clear action plan for each of the Court's recommendations and reports regularly upon its progress.

226. (§ 161 - 2015/PAR/0547) The European Parliament believes that the use of funds should be guided by improved monitoring and evaluation systems based on baseline indicators, progressive benchmarks and measurable and realistic objectives; calls on the Commission to review all indicators, benchmarks and objectives provided by the actual migration programmes.

Commission's response:

The Commission is making significant efforts to ensure that the projects clearly define each step of the project management cycle. The Commission endeavours to make sure that projects are based on comprehensive logical frameworks including results indicators, taking into account country differentiation. In addition, the monitoring and evaluation framework for the North of Africa window of the EU TF, together with its operational guidelines, have been finalised and will support and harmonize project formulation under the EU TF/North of Africa at the country and regional levels, as well as monitoring, evaluation and reporting mechanisms. Actions aiming at strengthening the use of standard tools, in particular the Result Oriented Monitoring (ROM), have been adopted under the MADAD Trust Fund and the North of Africa window.

227. (§ 164 - 2015/PAR/0548) The European Parliament calls on the Commission to engage constructively for a better coordination between instruments, mechanisms and relevant stakeholders to achieve migration crisis prevention.

Commission's response:

The Commission acknowledges the need for better coordination among all the relevant stakeholders. Internal consultations among the different services responsible to relevant EU instrument are undertaken in order to ensure full complementarity and avoid overlaps between the different actions. Taking into account the mixed nature of migration where both forced displacement populations and migrants need to be addressed, DG NEAR will continue joint efforts with DG ECHO and DG DEVCO, notably in order to ensure complementarity between the humanitarian and development actions migration crisis prevention, as well as with DG HOME funded actions.

228. (§ 170 - 2015/PAR/0549) The European Parliament calls on the Commission to follow, assess and review constructively the activities of the European Border and Coast Guard Agency, which are to begin in October 2016.

Commission's response:

The Commission has implemented the recommendation. The Commission is already reviewing and assessing the external activities of the EBCG Agency as part of the regular programming and reporting cycle. Moreover, the Commission is also reporting regularly to the EP, Council and the Commission via progress reports on the operationalization of the European Border and Coast Guard including relevant aspects of the Agency's external relations. Since the entering into force of Regulation (EU- 2016/1624 on the EBCG, the Commission has adopted 3 progress report (COM(2017) 42 final of 25.1.2017; COM(2017) 201 final of 2.3.2017; COM(2017) 214 final of 2.5.2017) the fourth report is to be adopted on 13 June 2017.

Furthermore, spending of the EBCG Agency regarding activities financed under the relevant financial instruments supporting the external relations policy of the EU will be assessed and reviewed in accordance with the regulatory framework applicable to the given financial instruments.

229. (§ 174 - 2015/PAR/0550) The European Parliament emphasises the importance of sufficient control mechanisms to ensure political scrutiny of budget implementation in the context of the discharge procedure; urges the Commission to take immediate steps to increase the involvement of the budgetary and budgetary control authority and to better align the trust funds and other mechanisms with the budgetary norm, in particular by making them appear in the Union budget.

Commission's response:

The Commission has taken steps to keep the European Parliament better informed of the management of EU Trust Funds.

In the context of the 2017 budget Conciliation, the European Parliament, the Council and the Commission agreed on a joint statement on EU Trust Funds, reconfirming that the establishment of EU Trust Funds should be transparent and clear. Moreover, the Commission undertook to regularly inform the budget authority on ongoing and planned Trust Funds financing and operations, and to propose measures for the proper involvement of the European Parliament.

In order to follow up on this commitment, as from March 2017, the Commission produces a regular (monthly) report on the state of implementation of EU Trust Funds.

Moreover, the chairs of the strategic boards of the four EU Trust Funds invite designated representatives from the European Parliament to participate in the respective meetings as observers.

The EU Trust funds are, as stated in Article 187 (6) of the Financial Regulation, not integrated in the EU budget. However, the Commission submits annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by the EU Trust Funds, their implementation and

performance, as well as on their accounts. The report is attached to the summary of the annual activity report referred to in Article 66(9).

230. (§ 175 - 2015/PAR/0551) The European Parliament regrets that the Commission did not provide details of actual payments and calls on the Commission to take adequate measures to strengthen and simplify the encoding in the financial information system in order to better track and monitor the amounts targeted for external action on migration.

Commission's response:

The Commission has started internal discussions to create more complete sources of data, in order to show spending on migration across the whole Commission (ABAC).

Furthermore, in parallel to the above actions, DG NEAR has also created an internal database covering all ongoing contracts on migration in the NEAR region, detailing commitment and payment mode. The database will be used to map the EU external migration spending in DG NEAR countries.

The Commission presented a proposal for a migration-specific DAC purpose code at the informal meeting of the Working Party on Statistics on 28 February 2017. The proposal found broad support amongst DAC Members and was therefore advanced by the DAC Secretariat who presented a revised proposal for a new migration and mobility code at the OECD DAC Working Party on Development Finance Statistics in June. As a result of comments received, the DAC Secretariat is currently redrafting elements of the proposal which will be offered for approval via silence procedure in the coming weeks.

In addition, the Commission is developing plans for a transversal marker (on the model of the Rio markers on climate) that would allow to single out the projects that target (as a main objective or a significant one) the area of migration.

231. (§ 176 - 2015/PAR/0552) The European Parliament asks the Commission to launch a comprehensive repository tool for Union migration-related spending, including all completed, ongoing and planned projects; considers that the interactive database should provide stakeholders and citizens with the results visualised on the world map, and enabling a search filtered by country, type of project and the corresponding amounts.

Commission's response:

The Commission has made progress in recording migration expenditure. However, in the absence of a clear definition of what migration expenditure is, a formal follow up might be difficult to set up.

Specific tracking mechanisms exist in the financial systems but a central mechanism was not needed to compile allocations and expenditure related to the migration crisis in a factsheet.

Furthermore, the majority of migration-related actions are already presented in individual reports (i.e. Annual accounts and monthly reports for Trust funds, monthly report on the Facility for refugees in Turkey and monthly budget implementation reports):

<https://myintracomm.ec.europa.eu/budgweb/EN/rep/finrep/budg-report/Pages/financial-reports.aspx>

In addition, since the creation of the EU Emergency Trust Fund (EUTF) in November 2015, the European Commission has published on the dedicated EUTF website an interactive map where the main information – including financial - is available for all approved initiatives funded under this Trust Fund. This interactive map, together with other information on this EUTF is available at this address: http://ec.europa.eu/europeaid/regions/africa/eu-emergency-trust-fund-africa_en.

On this website, an updated overview of contractual status is available for all three geographic windows of the Trust Fund for Africa, including the list of approved initiatives, implementing partners, individual amounts, and information about duration etc. As this EUTF started operating at the end of last year only, extensive details on results are not yet available on the Commission's website.

Part XV – Special Report No 10/2016 of the Court of Auditors entitled “Further improvements needed to ensure effective implementation of the excessive deficit procedure”

232. (§ 180 - 2015/PAR/0553) The European Parliament recommends that the Commission improve transparency of the EDP through regular communication of its country assessments on compliance with structural reforms proposed under EDP and through greater transparency in the application of the rules.

Commission's response:

While the Commission acknowledges that there has in the past been room for improvement in terms of transparency, very substantial progress has been made in recent years. In particular, the Commission has worked closely with the Member States on codifying the concepts and methodologies used in the assessment of compliance with the EDP, including through the publication of the Institutional Paper “Vade mecum on the Stability and Growth Pact”, which explains how the Commission implements an EDP in practice.

In addition, since spring 2014, access to all relevant aggregate data has been systematically provided to Member States. On this basis, Member States are able to fully replicate the Commission's calculations.

As regards structural reforms, the implementation of such reforms, including those undertaken under an Economic Partnership Programme (EPP), is monitored in the context of the European Semester, including under the Macroeconomic Imbalances Procedure. The focus of the legislation which governs the EDP is fiscal outcomes and, as such, the relevant legislation does not contain specific provisions to enforce the implementation of structural reforms.

233. (§ 182 - 2015/PAR/0554) The European Parliament recommends that the Commission continue its progress in involving national fiscal councils and ensure that the European Fiscal Board takes a formal role under the EDP; notes that transparency under the EDP has improved in recent years and recognises that certain information of a politically sensitive nature cannot always be put into the public domain.

Commission's response:

The Commission believes that independent, competent and capable national fiscal councils (NFCs) are instrumental in increasing the strength and transparency of national fiscal frameworks, which enables compliance with the SGP. The Commission has therefore pro-actively supported the setting up of NFCs across the EU. Moreover, it has been promoting enhanced transparency, in particular by disseminating relevant methodological notes and the calculations underpinning SGP-related assessments. Not least, ECFIN country desks pay regular visits to the NFCs as part of their forecast missions, in order to help gain a better understanding of domestic public finance developments. The Commission will continue to nurture close and effective cooperation with the NFCs and capitalise on their specific knowledge in the process of preparing SGP-related assessments.

The European Fiscal Board (EFB) will also be a key partner in the fiscal surveillance landscape and the Commission will count on the Board's competent advice to help improve the quality and consistency of its assessment of national budgets and fiscal plans. Indeed, a core task of the EFB is to provide an evaluation of the implementation of the EU fiscal framework, in particular regarding the horizontal consistency of the decisions and implementation of budgetary surveillance, and cases of particularly serious non-compliance with the rules.

This being said the Commission has no authority to instruct the independent fiscal councils in their work and it is not for the Commission to give the EFB a formal role in the EDP.

Part XVI – Special Report No 11/2016 of the Court of Auditors entitled “Strengthening administrative capacity in the former Yugoslav Republic of Macedonia: limited progress in a difficult context”

234. (§ 192 - 2015/PAR/0555) The European Parliament calls on the Commission to continue working on the dialogue with the political leaders across the political spectre, national authorities and experts on judiciary and law enforcement in order to find an agreement on an active fight against corruption and organised crime and on implementation of strict measures and mechanisms to prevent corruption and economic crime in line with the country’s criminal law.

Commission's response:

Combatting corruption and organised crime remains high on the political agenda of the Commission as part of the 'fundamental first' approach. The issue is regularly addressed through the all SAA fora, including SA Council, SA Committee and the Sub-Committee meetings for justice and home affairs, the Country Reports, diplomatic meetings. The Commission will continue to monitor and insist on the implementation of the Pržino agreement and the Urgent Reform Priorities, which address underlying systemic rule of law issues (including legal and institutional reforms, strengthening of anti-corruption policies and support to operational measures). The Commission will engage with the new government along these lines.

235. (§ 193 - 2015/PAR/0556) The European Parliament strongly recommends that the Commission use the political dialogue and contacts with national authorities in order to improve the efficiency of the public procurement system and transparency of public spending.

Commission's response:

Political dialogue in the area of public procurement is continuous and regular as required by the SAA. It includes targeted discussions within the Sub-committee on Internal Market and Competition and PAR special group. The Commission will increase its attention to this issue in these fora.

In addition to the political dialogue, in 2018 the Commission is planning to provide significant financial support in the area of public financial management, including transparency of public spending and public procurement. This is conditioned with the adoption of the sector reform programme by the government which is currently under preparation.

236. (§ 194 - 2015/PAR/0557) The European Parliament calls on the Commission to prioritise the fight against corruption and regrets the absence of an effective government strategy in the fight against corruption; reiterates the need for greater political commitment by the national authorities in order to ensure sustainable results in this respect.

Commission's response:

Fighting corruption is part of the 'fundamentals first approach' taken by the Commission and will remain in the focus of the Commission's efforts to support the country. Moreover, the Commission is prioritising the fight against corruption

in the context of the implementation of the Urgent Reform Priorities and Przino agreement.

The Commission is using all existing policy tools to secure and measure the political commitment in the area of corruption and to improve transparency. In practical terms the Commission facilitated, as part of the Przino agreement, the establishment of Special Prosecutor's Office in view to establish the legal accountability of the wrongdoings stemming from the illegal wiretaps, including high level corruption crimes. Fight against corruption is discussed within the all SAA fora, including SA Council, SA Committee, SA sub-committees on justice and home affairs and PAR special group.

The political tools are backed up with financial support through IPA. The Commission is putting in place financial support to key institutions to ensure they function in accordance with international practices.

237. (§ 195 - 2015/PAR/0558) The European Parliament calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations, when pursuing the Instrument for Pre-Accession Assistance (IPA II).

Commission's response:

With IPA II, the Commission is giving higher importance to the impact of the EU funds and the sustainability of the funded projects. This new approach is well enshrined into the new strategic planning and programming methodology based on long-term sector planning and enhanced national commitment to reform process. In addition, the Commission is launching a major intervention for creating sector performance framework which would allow following up and ensuring full focus on, smaller in number but more important in value, results across all sectors as defined in the Indicative Strategy Paper.

238. (§ 196 - 2015/PAR/0559) The European Parliament welcomes the Commission's establishment of projects focused on civil society organisations; calls on the Commission to continue this practice and to establish strong relationships with local NGOs.

Commission's response:

The Commission is paying due attention on having strong and empowered civil society organisations (CSOs). Cooperation with CSOs in the country remains intensive and productive. In the period of 2014-2020 a significant part of the EU funds has been allocated to CSOs through the IPA Civil Society Facility (CSF), representing about 4% of all allocations available for the country (about EUR 21 million). Currently there are 99 EU funded grants supporting around 300 CSOs to implement different project initiatives in the country.

High level as well as regular consultative meetings were organised in the context of the EU country report, Commissioner's visits and the political dialogue to collect feedback on the implementation of the Przino agreement and Urgent Reform Priorities, as well as on the political crisis, the sector reforms and the approximation with acquis. The Commission regularly outlines the importance of CSOs in its public statements.

Targeted consultations with specialised CSOs were held on specific issues such as migration, Urgent Reform Priorities and Economic Reform Programme.

239. (§ 198 - 2015/PAR/0560) The European Parliament notes that although many of the projects were well-managed, the results were not always sustainable or even achieved; further notes that the projects did not always fall into a coherent approach towards strengthening administrative capacity building; calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a pre-condition of the projects [projects that would strengthen the rights and position of whistle-blowers].

Commission's response:

Under IPA II the Commission is putting stronger strategic focus by planning its assistance on a seven year basis with its Indicative Strategy Paper. The financial assistance is programmed by sectors, which puts individual projects in a wider sector framework. This means that the Commission looks not only at the project proposal, but also whether the IPA beneficiary has an effective sector strategy and sector coordination structures in place, as well as how the EU funds are being complemented by IPA beneficiary investments.

The Commission is supporting the IPA beneficiary sector reform strategies to increase the ownership and sustainability.

In terms of using stricter conditions, the sectors receiving financial assistance need to first comply with conditions such as existence of comprehensive sector strategies, national ownership, budget transparency, better linkage between donor funding and priorities, and system to measure and monitor the results from the support. Moreover, the Commission applies stricter conditions on maturity of actions at programme and project level. In this respect the national envelope for the period 2014-2016 has been reduced by approximately EUR 50 million, mainly because of lack of preparedness and lack of maturity of planning in key sectors, as well as the lack of political commitment to deliver on necessary reforms in public financial management.

The Commission agrees on the important role of whistle-blowers (also part of the Urgent Reform Priorities) in the fight against corruption and considers financial support in this respect. Under the IPA 2017 country action programme measures are planned to support the establishment of an effective whistleblowing framework and empower whistle-blowers.

240. (§ 199 - 2015/PAR/0561) The European Parliament calls on the Commission to continue to follow the principles of sound financial management; invites the Commission to help designing projects that serve also as a stepping stone for further investments in the country.

