

MONDAY, 27 NOVEMBER 2017

15.00 - 18.30

TUESDAY, 28 NOVEMBER 2017

09.00 - 12.30 and 14.30 to 15.30

Room: Altiero Spinelli (1G-3)

1. ADOPTION OF THE AGENDA

The draft agenda was emailed to Members on 22 November 2017 and is in the [file for the meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chair draws attention to the following points:

Languages available

FR, DE, IT, NL, EN, EL, ES, FI, CS, ET, HU, LT, PL, SL, BG, and RO.

Webstreaming

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

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

Voting cards

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

MONDAY, 27 NOVEMBER 2017

15.00 - 17.30

PUBLIC MEETING

3. 2016 DISCHARGE : EU GENERAL BUDGET - COMMISSION

CONT/8/10601



Exchange of views with the EU Commissioner responsible for Employment, Social Affairs, Skills and Labour Mobility, *Marianne Thyssen*, in the presence of the Member of the European Court of Auditors responsible, *Iliana Ivanova*

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

Administrators: Christian Ehlers and Philippe Godts

Shadow Rapporteurs: Inés Ayala Sender (S&D), Martina Dlabajova (ALDE), Luke Ming Flanagan (GUE/NGL), Indrek Tarand (Greens/EFA), Marco Valli (EFDD), Jean-François Jalkh (ENF)

European social policy is part of chapter 6 in the European Court of Auditors' Annual Report entitled "Economic, social and territorial cohesion". The main policy instrument is the European Social Fund (ESF). In 2016 payments appropriations authorised reached EUR 8,1 billion. The Court examined 180 transactions, of which 40 concerned ESF projects. For all policy areas of chapter 6 together the Court has quantified the estimated level of error at 4,8%.

The documents of particular relevance for the exchange of views with Commissioner Thyssen are:

- The ECA's 2016 Annual Report, Chapters 1, 2, 3 and 6;
- The Commission's follow-up report COM (2017)379 final and;
- The respective Annual Activity Report of the Director General.

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

In accordance with the timetable for the discharge procedure, the written questions for this meeting were sent to the Commission on 16 November 2017 and emailed to Members on the same day.

The answers from the Commission were received on 23 November 2017 and emailed to Members on the same day.

It is proposed that the hearing with the Commissioner Thyssen shall proceed as follows:

- Introduction by the Member of the European Court of Auditors, who will present the findings of the respective chapters of the Annual Report 2016;
- Commissioner Thyssen will reply to this introduction;
- CONT Rapporteur will put questions to the Commissioner and/or the Court;
- Other Members will question the Commissioner and/or the Court;
- Closing remarks by the CONT Rapporteur.

CONT Timetable:

Event	Body	Date
Consideration of draft report	CONT	19 February 2018
Deadline for amendments	CONT	1 March 2018
Adoption in CONT	CONT	19 March 2018
Adoption in Plenary	Plenary	April 2018

4. CONT MISSION TO POLAND (18-20 APRIL 2017)

CONT/8/11594



Exchange of views on the delegation report

Rapporteur: [Ingeborg Gräßle](#) (EPP)

Administrator: Michal Czaplicki

Poland is the largest beneficiary of the European Structural and Investment Funds (ESI Funds) with an allocation of up to EUR 86 billion until 2020. This is equivalent to around 2.7 % of GDP annually (over 2014-2017) and 54% of public investment. The Budgetary Control Committee found it of utter importance to verify whether these funds are being managed well.

The aim of the CONT mission to Poland was to investigate several projects financed by different EU financial instruments (JASPER, JESSICA etc.) and the EFSI as well as to visit CONT's national parliamentary counterparts and national Court of Auditors in order to enhance the Committee's visibility in the Member State.

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

5. CONT MISSION TO WASHINGTON, USA (22-26 MAY 2017)

CONT/8/09815



Exchange of views on the delegation report

Rapporteur: [Ingeborg Gräßle](#) (EPP)

Administrator: Olivier Sautière

The main objective of CONT fact-finding mission to Washington D.C. was to hold exchange of views with the US oversight bodies and international institutions (World Bank and International Monetary Fund) on their working methods, with a particular focus on the implementation of the performance audits.

The report includes a summary of the main findings showing the main differences in practice between the EU and US oversight systems, on international institutions' standards and best practices, as well as a detailed reporting of the issues discussed in the 21 meetings held during this mission.

Committee on Budgetary Control

Overall, meetings with House and Senate committees provided valuable insight in the ways in which Congress ensures that the federal budget is spent effectively, efficiently and transparently and the roles of Congressional Budget Office and Congressional Research Service in advising Congress. On the executive side, the meeting with Office of Management and Budget Director had as its aim establishing the role of OMB and its relations with other budgetary and oversight bodies in the US system of checks and balances.

Other key actors in the US checks and balances system were met namely (i) the Government Accountability Office with a particular interest on its auditing methods and the way it mainly uses performance and (ii) the Chair of the Council of Inspectors' General to discuss internal versus external oversight of the government and effectiveness of the Offices of Inspectors General.

Besides these meetings, CONT delegates also met with international institutions which are major partners of the EU, the World Bank and the International Monetary Fund and, with civil society representatives in order to have a broader perspective.

CONT Members will have an exchange of views on the mission report and its findings. The mission report is available on the [CONT website](#).

MONDAY, 27 NOVEMBER 2017

17.30 - 18.30

IN CAMERA

6. OLAF INVESTIGATION CASES CONCERNING HUNGARY

CONT/8/11597

Exchange of views with OLAF representatives



Rapporteur: [Ingeborg Gräßle](#) (EPP)
Administrator: Michal Czaplicki

As a follow up of the CONT mission to Hungary (18-20 September 2017), the Committee asked OLAF to present information about the numerous cases linked to the Member State in question.

Due to the sensitive nature of this information, this point is discussed in camera.

TUESDAY, 28 NOVEMBER 2017

09.00 - 12.30

PUBLIC MEETING

*** ELECTRONIC VOTING ***

7. THE IMPLEMENTATION OF THE YOUTH EMPLOYMENT INITIATIVE IN THE MEMBER STATES

CONT/8/09705



Adoption of draft