Commission's response:

In order to prioritise projects with high potential and sustainability, the Commission introduced the sector approach. In this respect the revision of the sector planning documents undertaken in all sectors triggered an intensive dialogue with the national stakeholders on the measures to improve the planning,

use and management of the EU funds. The Commission has adjusted its funding approach to the country by:

- Intensifying the consultations and coordination with Member States, civil society organisations and donors, including International Financial Institutions, on the sector priorities trying to establish and increase the donors and societal support for the planned sector measures and actions, thus improving the sustainability of the designed projects.*
- Supporting the established sector working groups, which involve all sector stakeholders, in defining the sector priorities and planning the EU and national funds. This resulted into the selection of few funding priorities per sector until 2020 with potentially high impact on pushing forward the sector reforms. A project pipeline in all sectors was also established.*

Part XVII – Special report No 12/2016 of the Court of Auditors entitled “Agencies’ use of grants: not always appropriate or demonstrably effective”

241. (§ 221 - 2015/PAR/0562) The European Parliament calls on the Commission and the agencies who were subject of the audits in this special report to provide the Parliament with an update of the implementation of the recommendations.

Commission's response:

The Commission gives the utmost importance to the follow-up to the recommendations received from the Court of Auditors. In the case of this report, all recommendations were addressed to the Agencies, which are strictly responsible for their follow-up.

Part XVIII – Special Report No 13/2016 of the Court of Auditors entitled “Union assistance for strengthening the public administration in Moldova”

242. (§ 227 - 2015/PAR/0563) The European Parliament calls on the Commission to encourage their Moldavian counterparts to develop systematic, clearly formulated national strategies that would include clear, measurable objectives and to better link designing of the programmes in the country to these strategies.

Commission's response:

The Commission already encourages, through policy dialogue (including Association Committees and Sub-Committees) and technical assistance the Moldovan counterparts to develop systematic, clearly formulated national strategies that include clear, measurable objectives. In addition, the Commission pays great attention to the sound implementation of these strategies by Moldova. Making satisfactory progress on the implementation of strategies is indeed a condition for the disbursement of budget support. EU Assistance, channelled through the project approach also duly takes into account and supports strategies; for example, the Public Administration Reform (PAR) programme, signed at the end of 2016, will help partner country authorities to better design and cost sectoral strategies, facilitating the development of future programmes and their alignment with more sound and robust strategies. The Commission also seeks to ensure:- that the strategies are appropriately costed and consistent with the multi-annual budget planning- consistency between strategies at sectoral, and national levels as well as with the Association Agenda which is a strategic document underpinning the Association Agreement.- proper preparation of the strategies including through consultations of the civil society and the use of impact assessment.

243. (§ 229 (first sentence) - 2015/PAR/0564) The European Parliament calls on the Commission to prioritise the fight against corruption and regrets the absence of a truly effective government strategy in the fight against corruption.

Commission's response:

The Commission has already prioritized the fight against corruption in its financial assistance. For instance, substantive progress in the fight against corruption and in the reform of the justice sector is a central element for the continued implementation of budget support in Moldova. The effective fight against corruption will also be prioritized in the upcoming Association Agenda 2017-2019 and the Single Support Framework for 2017-2020.

Finally, the Commission has already been raising in the political dialogue with Moldova (including Association Council, Committees and Sub-Committees) as well as its dialogue and outreach activities with other key stakeholders, the importance for a continued concerted fight against corruption and conflicts of interest in Moldova.

244. (§ 230 - 2015/PAR/0565) The European Parliament calls on the Commission to continue the dialogue with the political leaders across the political spectre, national authorities and experts on judiciary and law enforcement in order to find an

agreement on an active fight against corruption and organised crime and on implementation of strict measures and mechanisms to prevent corruption and economic crime in line with the country's criminal law.

Commission's response:

The Commission has already prioritized the fight against corruption in its financial assistance. For instance, substantive progress in the fight against corruption and in the reform of the justice sector is a central element for the continued implementation of budget support in Moldova. The effective fight against corruption will also be prioritized in the upcoming Association Agenda 2017-2019 and the Single Support Framework for 2017-2020.

Finally, the Commission has already been raising in the political dialogue with Moldova (including Association Council, Committees and Sub-Committees) as well as its dialogue and outreach activities with other key stakeholders, the importance for a continued concerted fight against corruption and conflicts of interest in Moldova.

245. (§ 233 (connection with § 234) - 2015/PAR/0566) The European Parliament notes with concern that the method of sector budget support is a highly risky means of budget distribution, especially in the Moldovan context, in which the public administration is paralysed by massive corruption and dominated by a local oligarchy; invites the Commission to reconsider the methods utilised based on an in-depth risk analysis.

Commission's response:

Regarding ongoing sector budget support programmes to Moldova, the Commission will continue applying strict conditionality. An example of already applied conditionality includes the suspension of budget support payments from end 2014 until the signature by Moldova of an IMF Agreement at the end 2016 because of macro-economic risks linked to the major banking fraud of end 2014. For the continuation of budget support, substantive progress in the fight against corruption and in the reform of the justice sector as well as the sound implementation of the IMF agreement will be key elements. In addition, more rigorous control and early warning mechanisms - including intensified joint monitoring of macro-economic conditions with the World Bank and the International Monetary Fund have been put in place; the expanded High Level Advisors (HLA) mission has been providing timely information and thus facilitating assessment of risks. The high level of risks in Moldova implies the oversight of any Budget Support disbursement by the FAST committee, which is chaired by the Director General of DG NEAR and hence provides an additional level of control. The ongoing Public Finance Policy Reforms (PFPR) programme helps also Moldovan authorities to improve their public finance management, further minimizing risks for the EU Budget Support. As from 2016, the Commission has focused its assistance on projects aiming at bringing tangible and visible results to Moldovan citizens (2016: services and infrastructures in rural areas – these projects were not using budget support as an implementation modality).

246. (§ 236 (second sentence) - 2015/PAR/0567) The European Parliament calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations.

Commission's response:

EU assistance has helped create jobs, improve living conditions and support modernisation of the administration. Several key projects completed in 2015-2016 led to the following achievements: new drinking water supply infrastructures built in several municipalities (e.g. Nisporeni, Vărzărești and Grozești), providing safe drinking water to more than 15,000 people; public transport improvements in Chisinau and Balti; biomass heating systems installed in 225 public buildings (e.g. schools, village halls), creating better and cheaper heating; eight business incubators set up (e.g. Cimislia, Nisporeni...); confidence-building measures allowing 70 people from both sides of the Nistru River to set up businesses and create 350 jobs.

In the context of the upcoming Single Support Framework 2017-2020 for Moldova, the Commission will build on these achievements with a view to making sure that EU assistance benefits Moldovan citizens in a tangible and visible manner.

247. (§ 236 (third sentence) - 2015/PAR/0568) The European Parliament calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a pre-condition of the projects.

Commission's response:

The Commission has been regularly bringing these issues into the political and sector policy dialogue. The Commission has also developed programmes to support better public finance management and public administration capacities (PFPR and PAR programmes) which are key to secure sustainability and viability of the projects. The Commission will focus on enhanced coordination in the preparatory works to set SMART indicators and clear objectives sustainable in nature. Progress on PAR will certainly facilitate sustainability addressing the public administration human resources challenges, and strengthening the administrative capacities across the public administration as a whole.

248. (§ 237 - 2015/PAR/0569) The European Parliament calls on the Commission to focus the projects more specifically on concrete national needs.

Commission's response:

The Commission is already applying this recommendation. For example through the Annual Action programme 2016, the Commission will support the development of services and infrastructures in rural areas. The upcoming Single Support Framework 2017-2020 for Moldova will also focus on delivering tangible and visible results for citizens.

249. (§ 238 - 2015/PAR/0570) The European Parliament calls on the Commission to continue to follow the principles of sound financial management; invites the Commission to help design projects that would serve as a stepping stone for further

investments in the country and to establish cooperation with international financial institutions in this regard.

Commission's response:

The Commission has already been supporting the macroeconomic stability of Moldova, which is key to help attracting investments in Moldova. The Commission has done so through technical assistance to develop sound economic policies, through close cooperation with international financial institutions including in particular IMF and World Bank and through the provision of budget support. On the latter, maintaining a stability oriented macro-economic policy is indeed a condition for receiving budget support.

The EU's support to SMEs, packaged under the new brand EU4Business, plays also a key role in addressing the challenges faced by SMEs (difficult operational environment, lack of relevant skills, poor public-private dialogue, constraints in accessing foreign markets, and limited access to finance) and seizing the new opportunities linked to the DCFTA between EU and Moldova. The Commission will continue supporting these areas through notably the upcoming Single Support Framework 2017-2020 for Moldova.

250. (§ 240 - 2015/PAR/0571) The European Parliament calls on the Commission to improve the early warning system and the risk analysis in order to react in a faster and more flexible manner to potential risks.

Commission's response:

More rigorous control and early warning mechanism - including intensified joint monitoring of macro-economic conditions with the World Bank and the International Monetary Fund - has been put in place; the expanded High Level Advisors (HLA) mission to Moldova has been providing timely information and thus facilitating assessment of risks. The increased level of Risk in Moldova implies the oversight of any BS disbursement by the FAST committee. The Public Finance Policy Reforms (PFPR) programme helps also Moldovan authorities to improve their public finance management, leading to minimized risks for the EU Budget Support. The Commission will continue the closer monitoring of risks both jointly with WB & IMF and with the HLA mission, and further adequately update the Risk Management Framework.

251. (§ 243 - 2015/PAR/0572) The European Parliament calls on the Commission to continue its engagement in Moldova, with a view to strengthening the political association and economic integration between the Union and Moldova.

Commission's response:

The Commission continues to engage with Moldova inter alia through its contribution to the revision of the Association Agenda, the development of a Single Support Framework for 2017-2020, the implementation of the Association Agreement/DCFTA, the ongoing assistance as well as the regular and close political dialogue with the country.

Part XIX – Special Report No 14/2016 of the Court of Auditors entitled “EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground”

252. (§ 248 - 2015/PAR/0573) The European Parliament endorses the recommendations of the Court and urges the Commission and the Member States to implement them as quickly as possible.

Commission's response:

The Commission notes that four out of the eight recommendations in the report are addressed to the Member States.

For the remaining four addressed to the Commission, the Court has issued six sub-recommendations. At the end of May 2017, 2 are already implemented, 2 have been rejected and two will be implemented during the preparation of the new programming period +2020.

253. (§ 249 - 2015/PAR/0574) The European Parliament considers it disappointing that Roma inclusion and integration did not receive the necessary attention during the 2007-2013 programming period; calls, when the future Union strategic framework is drawn up, for greater account to be taken of the difficulties as regards inclusion and the discrimination with which Roma and other marginalised communities have to contend.

Commission's response:

The Commission will consider the EP recommendation in the context of the preparation of the next multiannual financial framework when examining the criteria for the allocation of funds, the role that social inclusion challenges should play as well as the need for a further targeting of resources to support marginalised communities.

Regarding the next programming period, the Commission will come up with proposals for the Funds' Regulations after the adoption of the next Multiannual Financial Framework at the appropriate time.

254. (§ 254 - 2015/PAR/0575) The European Parliament calls on the Commission to provide detailed information about the funding available for Roma and to study the existing obstacles and take them into account for the purposes of simplifying funds.

Commission's response:

The ESF in the programming period 2007-2013 followed a mainstreaming approach towards disadvantaged groups, including Roma, and therefore did not target the Roma directly. €11,5 billion were allocated to social inclusion measures, including Roma, by the ESF in the 2007-2013 programming period. For the programming period 2014-2020, €22,2 billion were allocated to social inclusion measures including Roma and a specific investment priority was introduced for the integration of marginalised communities (e.g. Roma) to allow for an explicit (but not exclusive) targeting of marginalised communities and better monitoring of results.

The total allocation budgeted for this investment priority stands at €1,5 billion. Almost another half a billion has been allocated to the investment priority "Combating all forms of discrimination and promoting equal opportunity". Additionally, Roma may also be supported under any other Investment Priority in the area of social inclusion, employment and education.

Furthermore, the Commission launched a specific programme to enhance the capacity of local authorities to design and implement Roma integration measures with the support of EU funds (since 2013). The ROMACT programme is currently implemented in more than 60 municipalities in the Member States with the largest Roma minorities in cooperation with the Council of Europe. The ROMACT programme (phase III) has been financed by the 2015 EaSI Annual Work Programme (AWP) (€2 million), 2016 EaSI AWP (€0.5 million) and 2017 EaSI AWP (€0.7 million).

Last but not least, the Commission will take into consideration the specific obstacles that exist for disadvantaged groups and marginalised communities including Roma in accessing the funds in the context of the preparation of the next multiannual financial framework.

255. (§ 257 - 2015/PAR/0576) The European Parliament calls on the Commission to ensure, in the next programming period or when revising the operational programmes, that Roma integration goals charted in the national Roma integration strategies are reflected in the European structural and investment funds framework at every operational level.

Commission's response:

The Commission accepts the recommendation and will take it into account as much as possible for the next programming period.

Regarding the funding period 2014-2020, it should be noted that the Roma integration objectives have been already reflected in the ESIF framework from the design of the Operational Programmes for the Member States where the Roma-specific ex ante conditionality applies.

The initiative for revising operational programmes lies mostly with the Member States. In accordance with the CPR, requests for amendment of programmes submitted by a Member State shall be duly justified and shall in particular set out the expected impact of the changes to the programme on achieving the Union strategy for smart, sustainable and inclusive growth, and the specific objectives defined in the programme.

Within the legal framework for 2014-2020, subject to audits, the managing authority of the relevant Operational Programme has the obligation to establish a system to record and store in computerised form data on each operation necessary, inter alia, for monitoring and evaluation purposes. This refers to financial data, as well as to outputs and results. Regarding the next programming period, the Commission will come up with proposals for the Funds' Regulations after the adoption of the next Multiannual Financial Framework at the appropriate time.

As for the current programming period, Roma integration objectives have already been incorporated while designing the Operational Programmes for Member States. In addition, in these cases the Roma-specific ex ante conditionality applies.

As laid down in Art. 19 (2) CPR, it has also to be noted that the fulfilment by Member States of all of the applicable ex ante conditionalities was due by 31 December 2016. Member States shall also report on their fulfilment not later than in the annual implementation report or the progress report due in 2017.

Member States are obliged to collect, record and store data on each operation in an electronic system, including data on individual participants (Article 125 (2)(d) and (e) CPR).

If there is a serious deficiency in the quality and reliability of the monitoring system or of the data on common and specific indicators, the Commission may suspend interim payments (in accordance with Article 142(1)(d) CPR).

Due to the nature of the recommendation, this is something that will be done during the entire programming period.

256. (§ 258 - 2015/PAR/0577) The European Parliament urges the Member States and the Commission to produce meaningful harmonised statistics on Roma so as to enable their social, administrative, and economic inclusion to be assessed more accurately.

Commission's response:

The Commission refers to its comments to the ECA Special Report No 14/2016 on Roma integration.

While it is always willing to work with the Member States, given the diversity of national situations and approaches, the Commission considers that this issue should be left to the discretion of the Member States in line with the principle of subsidiarity.

257. (§ 261 - 2015/PAR/0578) The European Parliament calls on the Commission, in partnership with representatives of marginalised communities, and Roma in particular, and with 'specialised institutions', to set up training courses within Member State authorities in order to combat discriminatory practices and set a better example conducive to inclusion through healthy, constructive, and effective dialogue.

Commission's response:

The Commission understands that, as the central focus of the audit giving rise to this resolution was the use of ESIF, such "training courses" most likely refer to the use of funds in line with the Charter and the horizontal antidiscrimination conditionality under the funds. In this regard, guidance note has been prepared by DG REGIO ([http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016XC0723\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016XC0723(01))) on ensuring the respect of the Charter of Fundamental Rights when implementing ESI Funds, including recommendations and examples how to carry out the assessment of compliance of the actions with the Charter. One of the issues to consider in this context is also the impact on horizontal antidiscrimination principles. Further training are planned in all Member States in cooperation with the Fundamental Rights Agency

on application of the Charter of Fundamental Rights in the case of ESIF-funded interventions.

By reference to the above measures, the Commission assumes that the actions this resolution calls for are under control.

258. (§ 263 - 2015/PAR/0579) The European Parliament asks the Commission to consider setting up a European fund specifically to foster the inclusion of Roma and other marginalised communities, and calls on the Commission to ensure that expenditure under such a fund would be properly supervised.

Commission's response:

It is certainly important to ensure that work to support inclusion of the Roma is targeted to best effect. It also benefits from synergies with other programmes. The Commission is not convinced that a separate fund would necessarily facilitate improved delivery.

259. (§ 264 - 2015/PAR/0580) The European Parliament calls on the Commission to establish a genuine European strategy for Roma inclusion, that is to say, a European action plan devised and implemented at every political and administrative level, involving representatives of the Roma community, and based on the core values of equality, access to rights, and non-discrimination; maintains that such a strategy must help to promote genuine inclusion of Roma and their access to education, employment, housing, culture, health care, participation in public affairs, training, and free movement within the Union.

Commission's response:

The Member States have the primary responsibility and moreover the competences to change the situation of marginalised populations in 4 key areas (education, employment, healthcare and housing) so action to support Roma lies first and foremost in their hands. In addition, the size and the social and economic situation of the Roma population vary considerably between different Member States. Therefore national approaches to Roma integration should be proportionate and tailored to the specific circumstances and needs on the ground.

Only by respecting a principle of subsidiarity and Member State's respective legal and policy frameworks, it was possible for the EU (which role is to guide and support Member States in their efforts through the policy, legal and financial instruments) to address the Roma inclusion at the European level. This is done through the EU Framework for National Roma Integration Strategies up to 2020. It is through this instrument that the Commission will continue to pursue the underlying objectives set out in Parliament's resolution.

The EU Framework for National Roma Integration Strategies up to 2020 set out a comprehensive approach, where fighting discrimination of Roma and promoting their social and economic inclusion are closely interlinked.

The EU Framework sets the EU Roma integration goals in four key areas: education, employment, healthcare and housing. In order to meet these goals, the Member States have adopted National Roma Integration Strategies (NRIS) or integrated sets of policy measures within their broader social inclusion measures

tailored to the size and situation of Roma populations focusing on Roma integration in four key areas (mentioned above) hand in hand with fighting discrimination.

The Commission assesses annually the implementation of National Roma Integration Strategies. It reports to the European Parliament and the Council on progress made in integration of Roma population in Member States and achievement of goals per each key area defined in the EU Framework. The 2017 assessment report will be devoted to the midterm review of the EU Framework. It will take stock of progress made regarding the main goals of the EU Framework in four key areas (education, employment, healthcare and housing) and it will present an overview of measures put in place by the Member States. It will also provide a first Commission narrative on the use of the European policy, legal and financial instruments that have been developed and mobilised to promote and support Roma inclusion. The adoption of the report is planned for September this year.

In parallel, the Commission also plans to launch an in depth evaluation of the EU Framework. The various stakeholders will have an opportunity to contribute to this evaluation through the online questionnaire which will be uploaded soon on the Commission's website. The final evaluation report is expected in 2018.

Part XX – Special report No 15/2016 of the Court of Auditors entitled “Did the Commission affectively manage the Humanitarian aid provided to populations effected by conflicts in the African Great Lakes Region?”

260. (§ 268 - 2015/PAR/0581) The European Parliament calls on the Commission to continue its effort towards the linking of Relief Rehabilitation and Development, when local conditions permit; considers that this could potentially be supported through a permanent inter-services platform linking relief, rehabilitation and development; believes that such a platform could serve, among other purposes, for the identification of potential programmes to be combined; considers that integrated approaches with a clearly stated coordination of objectives and a coherent country/region strategy among all stakeholders should be set up wherever possible.

Commission's response:

The Commission confirms prioritising linking relief, rehabilitation and development or humanitarian development nexus so that development gains can be preserved and humanitarian needs reduced. A systematic LRRD approach and operationalisation of the nexus will be sought. In this view, and in the framework of the implementation of the Joint Communication on forced displacement and development "Lives in dignity", a series of pilot countries have been selected to test the implementation of joint analyses and coherent programming. The need for enhanced humanitarian and development coordination is also reflected in various recent Commission policy engagements. The new European Consensus on Development which was endorsed in a joint Declaration with the European Parliament and Council as well as the joint Commission-HRVP Communication on resilience both stress the importance of joint humanitarian development approaches.

261. (§ 269 - 2015/PAR/0582) The European Parliament calls furthermore on the Commission services to deliver a better transition from short-term humanitarian activities to long-term development interventions and for a coherent coordination not only among different Union actors but also with national priorities and other international organisations through a common strategy by means of a joint humanitarian and development framework.

Commission's response:

The Commission has been using joint humanitarian development frameworks (JHDF) in crisis and fragile countries and will continue to do so in selected countries. The aim of such processes is to agree on a joint analysis of the crisis and to ensure coherence and complementarity between funding instruments to prepare hand over to development funds when appropriate. Funding instruments such as EU Trust Funds which include resilience objectives should support the implementation of identified JHDF priorities.

262. (§ 272 - 2015/PAR/0583) The European Parliament calls on the relevant Union and UN institutions to fully respect and implement the Financial and Administrative Framework Agreement; asks the Commission to report to the Parliament on the implementation of the agreement and related guidelines, and to identify areas needing improvement and make relevant proposals in this regard.

Commission's response:

The requested action has been undertaken.

The Working Group established under article 13.1 of the Financial and Administrative Framework Agreement (FAFA) between the European Union and the United Nations meets annually to discuss all relevant topics and challenges related to the implementation of the FAFA, with a view to continuously improve the cooperation and efficiency. In 2017, this annual meeting is organised for the 13th time (on 12 September). On the EC side, participation is extended to all DGs embraced in the EC-UN cooperation. Amongst the conclusions of the latest Working Group meeting held on 14 October 2016, it was agreed to create an EU-UN task force to share best practices and the respective result frameworks (aiming to enhance harmonisation), as well as to discuss reporting on results/achievements and explore options for a results-based approach for funding.

On the contractual and verification issues, the EC and the UN organise twice a year a common FAFA training in Brussels. In 2017, these common training sessions were also repeated in two African regional seminars with regional staff of the UN and participants from the EU delegations. The progress on the implementation of the FAFA is also ensured through the DG DEVCO's Annual Activity Reports.

263. (§ 275 - 2015/PAR/0584) The European Parliament asks the Commission to introduce results assessments at a level of humanitarian Implementation plans to enable benchmarking of such plans and sharing best practices.

Commission's response:

The Commission is preparing a report template per HIP which will include aggregated information on the contracting amount, implementing partners as well as a summary of lessons learnt.

Furthermore, in line with the Better Regulation Guidelines, the Commission has a 5-year, rolling evaluation programme that provides full coverage of humanitarian activities through a set of 30 evaluations (i.e. six/year, geographical + thematic).

Part XXII – Special Report No 17/2016 of the Court of Auditors entitled “The EU institutions can do more to facilitate access to their public procurement”

264. (§ 286 - 2015/PAR/0585) The European Parliament calls for increased transparency of public procurement within Union institutions, as well as at national level, through public availability of documents and data on public procurement.

Commission's response:

Access to business opportunities and relevant procurement documents is available via existing tools and platforms – TED and TED eTendering, which give access to procurement notices and procurement documents of the institutions. The Commission committed to perform a feasibility assessment to what extent further features could be offered to provide for access to a wider range of information, taking into account budgetary and human resources constraints and the SEDIA initiative. In this regard, a survey is currently ongoing with eTendering users to identify other services that could be added to the site. Discussions with Commission services have also started. A consultation of the institutions is also under preparation.

265. (§ 287 - 2015/PAR/0586) The European Parliament strongly supports the recommendation of the Court for the Union institutions to create a common electronic one-stop shop for their procurement activities, allowing economic operators to find all relevant information in a single online location and to interact with the Union institutions through this website; believes that procurement procedures, including communication on rules applicable, business opportunities, relevant procurement documents, submission of tenders and all other communication between institutions and economic operators should all be managed via such a one-stop shop.

Commission's response:

Works in view of listing functional and technical requirements of a common electronic one-stop-shop have also been launched in line with the Commission actions in regards of the eGovernment requirement (article 95 of the Financial Regulation).

266. (§ 288 - 2015/PAR/0587) The European Parliament requests that the Commission's website on European funds paid to all Member States should be published in one of the three working languages of the institutions and include the same data for all Member States, at least the value, the object of the contract, the name of the contractor, the name of subcontractors (if any), the length of the contract and if any additional documents exist.

Commission's response:

In accordance with Article 35 of the Financial Regulation, the Commission provides information on recipients, as well as the nature and purpose of the measure financed under direct implementation, and information on recipients as provided by the entities, persons and Member States to which budget implementation tasks are entrusted under other methods of implementation.

As regards funds disbursed by the Commission and the executive agencies in direct management, the information is already available in FR-DE-EN through the Financial Transparency System. Referring to subcontracting, there is no obligation to require tenderers to provide information about the identity of the intended subcontractors. Considering there is no contractual link with the subcontractors, they do not appear in the signed contracts. It is therefore not possible to extend the publication requirements to the subcontractors.

As regards funds in shared management, the bodies implementing funds under shared management remain responsible to publish their own recipients, which is more reliable in terms of collection of accurate data.

267. (§ 289 (second sentence) - 2015/PAR/0588) The European Parliament agrees with the Court that for the ongoing 2016 revision of the Union Financial Regulation the Commission should propose a single rulebook for public procurement.

Commission's response:

One of the major pillars of the ongoing revision of the Financial Regulation is to propose a "single rule book" which will improve the overall readability, would reduce the length of the text and will mainly seek simplification, fully in line with the concept of better regulation.

This single rule book will consolidate, in a single legislative act, both the procurement rules presently laid down in the Financial Regulation and the more detailed rules of the Rules of Application. Furthermore, specific provisions related to procurement in external action presently in Part Two of the Financial Regulation would be merged with the general procurement rules to further facilitate the reading to all economic operators. This has been included in Commission proposal COM (2016) 605.

268. (§ 293 - 2015/PAR/0589) The European Parliament agrees with the Court that the Union institutions should divide contracts into lots wherever possible to increase participation in their procurement procedures; underlines that in 2014 the Council awarded a framework contract for 10 years, with a value of over EUR 93 million, for management, maintenance, repair and adaptation of technical installations in its present or future buildings to a single company without splitting it into lots; mentions that the Commission proceeded in the same way in 2015 for its 5-year contract "Your Europe Advice" - the Union's free legal service, with a value of nearly EUR 9 million; emphasises that a lack of division along with an excessively long duration of framework contracts (10 or seven years, with a record of 17 years on a contract awarded by the Council for the Justus Lipsius building) crushes competition, encourages opacity and potential corruption; asks therefore all institutions to put an end to these practices, which are fully opposed to the spirit of transparency and good practice that the Union should promote.

Commission's response:

As regards the division of contracts into lots, the Commission partially accepts it and will continue implementing it to the extent it is appropriate. Division in lots is justified to increase competition but this division must be weighed against the principle of sound financial management of the Financial Regulation. Large

contracts may lead to economies of scale (lower prices) and lighter administration (fewer contracts to manage).

The Commission considers that, when dividing contracts into lots, it already follows an approach that balances the need to increase competition with other principles applicable to procurement, in particular sound financial management and proportionality. Division into lots is therefore indeed ensured where appropriate, in view of the subject matter and value of the contract, as well as the risk for the implementation of the contract in case of interdependent lots.

As regards the duration of contracts, the Commission accepts the recommendation and will continue implementing it. The duration of framework contracts should not exceed 4 years save in exceptional cases duly justified in particular by the subject matter of the framework contract, as provided for in Article 122 of the Rules of Application which the Commission also applies by analogy to direct contracts. A longer duration may be justified e.g. in the case of services requiring heavy set-up investment or phasing-in and phasing-out periods. In all cases, a balanced approach is to be followed, taking into account the principles of sound financial management, proportionality and competition.

269. (§ 294 - 2015/PAR/0590) The European Parliament requires that all Union institutions develop and implement adequate tools and methods for audits and evaluations, in order to acknowledge and signal the presence of irregularities; reiterates that better monitoring, detection, analysis, and reporting technology are needed in order to fight fraud and corruption; insists that this knowledge has to be made available to Member States as well; emphasises the central role of the whistle-blowers in revealing wrongdoing and reminds that all European institutions and agencies must adopt internal binding rules for the protection of whistle-blowers, according to Article 22c. of the Union Staff Regulation, entered into force on January 1st, 2014.

Commission's response:

The Commission considers having the adequate approach and tools to prevent, detect and correct both irregularities and fraud. Rooted in a risk analysis and in compliance with the decentralised governance model, the Authorising Officers by Delegation (AOD) which are fully accountable put in place control strategies to process the financial transactions and an Anti-Fraud Strategy to mitigate more specifically the fraud risks. If need be, AODs can develop specific IT based on data mining. In case of suspicion of fraud (zero tolerance), they inform OLAF and will act subsequently on the basis of the investigation report issued by OLAF.

To streamline the actions of all the AODs, the central services provide expertise on control systems and anti-fraud strategies, make available IT tools, monitor and allow the endorsement at political level.

In December 2012, pursuant to Article 22c of the Staff Regulations, the Commission issued Guidelines on Whistleblowing for Commission staff members, which explain when and how to blow the whistle and where to seek guidance in case of doubt. The Guidelines also highlight the protection offered to whistle-blowers who acted in good faith, which includes measures to safeguard the

confidentiality of the identity of the whistle-blower and to protect the whistle-blowers against any form of retaliation as a result of their whistleblowing.

270. (§ 295 - 2015/PAR/0591) The European Parliament agrees with the Court that the Commission should propose amendments to the Union Financial Regulation to allow for a rapid review of complaints from economic operators who consider that they have been unfairly treated; notes that such a review should take place before economic operators turn to the Union Ombudsman or to the Union courts.

Commission's response:

The Commission does not consider necessary to propose amendments to the Financial Regulation on the review of complaints.

The Financial Regulation already provides that the unsuccessful tenderers are notified of the grounds and details reasons for their rejection and they may request additional information in accordance with Articles 113(3) of the Financial Regulation and 161(2) of the Rules of Application. Such requests are subject to a strict deadline: the contracting authority must provide this information as soon as possible and in any case within 15 days of receiving the request.

In addition, whenever an act adversely affecting the rights of the candidates or tenderers is notified to the economic operators in the course of a procurement procedure (e.g. rejection), such notification will refer to the available means of redress (Ombudsman complaint and judicial review).

The Commission considers that the setting-up of a non-judicial review body, in addition to the already existing review mechanism provided for in the Financial Regulation, is neither needed nor appropriate as it would generate disproportionate costs for the benefits sought.

Under the Financial Regulation the contracting authority may, after an assessment of the requests or comments, suspend the signing of the contract if this is the appropriate response to the requests or comments. Such suspension is to be decided by the contracting authority on a case-by-case basis and where justified by the nature of the submitted requests or comments.

271. (§ 296 (last sentence) - 2015/PAR/0592) The European Parliament strongly recommends that the institutions with investigative powers, particularly OLAF, improve their case management systems to produce reports and statistics on the different types of allegations under investigation and the outcome of these investigations.

Commission's response:

OLAF is currently in a transitional phase in improving its capacity in reporting and analyses. The new OLAF Content Management system (OCM) is in place since September 2016. The module envisaged for statistics and reporting will be available with a later release in 2017. In the meantime, OLAF is exploring possibilities to improve the use of the current reporting tools and options.

272. (§ 298 - 2015/PAR/0593) The European Parliament stresses that central collection of public procurement data helps build meaningful, accurate and detailed statistics with the objective of preventing, detecting and investigating corruption in public

procurement and taking the appropriate countermeasures; stresses that adding data fields in the central procurement databases (including TED) could hint at red flag situations with respect to irregularities in public procurement; calls on the Union institutions to ensure that such databases are filled out in a timely and complete way.

Commission's response:

Tenders Electronic Daily (TED) gives access to all contract notices of the Union institutions as from the directive thresholds. The notices for publication include all the information set out in the relevant standard forms referred to in Directive 2014/24/EU to ensure transparency of the procedure, as provided for in Articles 103 of the Financial Regulation and 123 of the Rules of Application. The award notice includes notably the name and address of the contractor and information on the value of the contract.

There are other dedicated tools and systems put in place by the Commission which have been specifically designed to monitor irregularities in the award of Union funds, notably via procurement. That is the case of the Early Detection and Exclusion System (EDES) and its dedicated database operational since 1 January 2016. In particular EDES ensures the publication, in the most severe cases, on the Commission's internet site of information related to the exclusion and where applicable the financial penalty imposed on unreliable economic operators.

273. (§ 300 - 2015/PAR/0594) The European Parliament urges all institutions and agencies to always publish CVs and declarations of interest for middle and high management, members, experts and any type of leading bodies or structures, even in cases of experts detached from Member States, as the CVs of such experts should be publicly available at all times.

Commission's response:

This recommendation is partially implemented as regards the senior management. The CVs of the Directors-General and the Deputy Directors-General are published. In addition, as part of the Commission's commitment to transparency, the Secretary-General also publishes information on meetings held by the Directors-General with organisations or self-employed individuals. As for the Commission, there is no legal basis to ask indiscriminately to all EU middle managers to make their CV and declarations of interests public. Regarding Agencies, they are independent legal entities. As such they alone are responsible for the way they handle interests of their board members, taking into account their specificities. For the purposes of the implementation of the Common Approach on Decentralised Agencies, as agreed by the European Parliament, Commission and Council in 2012, the Commission has provided agencies with guidelines on a coherent policy on the prevention and management of conflict of interest, whose scope of application extend to inter alia members of the Management Board.

As regards conflict of interest, Article 57 of the Financial Regulation provides that the financial actors and other persons involved in budget implementation and management, including acts preparatory thereto, audit or control shall not take any action which may bring their own interests into conflict with those of the Union. Therefore, all financial actors are already bound by the Financial Regulation and in case of any risk appropriate measures are taken.

Part XXIII – Special Report No 18/2016 of the Court of Auditors entitled “The EU system for the certification of sustainable biofuels”

274. (§ 307 - 2015/PAR/0595) The European Parliament notes with regret that the Commission’s recognition procedure does not take account of some of the key aspects of sustainability and fair trade, such as land tenure conflicts, forced or child labour, poor working conditions for farmers, dangers to health and safety and the impact of indirect land-use changes, which in different contexts are considered extremely relevant; considers this to represent an inconsistency in the Commission’s policies; calls on the Commission to redevelop its assessment procedures in a more comprehensive manner and to include these aspects in its verification procedure for the voluntary schemes; calls on the Commission to require voluntary schemes to report once a year on the basis of their certification activities and relevant information concerning the abovementioned risks.

Commission's response:

The Commission agrees that indirect land-use change (ILUC) and social sustainability criteria are very important issues. However, it is important to recall that the Commission assesses the voluntary schemes against the requirements contained in Directive 2009/28/EC, which do not include criteria for ILUC or social criteria. Therefore, the Commission is not in a position to oblige the certification schemes to cover these criteria. However, as foreseen in the Directive, the schemes can cover these criteria on a voluntary basis and have to report on their certification activities on a yearly basis.

Further, the Commission has proposed in the recast of the Renewable Energy Directive for the period after 2020, to gradually reduce the contribution of conventional food based biofuels and gradually increase the contribution of more advanced biofuels and renewable electricity. In the view of the Commission this represents a more effective way to address ILUC than sustainability certification.

275. (§ 308 - 2015/PAR/0596) The European Parliament notes that to date the Commission has submitted two reports on the impact of Union biofuel policy on social sustainability in the Union and third countries and on the availability of foodstuffs at affordable prices; notes with regret that the information contained in the reports was rather limited and provided only unclear conclusions; calls on the Commission to improve the reporting system and to provide the Parliament with a detailed analysis in order to inform the public about these important issues.

Commission's response:

The Commission will continue to monitor developments and will strive to provide comprehensive information. The latest Commission' assessment on EU biofuel policy impacts on food prices and availability in the EU and in third countries is provided in the 2016 EU Agriculture Outlook of 6 December 2016, and in the 2017 Renewable Energy Progress Report COM(2017) 57 final of 1 February 2017. Through the proposal for an Energy Union Governance regulation, and taking into account the recommendations of the European Court of Auditors, the Commission proposes to regularly monitor the environmental impacts of biomass produced and used for energy in the EU, including the effect of the displacement

of food and feed products by biofuel production. The Commission will also report on broader sustainability aspects of bioenergy use in the Union and in third countries which allows the Commission to cover also social issues, such as land tenure conflicts and indigenous people's rights.

276. (§ 309 (second sentence) - 2015/PAR/0597) The European Parliament calls on the Commission to adopt a more consistent and coherent approach towards its policies on environment, energy, development and other related issues; calls on the Commission to pay particular attention to the impact of indirect land-use changes.

Commission's response:

The Commission agrees that indirect land-use change (ILUC) is a very important issues and notes that addressing this issue is one of the main objectives of new policy on biofuels set out in the recast of the Renewable Energy Directive.

277. (§ 310 (second sentence) - 2015/PAR/0598) The European Parliament calls on the Commission to verify that Union biofuel feedstock producers actually comply with the Union's environmental requirements for agriculture.

Commission's response:

The Commission accepts the recommendation concerning the Union's environmental requirements for agriculture in so far as compliance with Article 17(6) RED (which is linked to the CAP GAEC standards and other relevant Directives and Regulations) should be verified. However, the RED does not oblige the Member States to verify compliance with Article 17(6) RED although they are part of the criteria. The Commission is required to recognise voluntary schemes on other grounds than those included in Article 17(6) RED. Compliance with CAP GAEC standards and other relevant Directives and Regulations is verified as part of the CAP. To further clarify this matter the Commission has proposed to remove the criterion from the Renewable Energy Directive after 2020.

278. (§ 310 (third sentence) - 2015/PAR/0599) The European Parliament calls on the Commission to provide sufficient evidence of the origin of waste and residues used for the production of biofuels.

Commission's response:

The Commission agrees that waste based biofuels deserve to be covered by dedicated verification procedures. The Commission has already acted in that direction and has required the application of dedicated measures in all its assessments of voluntary schemes. Further, the Commission included in the proposal for the recast of the Renewable Energy Directive a provision requiring the Member States to create national databases tracing advanced biofuels and other biofuels produced from wastes such as used cooking oils.

279. (§ 311 - 2015/PAR/0600) The European Parliament calls on the Commission to ensure that the voluntary schemes are free of conflicts of interest and to provide for effective communication with other stakeholders.

Commission's response:

The Commission also agrees that the potential conflicts of interest including the ownership of schemes should be taken into account in the assessment of voluntary schemes. The Commission has already acted in that direction and is introducing in its assessments an analysis of the ownership and governance structure of the voluntary schemes. Further, the Commission included in the proposal for the recast of the Renewable Energy Directive a empowering the Commission to set out detailed implementing rules that have to be applied for voluntary schemes.

Evidence about the Commission action is reflected in the assessment reports of the voluntary schemes that can be found at:

<https://ec.europa.eu/energy/en/topics/renewable-energy/biofuels/voluntary-schemes>

280. (§ 312 - 2015/PAR/0601) The European Parliament calls on the Commission to further ensure transparency of the voluntary schemes and economic operators by requiring the schemes to set up an official website providing publicly available detailed information on the voluntary schemes, their certification procedures, staff employed, certificates issued, audit reports, complaints, and the economic operators they cooperate with.

Commission's response:

The Commission has accepted this recommendation and agrees that voluntary schemes need to fulfil minimum transparency requirements. It is asking voluntary schemes to publish relevant information. Moreover, the Commission will report on the operation of the voluntary schemes in 2017. In this context, the Commission will have the opportunity to assess the need to further specify the data to be published by the schemes.

281. (§ 313 (third sentence) - 2015/PAR/0602) The European Parliament calls on the Commission to introduce a supervision system that will ascertain whether the voluntary schemes' certification complies with the standards laid down for recognition.

Commission's response:

The Commission accepts this recommendation and agrees that the operation of voluntary schemes needs to be supervised. It will address the issue in the context of the reporting on the operation of the voluntary schemes as foreseen in the RED as amended by Directive (EU) 2015/1513. The Commission proposed as part of the recast of the Renewable Energy Directive that Member States should contribute towards ensuring the correct implementation of the certification principles of voluntary schemes by supervising the operation of certification bodies that are accredited by the national accreditation body and by informing the voluntary schemes about relevant observations.

282. (§ 313 (fourth and fifth sentences) - 2015/PAR/0603) The European Parliament calls on the Commission to request that the voluntary schemes set up transparent, user-friendly, informative and accessible complaints systems on their websites; calls

on the Commission to supervise the complaints systems and to take action if necessary.

Commission's response:

The Commission accepts the recommendation that voluntary schemes should have a complaint system and requires this already in the framework of its assessments.

283. (§ 314 - 2015/PAR/0604) The European Parliament welcomes the fact that the Commission issues guidance notes to the voluntary schemes which contribute to promoting best practice and to increased effectiveness; notes, however, that the notes are not binding and are not fully implemented; invites the Commission to make the guidance notes binding for the voluntary schemes in order to ensure that the requirements are fulfilled.

Commission's response:

The guidance notes are not legally binding for the voluntary schemes and are aimed to promote best practise by indicating what the Commission may require in the future. The Commission is enforcing the adaptation of higher standards when the voluntary schemes apply for an extension of the recognition. The Commission may also repeal the decisions if it has been clearly demonstrated that a scheme has not implemented elements considered to be decisive for the Decision and if severe and structural breach of those elements has taken place.

Further, the Commission included in the proposal for the recast of the Renewable Energy Directive a provision empowering the Commission to set out detailed implementing rules that have to be applied for voluntary schemes.

284. (§ 315 (connection with § 303) - 2015/PAR/0605) The European Parliament notes that the Member States are responsible for ensuring that the statistics concerning sustainability of biofuels reported to the Commission are reliable, but that there is a risk of overestimation of the statistics; calls on the Commission to introduce a requirement for the Member States to support their statistics with appropriate evidence in the form of, for example, a certificate or declaration issued by the entity in charge of collecting data on sustainable biofuels and transmitting them to the national authority, which sends them to Eurostat.

Commission's response:

The Commission partially accepts this recommendation and will continue to work with Member States on the reliability of data supplied, as Member States will receive information from economic operators on compliance with the sustainability criteria. Further, Member States provide the Commission with a report on the quality of all data transmitted every five years. However, requiring additional evidence (certificates/declarations) for the purposes of one particular statistical data collection is not justified and therefore the Commission is not going to work on certificates and declarations.

285. (§ 316 - 2015/PAR/0606) The European Parliament reiterates that the data submitted by the Member States are often not comparable, because of varying definitions, basically making it impossible to ascertain the real situation; invites the Commission to harmonise the definition of waste substances not previously included in the

Renewable Energy Directive list used for the production of advanced biofuels in installations existing before the adoption of Directive (EU) 2015/1513 amending the Renewable Energy Directive.

Commission's response:

The Commission has accepted this recommendation and agrees that harmonisation of definition of waste used for the production of advanced biofuel is needed. The legislator has already taken measures to harmonise the definition of waste in the RED. The RED as amended by Directive (EU) 2015/1513 includes a definition of waste by establishing a link to Directive 2008/98/EC.

Further, the Commission proposed as part of the recast of the Renewable Energy Directive to establish a harmonised definition of advanced biofuels after 2020 using a positive list of biofuel feedstocks. Biofuels produced from waste and residues not included in this list would not qualify as advanced biofuels.

286. (§ 317 - 2015/PAR/0607) The European Parliament notes with concern that the specific value (double counting) of biofuels produced from waste and residues increases the risk of fraud; points out that there is a need for dialogue between the Commission and the Member States on monitoring and fraud prevention; invites the Commission to initiate such a dialogue.

Commission's response:

The Commission is supporting the efforts of the Member States to mitigate the risk of fraud and has created a working group in the Committee on the sustainability of biofuels and bioliquids that is analysing different aspects and measures that are relevant in this context. The subject was also taken into account in the RED as amended by Directive (EU) 2015/1513 which is requiring the Member States to report on the measures they have taken against fraud and is calling for improved co-operation among national systems and between national systems and voluntary schemes.

Further, the Commission proposed as part of the recast of the Renewable Energy Directive to establish databases that allow better tracing of renewable fuels.

287. (§ 318 - 2015/PAR/0608) The European Parliament welcomes the example of a voluntary scheme mentioned in the Court's report which sets high standards for sustainable production aimed not only at preventing ecological damage, including by protection of soil, water and air, but also at safeguarding appropriate working conditions and protection of employees' health on farms, as well as respect for human, labour and land rights; considers this to be an example of best practice; invites the Commission to consider creating a platform for the voluntary schemes where best practices could be exchanged.

Commission's response:

The Commission services are in regular contact with the voluntary schemes and have already organised common meetings. The Commission services will consider making use of this possibility also in the future.

Part XXIV – Special report No 19/2016 of the Court entitled “Implementing the EU budget through financial instruments - Lessons to be learnt from the 2007-2013 programme”

288. (§ 323 - 2015/PAR/0609) The European Parliament calls the Commission to prevent any form of tax ruling concerning the use of the Union financial instrument.

Commission's response:

Being at the forefront of international developments in fair taxation, the Commission has been taking a strict line in the area of fight against tax avoidance over the recent months. In this context the EU Anti-Tax Avoidance Package issued in 2016 sets out a series of measures to promote EU tax good governance criteria and notes the importance of the EU using every tool at its disposal to promote tax good governance internationally. This includes ensuring consistency between Commission's tax policy objectives and the delivery of EU funds through international financial institutions (IFIs). In light of this, the Commission is seeking to introduce additional requirements on tax good governance in the rules governing the use of EU funds. Under these requirements relevant IFIs should not support projects that do not comply with EU tax good governance standards, including for example harmful tax measures and aggressive tax planning arrangements using offshore structures in jurisdictions where there is no real economic activity. In this context, the EIB group has already put in place additional measures to enhance its procedures and practices aimed at avoiding EIB Group operations being misused for tax avoidance and aggressive tax planning.

In addition, for shared management, the guidance note on implementation options under Article 38(1)(b) CPR includes additional recommendations to ensure the alignment of financial instruments structures with the policy set out in the Commission Communication on the anti- tax avoidance package of January 2016.

A reinforcement of the legal framework setting out the requirements related to the tax issues (Article 38(4) 2nd paragraph CPR and Article 140(4) of the financial regulation) was also proposed by the Commission in the Omnibus Regulation.

The compliance of the tax treatments with the national law and EU recommendations is part of the system in place to implement the financial instruments and is also covered in the scope of management verifications as provided for in the guidance note EGESIF 14/0012/02.

289. (§ 325 - 2015/PAR/0610) The European Parliament regrets that the legal basis in the previous period made it possible for Member States to freeze part of the contribution in the accounts of the banks and financial intermediaries managing the funds, without being actually used for its intended purposes; notes the modifications introduced by the Commission in its closure guidelines; calls the Commission to actively monitor the situation in order to avoid such practice.

Commission's response:

Based on the experience in the implementation of the shared management financial instruments in 2007-2013 and on past recommendations of the Court, the

challenges identified were addressed in the 2014-2020 legal framework in order to set up performance oriented implementation, to avoid the "parking" of funds and to provide Member States with clarity and legal certainty.

As the Court recognised also in its special report, the lessons to be learnt from 2007-2013 were taken into account for 2014-2020 through improvements in the legal framework such as: a range of implementation options for FIs in all thematic objectives; obligatory ex-ante assessment for each financial instrument to identify market failure and justify the ESIF intervention; phased payments from programmes to FIs, based on actual investment performance on the ground; incentive-based methodology for management costs and fees to encourage effective spending in achieving the programme objectives; minimum requirements for monitoring and annual reporting.

The Commission regrets to see in the REGI Opinion issued on 27 April 2017 amendments on the Omnibus proposal which would contribute to an increased parking of funds and would work against the 2014-2020 legal improvements such as: the relaxation of rules on payments by softening the link between payments to financial intermediaries and payment to final recipients (Article 41 CPR); and the extension of the deadline from end 2017 to end 2018 for signing funding agreements for equity financial instruments which will trigger the right of using follow-on investments beyond the end of the eligibility period (Article 43(3) CPR).

290. (§ 327 - 2015/PAR/0611) The European Parliament requests that the Commission provide a definition for the leverage of financial instruments applicable across all areas of the Union budget, which clearly distinguishes between the leverage of private and national public contributions under the operational programme and/or of additional private or public capital contributions, and takes into account the type of instrument involved.

Commission's response:

The Commission has proposed a revised definition of leverage, in the proposal for revision of the Financial Regulation (COM(2016)605 adopted on 14/09/2016). The Commission agrees on the need for a harmonised definition across the different management modes. The Commission welcomes any contribution from the European Parliament and the Council to fine-tune the definition in the ongoing discussions of the proposal.

291. (328 - 2015/PAR/0612) The European Parliament expects the Commission to ensure, for the European Regional Development Fund and European Social Fund financial instruments under the 2007-2013 programme period, that Member States provide complete and reliable data on private contributions on capital endowments, both through the operational programmes and in addition to them.

Commission's response:

The guidelines on the closure of operational programmes (Commission Decision C(2015) 2771) foresee in chapter 5.2.5 that the final report as part of the closure package must describe the identity of national co-financing providers, the type of national co-financing provided and any co-investment funds in addition to programme resources.

In addition, Annex I, templates 1 and 2, require Member States to report in the mandatory field III.2.2.4 the national private co- financing effectively paid to the financial instrument.

292. (§ 331 - 2015/PAR/0613) The European Parliament recommends a pro-active approach and technical assistance on the ground by the managing authorities and the Union institutions on the better use of financial instruments in the regions.

Commission's response:

For 2014-2020, the Commission has already provided since the beginning of the programming period, extensive support to Member States in the implementation of the financial instruments in addition to the technical assistance budget foreseen in the programmes, such as: available standardised instruments (off-the-shelf) for which the terms and conditions have been pre-defined and laid down in a Commission Implementing Acts; guidance notes based on the questions received from MSs (e.g. selection of bodies implementing financial instruments, ex-ante assessment, payments, combination of financial instruments with other forms of support, management costs and fees, etc.); fi-compass technical advisory platform designed to support ESIF managing authorities, EaSI microfinance providers and other interested parties, by providing practical know-how and learning tools on financial instruments; REGIO Peer 2 Peer initiative based on exchange of expertise among managing, certifying and audit authorities in Member States dealing with the ERDF/CF (see <https://www.fi-compass.eu/> and http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/taiex-regio-peer-2-peer/).

All the above mentioned actions together with the technical assistance budget available in the programmes constitute pro-active approaches deployed on the ground. The monitoring of the implementation of the operational programmes, including their delivery through financial instruments, is an ongoing task of the Commission till closure.

293. (§ 332 (first and second sentences) - 2015/PAR/0614) The European Parliament strongly supports that the Commission should carry out a comparative analysis of the implementation costs of grants and financial instruments (in central and shared management) for the 2014-2020 programme period with a view to establishing their actual levels and impact on the achievement of Europe 2020 goals and the 11th thematic objectives of the cohesion policy; notes that such information would be particularly relevant in view of preparing the legislative proposals for the post-2020 period.

Commission's response:

The Commission does not accept the recommendation which was already rejected in the related SPECIAL REPORT No 19 2016 "Implementing the EU budget through financial instruments — lessons to be learnt from the 2007-2013 programme period".

As regards the feasibility and the proportionality of the implementation of this recommendation, the Commission considers that the analysis would require isolating the costs for grants and financial instruments borne by a managing

authority, and probably by the same staff working on both tasks. Moreover, the cost structures of grants and financial instruments, as well as of shared management and direct management financial instruments, differ.

Concerning the relevance of such a comparative analysis, the Commission would further like to underline that grants and financial instruments are two different delivery modes of ESIF policy and they target different typologies of investments.

294. (§ 332 (third sentence) - 2015/PAR/0615) The European Parliament asks for a complete performance evaluation before the end of 2019 in order to consider the future of such instruments.

Commission's response:

The Commission would like to recall that the ex-post evaluation of financial instruments for enterprise support regarding the 2007-2013 programming period was already undertaken and published in February 2016.

Regarding the 2014-2020 programming period, the evaluation during the programming period and the ex-post evaluation are foreseen in Article 56 and 57 CPR. There is no legal obligation to provide a complete performance evaluation of the programmes before the end of 2019. Article 56(4) would allow for an evaluation during the programming period as it stipulates that the Commission may carry out, at its own initiative, evaluations of programmes. The Commission considers however that such an evaluation in 2019 may not be relevant for the support granted through financial instruments as most of the instruments will be set up in 2017-2018.

Part XXV – Special report No 20/2016 of the Court of Auditors entitled “Strengthening capacity in Montenegro: progress but better needed in many key areas”

295. (§ 335 (*second sentence*) - 2015/PAR/0616) The European Parliament calls on the Commission to build on the achievements of successful projects, which are sustainable, have a quantifiable added value and were implemented and used in accordance with the regulations.

Commission's response:

With IPA II, the Commission is giving higher importance to the impact of the EU funds and the sustainability of the funded projects. This new approach is well enshrined into the new strategic planning and programming methodology based on long-term sector planning and enhanced national commitment to reform process. In addition, the Commission has laid down the foundation for creating sector performance framework which would allow following up and ensuring focus on, smaller in number but more important in value, results across all sectors as defined in the Indicative Strategy Paper.

296. (§ 335 (*third sentence*) - 2015/PAR/0617) The European Parliament calls on the Commission to improve strategic planning and to secure sustainability and viability of the projects by setting it as a clear requirement.

Commission's response:

The monitoring of outputs and sustainability are enhanced by the establishment of the performance framework under IPA II, where indicators with targets and baselines are introduced at both the action and programme levels.

The introduction of the sector approach and the inclusion of a limited number of sectors in the annual programme provide additional assurance that the actions to be financed are sustainable.

In addition, in the yearly report, the NIPAC is expected to report on problems encountered in meeting the required conditions for implementation and in ensuring sustainability, including stating the related measures taken/planned, and recommendations for further action.

DG NEAR already adopted in July 2016 internal guidelines that are intended strengthening the way the intervention logic of our interventions are conceived and the way the monitoring and evaluation framework is set. They have been and still are widely shared with colleagues in Delegations and Headquarters, and related trainings and on-the-job trainings are and will continue to be organised in 2017.

297. (§ 337 - 2015/PAR/0618) The European Parliament welcomes that the projects were coordinated well with other IPA projects or donor interventions in most cases; nevertheless stresses that there were also cases of weaker coordination leading up to overlapping of some of the efforts; invites the Commission to better align its activities aimed at Montenegro with other projects involving multiple beneficiaries.

Commission's response:

During the multi-country coordination meetings (held twice per year with the participation of NIPACs, EUDs and the geographical units) the implementation of the current multi-country programmes and/or the preparation (outline)/consultation (actions) of the future ones are discussed. The action documents to be included in the Multi-country Programme 2017 were discussed during the Multi-country meeting that took place in Brussels on 15-16 November 2016. As per conclusions/minutes, an improved coordination between national/regional and information sharing is noted by the different stakeholders. Geographical units/units implementing regional actions do take part in the Quality review process of actions under both national /regional programmes providing comments as relevant. A first consultation process in order to ensure a better consistency with past, on-going and future planning under the national programmes has been launched in April 2017 with geographical units and EU delegations on the outline/one pagers of the Multi-country programme 2018. The outline and relevant one pagers will be discussed during the meeting in Sarajevo with NIPACs and EU Delegations on 1-2 June 2017.

The regional unit informs the geographical units, the EUD and the NIPACs on a regular basis on the implementation of regional actions under the multi-country programmes through ad-hoc reports as well as the regular activity report. Regular information of the design of interventions, launch of activities and /or signature of contracts when particularly relevant for Delegations and NIPACs has continued. The activity report for multi-country programmes July – December 2016 has been sent to the relevant stakeholders in February 2017.

298. (§ 339 - 2015/PAR/0619) The European Parliament welcomes however the new reporting methodology for an annual assessment in the 2015 progress reports that has shown better harmonisation of assessment scales and better comparability; invites the Commission to build upon this reporting system also in the future.

Commission's response:

Building on the pilot presentation of data in the 2015 country Reports, the Commission decided to extend the new methodology for the 2016 country reports. Now it also covers areas linked to economic development (free movement of goods, competition, transport, energy), as well as certain areas of chapter 24 (migration, border control, asylum and fight against terrorism), and environment and climate change. This gradual expansion of the methodology takes into account the need to ensure appropriate sequencing of reforms and the continued need to focus on the fundamentals.

299. (§ 341 - 2015/PAR/0620) The European Parliament calls on the Commission to encourage the national authorities to strengthen the capacity in the area of financial investigation and whistle-blower protection.

Commission's response:

The Commission is having regular exchanges with the authorities on their progress in the area of fight against corruption, highlighting therein the need to strengthen capacities in the area of financial investigating and whistle-blower

protections and discussing how to facilitate progress in these areas, also offering additional support in term of technical assistance. The issue of financial investigations, as well as whistle-blower protection, and improvement of capacities in these areas is currently in the focus of our monitoring under chapters 23 and 24, and is being raised both at political as at technical level. It has recently been addressed during the 2017 Sub-Committee on Justice, Freedom and Security which took place on 14 and 15 March, as well as in the Commissions semi-annual report on the state of play regarding chapters 23 and 24 prepared in spring 2017. Progress in these two areas is also assessed through peer reviews under the TAIEX instrument. In January 2017 the capacities in the areas of financial investigations were discussed at length during a peer review on fight against corruption and organised crime. In early June, a peer review is planned on the work of the Anti-Corruption Agency, with whistle-blower protection being in the focus of the assessment.

300. (§ 343 - 2015/PAR/0621) The European Parliament notes from the Court that the decentralisation of the project management can deliver valuable capacity building in the operating structures due to detailed ex ante checks; further notes that spreading good practice on project management accumulated in the IPA structures to the rest of the public administration operating in the same area can provide a potentially effective results; calls on the Commission to exploit these option in order to boost the effectiveness of the capacity building in Montenegro; calls on the Commission to encourage the national authorities to consider using good practice for capacity building.

Commission's response:

The Commission systematically considers how good practice could be actively developed in the structures set up for decentralised/indirect management and then used to build capacity in the rest of the public administration. Moreover, the Commission is actively working now with the national authorities, to reduce the risk of IPA operating structures becoming organisations parallel to the rest of the public administration. The latest progresses are encouraging but more needs to be done, and faster.

301. (§ 344 - 2015/PAR/0622) The European Parliament invites the Commission to continue the political dialogue with the national authorities in order to help reaching compromises between government and opposition.

Commission's response:

After the parliamentary elections of 16 October 2016, all opposition parties represented in the parliament decided to boycott its work, questioning its legitimacy and demanding new elections. The Commission, at various levels, is in regular contact with all Montenegrin political actors, government and opposition alike, encouraging all to overcome the current polarisation and resume political debate in the democratically elected parliament.

Part XXVI – Special Report No 22/2016 of the Court of Auditors entitled “EU nuclear decommissioning assistance programmes in Lithuania, Bulgaria and Slovakia: some progress made since 2011 but critical challenges ahead”

302. (§ 350 - 2015/PAR/0623) The European Parliament recalls that, in Lithuania, one of the main reasons for delays was that technical and commercial disputes between national authorities and external contractors remained unsolved for years; considers that to avoid such a problem interfering with the decommissioning process dedicated project management teams should be designated; asks the Commission if such project management teams are in place in all three Member States concerned.

Commission's response:

The governance of the decommissioning programmes has been specifically re-designed and improved under the 2014-2020 financial framework. The Member States appoint national Programme Coordinators who are representatives of the national administration (ministerial or State Secretary rank). They are responsible for the programming, coordination and monitoring of the respective decommissioning programme at national level and to have the global overview of funds.

The Commission has a reinforced supervisory role through the Monitoring Committees, which are co-chaired by the Programme Coordinator and the Commission. Moreover, the Commission has revised voting rules of the International Decommissioning Support Funds (managed by EBRD) in order to reflect the prominent financial contribution from the Union.

The Commission has increased also the involvement of national agencies as implementing bodies for the implementation of the Union's budget. All new projects in Lithuania are implemented through the CPMA, whilst in Slovakia the SIEA started its activities in September 2016. In addition, the Commission closely follows project implementation through desk reviews and on-the-spot visits and has introduced the earned value management system with the aim to measure project performance and progress in an objective manner.

The commercial disputes referred to arose between the operator (contracting authority) and contractors. The delays experienced occurred mainly in the previous programming periods and to date these have all been resolved, with assistance from the Commission and EBRD and the full cooperation of the concerned parties.

303. (§ 351 - 2015/PAR/0624) The European Parliament reminds the Commission that the Slovakian Supreme Audit Office had scheduled an audit of JAVYS for 2015; asks to be informed about the findings of this audit.

Commission's response:

All three Member States perform audits on decommissioning programme-related activities. The Commission will encourage the Member States to continue these activities, proposing where necessary appropriate topics for audit enquiries.

For Slovakia in 2015 the Supreme Audit Office of the Slovak Republic performed a financial audit on the 2014 accounts of the National Nuclear Fund (NNF). The

audit focussed on the execution of the budget approved in Act 473/2013. There were no reservations and it was concluded that the "NNF's accounts were drawn up in plain, intelligible language, in a coherent manner and provide a true and fair view of the assets and liabilities, the financial position and the profit or loss of the NNF".

304. (§ 352 - 2015/PAR/0625) The European Parliament is worried about delays in works on facilities for the storage of low and intermediate-level radioactive waste; calls on the Commission to update Parliament's competent committee on progress made.

Commission's response:

The Commission reports annually to the European Parliament and the Council on the progress of these programmes. Any delays from the programme baselines are highlighted in these annual progress reports.

In the report of 20 June 2016 (COM(2016)405 final) the Commission informed that in Kozloduy (BG) "the schedule performance for the National Disposal Facility projects was sub-optimal because of the need to repeat the relevant environmental impact assessment". To date the EIA has been completed, thus the major factor impeding the good progress of the project was removed.

In the mentioned report the Commission informed also that in Ignalina (LT) operational tests started in August 2015 for the commissioning of the radioactive waste processing and interim storage facilities.

For the Bohunice programme (SK) the disposal routes for low level waste are in place at the Mochovce site. A project is underway to extend the capacity of the Mochovce site to dispose of future waste produced in the decommissioning process. Another project is underway and well advanced for the realisation of an interim storage facility for intermediate level waste at the Bohunice site.

The latest report was adopted by the Commission on 20 July 2017 (COM (2017)328 final).

305. (§ 353 - 2015/PAR/0626) The European Parliament calls on the Commission to inform its competent committee about the efforts to close the financing gap, in particular in Lithuania.

Commission's response:

The Commission would like to remind that decommissioning is a complex and lengthy process going beyond the 7-year multiannual financial framework (MFF) — in most cases exceeding two decades i.e. there are increased challenges with managing risk and uncertainty. In addition, examples of fully completed decommissioning of commercial power reactors are limited and no fleet effect can yet be observed.

The Commission has required extensive studies to be conducted both externally and internally in the last two years. These studies confirm that the decommissioning plan is:

- *complete, relevant and comprehensive;*

- *the overall cost estimates are generally appropriate, even if contingencies were increased to a "high" case; and*
- *the financial envelope for the current MFF is fit for purpose. There is thus no financing gap under the current MFF, up to 2020.*

The Commission has started its mid-term evaluation of the programme that will be followed by an impact assessment in line with the requirements of the financial regulation and better regulation agenda.

The Commission is also progressing with the implementation of the recommendations from the Court of Auditors. With regard to Recommendation 3 "increasing national financing for 2014 2020 and beyond" the three Member States have been requested to demonstrate an increase in national co-financing with the 2017 Annual Work Programmes. Assessment of the Annual Work Programmes prior to the adoption of the 2017 Financing Decision is under way.

With regard to the situation after 2020, the Commission notes that the Lithuanian economy can withstand covering the additional financing needs – the impact of doing so is at around 0.3-0.5% of the annual state budget for the following years. The Commission notes that Lithuania openly relies on the commitments established in the Accession Treaty. The situation concerning the evolution of funding gaps will be reported in the impact assessment - Q3 2018.

306. (§ 355 - 2015/PAR/0627) The European Parliament calls on the Commission to present, together with the three Member States concerned, a report regarding the actual status of the management of the spent fuel and radioactive waste generated by the decommissioning of the three nuclear power plants.

Commission's response:

The Commission notes that such issues are covered for all Member States under the National Programmes and Reports submitted to the Commission under Council Directive 2011/70/Euratom and subsequently reported by the Commission in its report to Parliament and Council on the implementation of the Directive.

The Commission can confirm that all three Member States submitted National Programmes and Reports, which the Commission has subsequently assessed.

The report to the Council and the European Parliament, on the basis of Article 14 of the Directive, was adopted on 15/05/2017 (COM/2017/236) and contains

- (a) a report on progress made with the implementation of this Directive; and*
- (b) an inventory of radioactive waste and spent fuel present in the Community's territory and the future prospects.*

307. (§ 356 - 2015/PAR/0628) The European Parliament calls on the Commission to work together with the Member States in order to explore options for identifying geological repositories of high-level radioactive waste.

Commission's response:

The Commission notes that disposal solutions will need to be pursued also in case of reprocessing of spent fuel, as reprocessing still generates high level radioactive waste, even if the volume of material would be reduced. Therefore, all three

Member States will require final disposal solutions as a result of their nuclear power programmes. Organisation in 2017 of a number of events where shared solutions will be debated.

The Commission is in the process of discussing with the Member States the solutions proposed in their National Programmes communicated to the Commission in line with the Directive 2011/70/Euratom. These Programmes should address the management of spent fuel and radioactive waste from generation to final disposal.

Given that the sharing of facilities for spent fuel and radioactive waste management may be a potentially beneficial, safe and cost-effective option, the Commission stands ready to support the Member States in assessing the economic, legal and social impacts of shared repositories.

Finally, the Commission is organising in the course of 2017 a number of events which will also address spent fuel and radioactive waste management issues [as for example the European Nuclear Energy Forum, Prague on 22-23 May, and the ENSREG Nuclear Safety Conference, Brussels on 28-29 June, with the participation of Regulatory Bodies, utilities, industry, NGOs, etc.].

308. (§ 358 - 2015/PAR/0629) The European Parliament recalls that nuclear safety is of prime importance for the population of the whole Union and taking note of the Court's recommendations regarding the continuation of funding, calls upon the Commission to perform a thorough assessment of the needs for continuation of the dedicated funding programmes for nuclear decommissioning in Lithuania, Bulgaria and Slovakia beyond 2020.

Commission's response:

The Commission will carry out an impact assessment in line with the requirements of the financial regulation and better regulation agenda with regard to proposals of new initiatives. This impact assessment will explore whether funding should be continued and if so the most suitable financing mechanisms. The impact assessment will be available Q3 2018.

309. (§ 359 - 2015/PAR/0630) The European Parliament calls on the Commission to ensure that all future costs associated with nuclear decommissioning and the final disposal of spent fuel are accounted for properly and calculated in accordance with international standards and Union legislation.

Commission's response:

The Commission has started to address this recommendation through the implementation of the Council Directive 2011/70/Euratom. A number of studies have been scheduled in order to collect information and further engage in the validation. The Commission will seek the advice of its Decommissioning Funding Group (DFG) in this respect. Studies on the risk profile of decommissioning funds and on the decommissioning market will shortly be launched. The Commission should be in a position to share the final results during Q2 2018. The DFG will liaise with ENSREG WG2 (waste & spent fuel management) once its role as an expert group has been formalised by Commission Decision (first half 2018).

310. (§ 360 - 2015/PAR/0631) The European Parliament calls on the Commission to evaluate action plans in the three countries with a view to suggesting common tenders for similar projects, especially for consultancy and the design of waste storage facilities.

Commission's response:

The Commission notes that a majority of projects for waste storage or disposal facilities is in an advanced stage of design or construction and that the programmes are at different stages of implementation, as can be seen from the different end-dates in the decommissioning plans.

The Commission however, in collaboration with the Member States and the implementing bodies (EBRD in particular), has already taken action to promote an open and transparent environment, facilitate the exchange of good practices and knowledge and foster standardisation processes with the aim, inter alia, of increasing competitiveness, enhancing safety and obtaining best value for money. Two workshops have already taken place in Slovakia and Bulgaria respectively. The Commission will strive to ensure that in the design and implementation of projects, the maximum use is made of results and experiences across all three Member States.

311. (§ 361 - 2015/PAR/0632) The European Parliament calls on the Commission to evaluate the decommissioning process in Lithuania, Bulgaria and Slovakia, including the cost-effective use of Union financial assistance, during the financial period 2007-2013.

Commission's response:

As part of the mid-term evaluation report foreseen under Council Regulations 1368/2013/Euratom and 1369/2013/EU, the Commission will evaluate the implementation of the NDAP at the mid-term of the programming period 2014-2020. The evaluation shall take in due consideration the following: on one hand the seamless transition from the previous financial framework (2007-2013) to the present assistance programme; on the other hand the relevant governance changes and the decommissioning plans' re-baselining which occurred in 2014. Accordingly it is expected that the reports will illustrate the before-after snapshot, i.e. the achievements as at the end of 2013, the impact of changes after 2014 and the achievements as at the mid-term of the period 2014-2020. The mid-term review should be completed by 31 December 2017, as per Article 9 of Regulations 1368/2013 & 1369/2013.

312. (§ 363 - 2015/PAR/0633) The European Parliament is concerned at the Court's finding that the Commission's assessment of the financing plans and detailed decommissioning plans for the 2014-2020 financing period, i.e. of the second and third ex-ante conditionalities respectively, was inadequate; asks who shoulders the financial responsibility for this failure in the Commission; in this context, wants to be informed about the completed action plan which remedied the discovered weaknesses.

Commission's response:

The Commission has duly implemented a corrective action plan which was successfully completed in October 2016. The in depth studies performed, both internally by the Commission Services and externally by a team of experienced consultants led by Deloitte, confirmed the Commission's initial conclusions that:

- the decommissioning plans are complete, relevant and comprehensive;*
- the overall cost estimations are generally appropriate, even if contingencies were increased to a "high" case;*
- the financial envelopes for the current MFF are fit for purpose.*

The completed in depth studies corroborated the initial assessment of the fulfilment of ex-ante conditionalities based on a broader and more detailed set of data than initially done.

There is no financial impact as the decommissioning plans approved under the 2014-2020 MFF still remain valid.

The in depth study was communicated to the Committee Chair in November 2016 (Ref. Ares(2016)6636294 - 25/11/2016).

Part XXVII – Special Report No 23/2016 of the Court of Auditors entitled “Maritime transport in the EU: in troubled waters - much ineffective and unsustainable investment”

313. (§ 370 - 2015/PAR/0634) The European Parliament regrets that Member States do not provide data on the capacity of core ports, which hinders the Commission’s capacity monitoring; stresses the importance of an improvement of the situation so that the Commission can put forward a Union-wide port development plan; calls on the Commission to lay down a clear reporting system for data from Member States.

Commission's response:

The Commission partially accepts the recommendation. Data on the capacity of ports are considered by many ports as a commercially sensitive information and harmonising such data raises complex methodological issues. Therefore, instead of seeking to collect data on capacity that many member States do not have, the Commission is strengthening its TEN-tec database with information on the physical characteristics of port infrastructure such as the maximum draught and the number of rail tracks connecting a port. The results are expected to be available mid-2018.

Part XXVIII– Special Report No 25/2016 of the Court of Auditors entitled “The Land Parcel Identification System: a useful tool to determine the eligibility of agricultural land – but its management could be further improved”

314. (§ 373 - 2015/PAR/0635) The European Parliament recommends that with the support of the Commission, in the current CAP period the Member States should develop and set up a framework for assessing the cost of running and updating their LPISs; considers that this should enable the Member States to measure the performance of their LPISs and the cost-effectiveness of system improvements.

Commission's response:

The Commission is launching a study on the Administration and Control of Direct Aids including IACS, cross compliance and the associated administrative burden in the 2nd quarter of 2017. One of the main tasks of the study is to develop a framework that the Member States can use to assess the cost of running and updating of their LPISs. This directly addresses the recommendation.

The deliverables of the project are foreseen in 2019. Additional work on fine-tuning of the framework with MS is expected in 2019-2020.

315. (§ 375 - 2015/PAR/0636) The European Parliament recommends that the Commission re-examine the current legal framework in order to simplify and streamline the LPIS related rules for the next CAP period, e.g. by re-considering the need for the 2 % stability threshold and the 100-tree rule.

Commission's response:

All LPIS-related rules will be reviewed and, if considered necessary, revised for the new CAP post 2020, also in view of the rapid development of new technologies such as Copernicus Sentinels images.

316. (§ 376 - 2015/PAR/0637) The European Parliament recommends that the Commission, before the start of the quality assessment exercise 2017, carry out a cost benefit analysis to determine whether the representativeness of quality assessment samples could be improved so that a better coverage of the population of parcels in the LPIS can be achieved.

Commission's response:

The JRC analysis reconfirmed that the initial approach of spatial stratification does not interfere with the representativeness in se, but it also found that the current implementation could leave a few territories with some residual effect from the implied spatial clustering.

JRC subsequently improved the resolution of the stratification control layers as well as the sampling algorithm. This led to a 15 percent increase of the number of control zones over Europe, but did not require any procedural modification or other additional inspection workload for the Member States.

This revised sampling methodology thus considers the Court's cost-benefit concerns and has been fully implemented for the 2017 LPIS QA campaign.

317. (§ 377 - 2015/PAR/0638) The European Parliament recommends that starting in 2016, the Commission improve the monitoring of quality assessment results by analysing any inconsistencies in quality assessment reporting, following them up, providing feedback to the Member States, and ensuring that remedial action plans are prepared and executed when needed. The Commission should also carry out a detailed annual trend analysis for each Member State and reference parcel type so that potential problems can be identified in good time.

Commission's response:

Starting with 2016 reporting year (LPIS QA 2016 exercise), the Commission reinforced its analyses of all 44 LPIS. The Commission is closely following up assessment reports (analysis of inconsistencies, errors) with Member States, checking remedial action plans where they are needed, performing annual trend analysis based on reference parcel type and planning visits to Member States focused on the LPIS/ LPIS QA where necessary or requested by the Member States.

Part XXIX– Special Report No 26/2016 of the Court of entitled “Making cross-compliance more effective and achieving simplification remains challenging”

318. (§ 378 - 2015/PAR/0639) The European Parliament recommends that the Commission examine 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; recommends also that it examine how to take into account farmers’ levels of compliance with the cross compliance rules in its indicators, with the purpose of strengthening the application and enforcing environmental standards in agriculture to ensure the consistency of the CAP.

Commission's response:

An internal DG AGRI ad hoc group has held a meeting on 30 March 2017 in the framework of the IA for the Modernisation and simplification of the CAP 2020.

The group concluded that the rate of non-compliances as indicator could not be retained at this stage, as this indicator would link a better respect of the obligations through a decrease of the sanctions rate. It should be reminded that cross-compliance is not an implementing tool for other policies (see also under recommendation 2016/PAR/0644).

319. (§ 379 - 2015/PAR/0640) The European Parliament recommends that to ensure that the problems encountered are not repeated, the Commission will 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.

Commission's response:

Whilst the legal framework for cross-compliance is set at EU level, on-farm obligations under SMRs and GAEC are largely defined by Member States. This allows specific national or regional conditions to be taken into account. Hence, the first part of this recommendation is already addressed within the existing legislation.

Direct Payments (Pillar I of the CAP) are designed as a safety net to support farmers' incomes. The level of Direct Payments available to farmers is not determined in relation to the cost of any restrictions imposed through cross-compliance or any other instrument. In contrast, under Pillar 2 of the CAP, land managers may be compensated for income foregone and additional costs incurred linked to the respect of certain practices going beyond a set baseline. In accordance with the "Polluter Pays Principle", the baseline for measures such as Agri-environment Climate (which supports farmers to address specific environmental issues) and NATURA 2000 (which compensates farmers for restrictions imposed in relation to the NATURA requirements) includes cross-compliance requirements.

320. (§ 380 - 2015/PAR/0641) The European Parliament recommends that the Commission from now on improve 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.

Commission's response:

DG AGRI has fully implemented this recommendation:

In this sense DG AGRI has held a meeting with DG ENV on 2 February 2017. Further, in order to follow up this recommendation DG ENV was invited to participate in DG AGRI audits to gain better perceptions into how cross-compliance works in practice.

While there are permanent contacts between DG AGRI and DG SANTE, in February 2017 as follow-up of the recommendation a meeting took place on Director's level and Deputy Director General level. Further meetings are envisaged.

321. (§ 381 - 2015/PAR/0642) The European Parliament asks for the CAP post-2020 that the Commission envisage to improve the rules regarding cross compliance on-the-spot checks and call on the Member States to carry out their existing administrative checks in an efficient way by using all relevant information available; considers that this would allow a more effective targeting of key control points.

Commission's response:

The Commission does not accept this recommendation. The recommendation would not simplify cross-compliance but de facto reduce its scope. The simplification of the cross-compliance scope has been already carried out several times in the past. Moreover Member States have now a wide margin of manoeuvre to take into account the risks in the control sampling and to optimise their control systems. The Commission considers that this recommendation might result in loosening the rules on on-the-spot checks which would ultimately undermine the effectiveness of cross-compliance.

322. (§ 382 - 2015/PAR/0643) The European Parliament recommends that the Commission analyse as part of the impact assessment for the CAP post-2020 the experience of having two systems operating with similar environmental objectives (good agricultural and environmental condition standards and greening) with a view to promoting further synergy between them. This analysis should take into consideration criteria such as the environmental impact of the standards and the historical level of compliance by farmers.

Commission's response:

DG AGRI is evaluating in the Impact Assessment for the Modernisation and simplification of the CAP 2020 to promote further synergy between greening and GAEC standards.

323. (§ 384 - 2015/PAR/0644) The European Parliament suggests inclusion of qualitative indicators and more concrete goals to be set for cross-compliance measures; recommends easy, fast and simplified application method for the beneficiaries.

Commission's response:

An internal DG AGRI ad hoc group has held a meeting on 30 March 2017 in the framework of the IA for the Modernisation and simplification of the CAP 2020.

The group concluded that the rate of non-compliances as indicator could not be retained at this stage, as this indicator would link a better respect of the obligations through a decrease of the sanctions rate. It should be reminded that cross-compliance is not an implementing tool for other policies.

324. (§ 385 - 2015/PAR/0645) The European Parliament recommends that for the CAP post-2020, the Commission encourage a more harmonised application of penalties at Union level by further clarifying the concepts of severity, extent, permanence, reoccurrence and intentionality, but also taking into account the specific conditions in the different Member States; considers that to achieve this objective, minimum conditions should be introduced at Union level.

Commission's response:

DG AGRI will organise expert group meeting in order to exchange best practices on the application of penalties at EU level in particular on the concepts of severity, extent, permanence, reoccurrence and intentionality

Concerning "specific conditions of Member States" these have to be already considered by Member States when defining the GAEC standards, For the SMR's, the minimum standards are already defined, as they stem from sectorial legislation.

Part XXX – Special Report No 27/2016 of the Court of Auditors entitled "Governance at the European Commission - best practice?"

325. (§ 387 - 2015/PAR/0646) The European Parliament recommends that the Commission, as required of European public interest entities, explain its reasons for not following best practice when it decides not to do so; recommends also that it strongly focus on results while well capturing the lessons from experience.

Commission's response:

The Commission considers that its governance arrangements comply with relevant best practices and international standards. The Commission's governance arrangements and their relationship with 'best practices' are explained in the Reply by the Commission to the Special Report 27/2016 on "Governance at the European Commission". See replies to I to VII. The forthcoming revised governance document will further explain the rationale behind the Commission's governance arrangements, including references to international standards where relevant and applicable.

326. (§ 388 (a) - 2015/PAR/0647) The European Parliament recommends that the Commission invite the IAS to carry out more audit work on high level governance issues.

Commission's response:

The Commission accepted this recommendation stemming from the Court's special report no. 27/2016, in line with Article 116.2 of the Rules of application of the Financial Regulation.

Following the Court's report, the IAS has given in its 2017 audit plan more emphasis to high level governance audits.

In particular, following a request from the College, it included in the 2017 audit plan a high level governance audit on Commission's governance arrangements concerning risk management, financial reporting, and the ex-post verification/audit function. The audit was launched in January 2017 and will be finalised in 2017.

327. (§ 388 (b) - 2015/PAR/0648) The European Parliament recommends that the Commission complete the process of aligning its internal control framework with the COSO 2013 principles.

Commission's response:

The communication on the revision of the Internal Control Framework (C(2017) 2373 final), based on COSO 2013 principles, has been adopted on 19/04/2017. As written in the conclusions in this communication, DG Budget will support in collaboration with the DGs the coordination and dissemination of best practices among services to ensure a consistent and effective assessment of the internal control system.

328. (§ 388 (c) - 2015/PAR/0649) The European Parliament recommends that the Commission further bring forward the publication of the annual accounts.

Commission's response:

The Commission, with the cooperation of the European Court of Auditors, advanced the adoption and publication of the 2016 annual accounts – these were adopted and transmitted to the Parliament on 26 June 2017, five weeks in advance of the Financial Regulation deadline of 31 July.

329. (§ 388 (d) - 2015/PAR/0650) The European Parliament recommends that the Commission bring together information already presented in a variety of existing reports so as to form a single accountability report or suite of reports under the authority of its President, containing the accounts but also incorporating the following elements:
- a governance statement;
 - a discussion of operational and strategic risks;
 - a report on non-financial performance;
 - information on activities during the year and the achievement of policy objectives;
 - a report on the role and conclusions of the audit committee; and
 - a mid- and long-term fiscal sustainability statement, together with, where appropriate, links to information contained in other reports.

Commission's response:

The Commission published its second Integrated Financial Reporting Package in 2017. This approach is in line with the Conceptual Framework for General Purpose Financial Reports of the International Public Sector Accounting Standards Board, which have as objective to provide information useful for accountability and decision making purposes, 'are likely to comprise multiple reports, each responding more directly to certain aspects of the objectives of financial reporting'. The integrated package published in 2017 comprised 3 reports: the Annual Management and Performance Report (including a section on the role and conclusions of the Audit Progress Committee - APC); the EU Annual Accounts and the Commission Report on the follow-up to the discharge for the financial year. The composition of this package will be kept under review. The Commission's response to special report 27/2016 on 'Governance at the European Commission' also refers to a number of other relevant reports such as the governance document, the annual State of the Union Address and the General Report on the Activities of the Union.

330. (§ 388 (e) - 2015/PAR/0651) The European Parliament recommends that the Commission present this single accountability report or suite of reports for audit of the accounts: the latter report(s) must be analytical, compact, easily understandable and accessible to auditors, employees and Union citizens, while strictly following the International Accounting Standards and the use of best practice.

Commission's response:

The Commission partially accepts this recommendation

Please see response to recommendation 2015/PAR/0650.

The information underlying the second Integrated Financial Reporting Package of 13 June 2017 and complementary reports will be made available, as far as possible (i.e. subject in particular to the relevant deadlines for Member States for providing necessary data) to the Court in order to allow checks concerning consistency.

331. (§ 388 (f) - 2015/PAR/0652) The European Parliament recommends that the Commission publish as part of the annual accounts or accompanying information an estimate of the level of error based on a sound methodology, and engage stakeholders, including the Parliament, at every step while choosing the statistical method for error estimation; the methodology should be clear and consistent.

Commission's response:

The Commission will continue to report on the overall amount at risk in the Annual Management and Performance Report, based on the methodology used and results reported by each department. As the manager of the EU budget, the objective of the Commission is to ensure sound financial management of the EU budget by applying preventive and corrective controls, taking account of the multi-annual nature of programmes and control systems. Given the decentralised governance structure in the Commission, producing a statistical estimate of the level of error at the level of the entire Commission would be of limited value for the Directors-Generals as managers of their budgets, and would not be statistically representative across the different Commission budget segments either.

332. (§ 388 (g) - 2015/PAR/0653) The European Parliament recommends that the Commission update and publish its governance arrangements on a regular basis and explain its choice of structures and processes in relation to the framework it chooses.

Commission's response:

The Commission is currently preparing an updated governance document, which will explain the structures and processes underpinning the Commission's governance arrangements.

333. (§ 388 (h) - 2015/PAR/0654) The European Parliament recommends that the Commission turn the APC into an audit committee with a majority of independent external members, and expands its mandate to cover risk management, financial reporting and the work and results of ex post verification units and audit directorates.

Commission's response:

The Commission partially accepted this recommendation stemming from the Court of Auditors' special report no. 27/2016.

(1) As regards the number of APC external members, the APC charter was updated (ref. C(2017)2225 of 4 April 2017) in order to increase the number of external members from 2 to 3, while at the same time decreasing the number of internal members from 7 to 6. This would bring the proportion of external members to 33%.

The external members were selected based on proven professional expertise in audit and related matters and appointed in April 2017 by the Commission, following an open and transparent procedure which was launched in December 2016.

(2) As regards the Commission governance arrangements, risk management, financial reporting and the results of ex post verifications/audit function fall under the responsibility of the Corporate Management Board, SG, DG BUDG, and the relevant AODs. Communication channels, including in particular the AARs, Management and Strategic Plans, etc., ensure that the AODs inform the respective Commissioners and the College, allowing the latter to exercise appropriate oversight.

Furthermore, the IAS regularly audits the ex post verification/audit function across the relevant DGs, particularly in the key areas such as shared management, and its findings are considered by the APC.

In the reply to the Court of Auditors' recommendation included in the special report no. 27/2016, the Commission indicated that it would invite the IAS to undertake audit work on governance/oversight arrangements concerning risk management, financial reporting, and the ex post verification/audit function, in particular the second level scrutiny, to identify any improvements which can further enhance the performance of these mechanisms.

The College adopted on 11 January 2017 a decision (ref. C(2017) 4 Final) requesting the Internal Auditor to undertake an audit on Commission's governance arrangements concerning risk management, financial reporting, and the ex-post verification/audit function.

The audit is on-going and will be finalised in 2017.

Part XXXI – Special Report No 28/2016 of the Court of Auditors entitled “Dealing with serious cross-border threats to health in the EU: important steps taken but more needs to be done”

334. (§ 395 - 2015/PAR/0655) The European Parliament recommends that the various Commission services which have functions related to health and the Directorate-General for Health & Food Safety develop a structured approach to improve co-operation

Commission's response:

The Commission considers that a good structured cooperation between departments is already in place but has nevertheless launched an initiative to reinforce it.

In particular, The Directorate-General for Health & Food Safety contributes actively to the Security Union Task Force. It is composed of Commission services and the EEAS, supporting Commissioner King and the Directorate-General for Migration and Home Affairs to identify security-related issues that could benefit from increased inter-service coordination in order to deliver an effective Security Union. Improvements are expected, inter alia through a further mapping of activities which is currently on-going.

335. (§ 397 - 2015/PAR/0656) The European Parliament calls on the Commission, Member States and the European Centre for Disease Prevention and Control to work together to further develop the Early Warning and Response System; stresses the need that such a system, which has been used extensively, be upgraded to reflect changes in technology to ensure optimum use.

Commission's response:

The Commission is currently working with ECDC to modernize the EWRS system. ECDC is in the lead for updating the platform, preparing an outline of the structure and functions of the "new" EWRS", based on the current system in use, which will be the basis for consultation with Member States through the Health Security Committee. The new EWRS should e.g. improve the communication between users, facilitate the access and follow-up of alerts, and link EWRS to other Commission alerts systems.

Performance, financial management and control of EU agencies

336. (§ 7 - 2015/PAR/0657) The European Parliament calls on the Commission and the Council when deciding on the relocation of the agencies based in the United Kingdom also to take into account the possibilities to better cooperate with other agencies in the same thematic grouping and introduce shared services.

Commission's response:

It is for the Member States meeting at Head of State or Government level or for the Council to decide by common agreement the seat of EU agencies. The Commission is available to help assess offers of the Member States, if necessary, but it has no formal role in the decision-making.

337. (§ 14 - 2015/PAR/0658) The European Parliament acknowledges the administrative burden that the implementation of the Roadmap has caused to the agencies, as well as the “outsourcing” of several tasks related to collecting and consolidating agencies’ data and input to the Network, in particular with regard to the budgetary and discharge procedure; calls on the Commission and the budgetary authority to recognise these efforts and to provide additional resources in the establishment plan of the agencies, in particular related to the functions of the Network's permanent secretariat.

Commission's response:

Implementation of the Common Approach on Decentralised Agencies pursuant to the Commission's Roadmap has brought about coherence, effectiveness, accountability and transparency in the work of agencies. Given their special nature, the Commission recognises and addresses agencies' particular challenges in complying with programming and reporting obligations on human resources and budgetary issues. It is currently therefore reviewing the Framework Financial Regulation applicable to agencies. On their part, agencies have and should continue to seek to offset administrative burden, which may arise from complying with these rules and obligations, with possible efficiency gains elsewhere. The Commission notes, to this end, the agencies' efforts to share services among each other and to coordinate via the EU Agencies' Network. Similarly, the Commission offers a series of services to agencies, provides guidance, issues opinions and reviews rules applicable to agencies systematically, including the Financial Regulations.

338. (§ 22 - 2015/PAR/0659) The European Parliament demands in this regard [level of carry-overs] to include the definition of “planned and communicated” carry-overs together with other necessary guidelines in the next revision of the Financial Regulation and the Framework Financial Regulation; invites the Commission, the Court and the Network to discuss and to propose possible solutions to this issue, in order to streamline in particular the financial management in the areas of multiannual programming and procurement.

Commission's response:

The Commission considers that this is mainly an agency-related issue and inserting it at the level of the FR would create an additional but unnecessary

burden in the implementation of the administrative budget. Therefore, the Commission is not in favour of inserting the definition of "planned and communicated" carry-overs at the level of the Financial Regulation. However, the Commission will assess the issue of agency carry-overs, including the merits of introducing a distinction between planned and unplanned carry-overs, in the upcoming revision of the Framework Financial Regulation, which will take place in the course of 2017, depending also on progress made with the revision of the general Financial Regulation.

339. (§ 23 - 2015/PAR/0660) The European Parliament observes that the audited budgetary implementation reports of certain agencies differ from the level of detail provided by most other agencies, which demonstrates the urgency for clear guidelines on the agencies' budgetary reporting; acknowledges that the agencies with the different reporting have outsourced the role of accounting officer to the accounting officer of the Commission, as well as that the different level of detail was based on the practices of the Commission's reporting; supports the Commission's intention on establishing guidelines for the agencies' budgetary reporting for the 2016 accounts; calls on the Network and the Commission to report to the discharge authority on future developments regarding this issue.

Commission's response:

In December 2016, the Commission sent guidance to the agencies (Ares(2016)7071929), to address the issues raised.

340. (§ 36 (connection with EP's Resolutions concerning EU-OSHA § 10 and EUROFOUND § 9) - 2015/PAR/0661) The European Parliament notes with concern that the Commission applied an additional levy of 5 % of staff to the agencies in order to create a redeployment pool from which it would allocate the posts to the agencies with new tasks entrusted to them or in a start-up phase; is particularly concerned that with the additional staff reduction, fulfilment of the agencies' mandates and annual work programmes proves increasingly difficult, particularly for the agencies classified by the Commission as "cruising speed agencies"; calls on the Commission and the budgetary authority to ensure that potential further cost saving measures do not hinder agencies' abilities to fulfil their mandates effectively.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

341. (§ 38 - 2015/PAR/0662) The European Parliament is convinced that the agencies' staff financed by fees paid by industry, and consequently not financed by the Union budget, should not be, in principle, affected by the additional staff reduction above the 5 % as requested by the inter-institutional agreement; urges the Commission and the budgetary authority to treat the agencies financed primarily by the Union budget

as a separate case and to put forward a specific framework for agencies financed mainly by industry, which should be in proportion to the services provided by the agency concerned.

Commission's response:

The 5% staff reduction in the IIA of December 2013 makes no distinction between different types of agencies: the staff reduction is to be applied to all EU institutions and bodies, without exceptions. (Partially) self-financed agencies have some room for manoeuvre as regards their staff numbers for external personnel, to meet peaks in workload for industry, which translates into higher revenue from fees, without impact on the EU balancing contribution. However, in the current economic climate it is also important to contain the burden of fees levied on economic operators by (partially) self-financed agencies. The Commission has looked in more detail at the particular case of fee-financed agencies as part of the meetings of the Inter-Institutional Working Group in March and September 2016. In particular, the Commission has presented a pilot case covering the European Aviation Safety Agency (EASA), with the aim to allow fee-financed agencies to respond in a timely manner to fluctuations in industry demand, based on solid and meaningful indicators, while pursuing the search for efficiency gains across all agencies. The specific case of fee-financed agencies was also discussed in a workshop organised by the European Parliament in May 2017.

342. (§ 39 - 2015/PAR/0663) The European Parliament urges the Commission to undertake a thorough and comprehensive evaluation of the impact of funds, programmes and projects financed through the Union budget on direct job creation; asks the Commission to publish such an evaluation as soon as possible and to present it to the Parliament.

Commission's response:

In line with its Better Regulation Guidelines the Commission analyses the effectiveness of EU spending programmes in achieving their objectives, in particular where relevant their effect on job creation, as part of all its evaluations on individual programmes. The key conclusions of these evaluations are synthesized in the Annual Activity Reports of the respective Commission departments as well as in the Annual Management and Performance Report, which is submitted to the European Parliament under the annual budget discharge procedure. A single evaluation on this topic would not allow to address in sufficiently robust way the specificities of the different programmes (management mode; stakeholders involved; actions financed) and the different progress in their implementation.

343. (§ 41 (connection with EP's Resolutions concerning EFSA § 17 and EU-LISA § 15) - 2015/PAR/0664) The European Parliament calls on the agencies and equally on the Commission to provide the necessary guidance and approval where required [management of whistleblowing cases].

Commission's response:

Pursuant to Article 110(2) of the Staff Regulations (SR) and to the Guidelines on the implementing rules of Article 110(2) SR, DG HR submitted to the agencies in

December 2016 a model decision on whistleblowing which is currently discussed with the agencies in a standing working party made up of Commission representatives and representatives of the agencies. Agencies will be in a position to avail themselves of the Commission ex-ante agreement, once adopted, that will be given for all agencies adopting the model decision. The use of the ex-ante agreement system will ease and fasten the process of adoption in the agencies of the rules on whistleblowing.

Aside from the ex-ante agreement system, the agencies can also submit to the Commission for its agreement their own individual implementing rules on any matter, such as whistleblowing and conflict of interests.

344. (§ 44 - 2015/PAR/0665) The European Parliament welcomes the efforts of agencies to maximise transparency with the publication of declarations of interest and CVs on their websites; notes, however, that in several cases, some of these documents are missing; recalls however that the agencies lack the appropriate provisions in their founding regulations to make such document provision obligatory; expects therefore that any revision of the concerned agencies' founding regulations will stipulate a mandatory declaration of interest and CV from each board member; calls also on the Commission to take advantage of the ongoing revision of the Financial Regulation to similarly address this issue as far as possible.

Commission's response:

Agencies are legally independent entities and they handle individually the prevention and management of conflict of interest among their Management Board members. The Commission has provided guidelines on a coherent policy on the prevention and management of conflict of interest, whose scope of application extend to members of the Management Board and Directors, experts in scientific committees, and members of Boards of Appeal in the context of implementing the Common Approach on Decentralised Agencies, as agreed by the European Parliament, Commission and Council in 2012. It will further explore the topic in the context of the revision of the Framework Financial Regulation, if relevant.

345. (§ 52 - 2015/PAR/0666) The European Parliament reiterates its position from the 2013 and 2014 discharge procedures that, according to the agreement of the Parliament, the Council and the Commission in paragraph 54 of the Common Approach, all aspects of outsourced external audits “remain under the full responsibility of the Court, which manages all administrative and procurement procedures required”; reiterates moreover that the new audit approach involving private sector auditors has resulted in a significant increase in the administrative burden on the agencies, as well as that the time spent on procurement and administration of audit contracts created additional expenditure thus straining further the diminishing resources of the agencies; expresses its concern at the possible conflicts of interests in cases where such private auditors or their respective companies also take on audit or consultancy work for the private sector companies with clear business interests with the Union agencies; emphasises that it is imperative to resolve this issue within the context of the ongoing revision of the Financial Regulation and the subsequent revision of the Framework Financial Regulation; calls on all parties involved in these revisions to provide clarity on this issue as a matter of

urgency so as to significantly reduce the excessive administrative burden and to return to the preferred approach of a public audit scheme.

Commission's response:

The Commission has addressed the matter within its Proposal for revision of the Financial Regulation of the EU COM(2016)605. The Commission welcomes any contribution by the European Parliament and the Council in the framework of the ongoing discussions on this Proposal.

Bodies set up under the TFEU and the Euratom Treaty

346. *(BBI § 23 (connection with EP's Resolutions concerning Clean Sky § 27; ECSEL § 21; FCH § 21 and IMI § 19) - 2015/PAR/0667)* The European Parliament calls on the Commission to ensure the direct involvement of the Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.

Commission's response:

While the Interim Evaluation of Horizon 2020 reflects an aggregated assessment of all seven Joint Undertakings, a more in-depth evaluation of Joint Undertakings (art. 187 initiatives) is currently ongoing and once completed it will be sent to the European Parliament by the end of 2017. It will be published together with the Commission Communication which will present the key conclusions from the interim evaluation of Horizon 2020, the Article 185 initiatives and the Article 187 initiatives. The Communication will respond to the recommendations of the High Level Group on maximising the impacts of R&I programmes and report on the implementation of the recommendations of the High Level Expert Group on the FP7 ex-post evaluation.

347. *(ITER § 7 - 2015/PAR/0668)* The European Parliament insists that the Commission present, before July 2017, a communication on ITER project, which is essential for ensuring transparency of the whole project and setting out the way forward.

Commission's response:

In the follow-up to the ITER Council's approval ad referendum of the updated ITER baseline (scope, schedule and associated cost of the project) in November 2016, the European Commission adopted on 14 June 2017 a Communication on the EU contribution to a reformed ITER project. The aim of this Communication is to inform about the recent developments on the ITER project and to seek the support of the European Parliament and a mandate from the Council of the EU to approve the baseline ad referendum on behalf of Euratom at an ITER Council meeting at Ministerial level. The Communication includes estimates of the Euratom contribution to ITER until the full power operation stage (Deuterium-Tritium Phase) in 2035 in addition to the maximum of EUR 6,6 billion (in 2008 values) budgeted for the construction up to 2020 under the previous baseline. This financial analysis has been prepared in close cooperation with the Euratom Domestic Agency (Fusion for Energy/ F4E) and the Commission services, in particular the Directorate-General for Budget. The Communication takes also into account the results of an independent review of F4E's capacity for the planning and delivery of the Euratom components and its associated resources prepared for the Governing Board of Fusion for Energy the last quarter of 2016.

348. *(CEDEFOP § 18 - 2015/PAR/0669)* The European Parliament notes that the Centre is addressing various safety issues related to the construction of the building; notes in particular a safety issue concerning the building's glass façade and the skylights of the Centre's conference rooms, which is affecting the availability of the Centre's facilities; calls on the Centre and the Commission to prepare a risk-assessment paper

to serve as a basis for future decisions to be taken as to possible repairs to the construction or eventual decisions on reallocation to another building.

Commission's response:

Cedefop will prepare a specific risk-assessment on the building by end of November. It will be integrated in Cedefop's overall risk assessment which is an integral part of Cedefop's planning process and is carried out annually. The outcomes of the specific risk assessment on the building will be reflected in the final risk assessment 2018 which is an integral part of the PD 2018-2020 (a draft was endorsed by the Governing Board and sent to the EU institutions in January 2017).

349. (CEPOL § 18 - 2015/PAR/0670) The European Parliament notes that, with regard to the College's expanded responsibilities and increased mandate, the current resource levels are insufficient; notes that, based on the College's five-year evaluation which was finalised in 2016, there is a clear need for a significant reinforcement of the College with both human and financial resources; invites the Commission to take this into account in its budget proposals for the College.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

350. (EBA § 25 - 2015/PAR/0671) The European Parliament recalls that the Authority's mixed financing arrangement, which relies heavily on contributions from national competent authorities, is inadequate, inflexible, burdensome and a potential threat to its independence; therefore calls on the Commission, in the White Paper planned for the second quarter of 2016 and in a legislative proposal to be presented by 2017, to launch a different financing arrangement based on a separate budget line in the budget of the Union and on the complete replacement of the contributions from national authorities by fees paid by market participants.

Commission's response:

The Commission is currently looking at the future funding arrangements for the financial supervision authorities, including as regards the option of replacing the contributions from national supervisory authorities by industry financing. However, other options will be analysed as well, and the Commission will report on the outcome of this work in due course.

351. (EEA § 3 - 2015/PAR/0672) The European Parliament acknowledges the fact that the Agency reduced the number of its staff by 5 %, in line with the overall principles laid down in the Inter-institutional agreement on budgetary discipline; notes that the Commission classified the Agency as a 'cruising speed agency', which implies that an additional 5 % reduction is expected; welcomes the fact that the Agency

implemented the redundancies without detrimental effects on its capacity to deliver the main parts of the multiannual work programme; calls on the Commission to ensure that potential further cost saving measures do not hinder the Agency's ability to fulfil its mandate.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

352. (EIOPA § 9 - 2015/PAR/0673) The European Parliament points out that a solution has been agreed to share any budget surplus or deficit with Member States corresponding to their contribution key; calls on the Commission to legally formalise the agreed process.

Commission's response:

The Commission is currently reviewing the possibility of modifying the existing ESA financing arrangement by introducing the industry funding to replace contributions from Member States. Such a change in the funding regime, if confirmed, would also have consequences on the issue of how to deal with budget surpluses or deficits with Member States. The proposal is due this year.

353. (EIOPA § 11 - 2015/PAR/0674) The European Parliament calls on the Commission to examine the possibility of modifying the current financing arrangement by introducing appropriately and proportionately calibrated fees for market participants, possibly replacing the contributions of national competent authorities whilst ensuring its autonomy and supervisory action.

Commission's response:

The Commission is currently reviewing the possibility of modifying the existing ESA financing arrangement by introducing the industry funding to replace contributions from Member States. The proposal is due this year.

354. (ENISA § 7 - 2015/PAR/0675) The European Parliament notes that the Agency finds it difficult to recruit, attract and retain suitably qualified staff, mainly due to the types of post that are being offered (contract agents posts) and the low coefficient factor which applies to salaries of the Agency's employees in Greece; calls on the Agency and the Commission to report back to the discharge authority on the possible solutions to the problem.

Commission's response:

Concerning in particular the issue of the perceived impact of the correction coefficient, it should be emphasised that under the Staff Regulations correction coefficients' function is to ensure equal treatment i.e. equality of purchasing power between all staff of EU institutions, agencies and other bodies in all places of

employment. Thus coefficients follow the evolution of prices with respect to Brussels and do not aim at maintaining a certain level of purchasing power in a given place over time, neither to be a factor of attracting or retaining staff.

The Commission Services (DG HR; Eurostat) are in constant contact with agencies staff and administration with the aim of clarifying the purpose of the correction coefficients applied to their remuneration. For instance, an ad hoc Working Group with the active participation of ENISA (among others) produced in 2015 an explanatory paper on correction coefficients broadly distributed among staff. Furthermore, in November 2016 ENISA and Eurostat organised a special meeting for staff in Greece where Eurostat experts answered staff questions, explained the calculation methodology and invited staff to participate in the price surveys that is a necessary precondition for the correct calculation of their purchasing power parity with staff posted in Brussels.

Finally, the European Commission proposal for a Regulation on the future of ENISA called the “Cybersecurity Act” is also expected to make the content of the agency's work more attractive for experts.

355. (ENISA § 14 - 2015/PAR/0676) The European Parliament encourages the Greek authorities, the Commission and the Agency to find a solution for the issue of the Agency's two locations as soon as possible in order to ensure a much more efficient use of Union funds.

Commission's response:

In accordance with the Common Approach on Decentralised Agencies, the Commission is currently evaluating the European Union Agency for Network and Information Security, in all its aspects on the basis of objective criteria. This evaluation will be sent to the European Parliament and Council. The Commission recalls that it is for the Member States meeting at Head of State or Government level or for the Council to decide by common agreement the seat of EU agencies.

356. (ESMA § 26 - 2015/PAR/0677) The European Parliament calls on the Commission to examine the possibility of modifying the current financing arrangement by introducing additional appropriately and proportionately calibrated fees for market participants, possibly replacing in part the contributions of national competent authorities whilst ensuring its autonomy and supervisory action.

Commission's response:

The Commission is currently reviewing the possibility of modifying the existing ESA financing arrangement by introducing the industry funding to replace contributions from Member States. The proposal is due this year.

357. (EU-OSHA § 10 - 2015/PAR/0678) The European Parliament acknowledges the fact that, by cancelling two temporary agent AST posts in 2015, the Agency reduced the number of its staff members by 5 %, in line with the overall principles laid down in the Inter-institutional Agreement on budgetary discipline¹; notes that the Commission classified the Agency as a “cruising speed agency”, implying an additional 5 % reduction and cancellation of one AST post in 2016; calls on the Commission to ensure that potential further cost-saving measures do not hinder the Agency's ability to fulfil its mandate.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

358. (EUROFOUND § 8 - 2015/PAR/0679) The European Parliament notes that the Foundation's target of 80 % regarding the number of planned outputs in its work programme was not achieved, even though the Foundation improved its performance in comparison to 2014; acknowledges the fact that the reasons why the Foundation missed the target are principally related to delays by contractors and the scarcity of staff resources; notes, furthermore, that a more realistic number of projects and deliverables was planned and implemented in 2016, in line with the Foundation's reduced resources; is concerned that, with the current resources outlook, the Foundation's pan-European surveys are not secured in the long term as well as that the Foundation cannot commit to embark on further work, such as on migrants and refugees or undeclared work, despite strongly worded requests by its governing board; calls on the Foundation and the Commission to tackle the scarcity of staff resources and report back to the discharge authority on the possible solutions.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

359. (EUROFOUND § 9 - 2015/PAR/0680) The European Parliament is concerned that the overall 10 % reduction of staff has had an impact on the delay of some of the Foundation's projects and contributed to difficult discussions in relation to negative priorities with the governing board's bureau; acknowledges the fact that the Foundation managed to comply with the reductions imposed by the Commission even though all its establishment plan posts were filled in the previous years; calls on the Commission to ensure that potential further cost-saving measures do not hinder the Foundation's ability to fulfil its mandate; calls on the budgetary authority to take this into account during the budgetary procedure.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level

proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

360. **(EUROJUST § 4 - 2015/PAR/0681)** The European Parliament regrets that Eurojust faced budgetary availability issues due to known structural problems with its funding and that for the second successive year was forced to resort to mitigation measures subject to an amending budget; regrets that the financial uncertainty with which Eurojust was confronted required the postponement of some of its on-going activities and the deferral of valuable technological developments; requests that Eurojust and the Commission solve these known structural problems and secure a proper level of funding for the coming years.

Commission's response:

The financing of EU agencies, necessarily including present and proposed staffing levels, is subject to the agreement of the European Parliament and the Council acting as both legislative and budgetary authority in accordance with the Treaty. The Commission is of the opinion that the EU contribution and staffing level proposed in the annual draft budgets enables the agencies to properly fulfil their mandates, while taking account of the existing budgetary constraints. The Commission encourages the agencies to seek further synergies and efficiencies, for example through sharing of services between agencies and with the Commission.

361. **(GSA § 10 - 2015/PAR/0682)** The European Parliament notes that, according to the Court's report, the Agency experienced a high staff turnover in 2015, with 14 members of staff leaving and 26 joining; acknowledges that, according to the Agency, the high staff turnover results from difficulties in attracting and retaining key staff in a very competitive and technical segment of the employment market, essentially due to its headquarters location and the relatively low correction coefficient affecting salary levels in the Czech Republic; notes, moreover, that the Agency is pursuing all available ways in which to increase its attractiveness, in particular by insisting on the significance of its mission; calls on the Agency and the Commission to report back to the discharge authority on the possible improvements in the attractiveness of the posts at the agency.

Commission's response:

In order to foster the attractiveness of posts in the GSA, the GSA Administrative Board has recently decided on the introduction of social measures for GSA staff located in the Czech Republic. These measures are focused on subsidising local transport, vouchers and insurance.

The GSA is currently analysing further possible measures to increase the attractiveness of its posts within the financial and regulatory framework

Finally, the Commission is in close contact with EU agencies regarding their recruitment capabilities and their potential to keep highly qualified staff. Concerning in particular the issue of the perceived impact of the correction coefficient, it should be emphasised that under the Staff Regulations correction coefficients' function is to ensure equal treatment i.e. equality of purchasing power

between all staff of EU institutions, agencies and other bodies in all places of employment. Thus coefficients follow the evolution of prices with respect to Brussels and do not aim at maintaining a certain level of purchasing power in a given place over time.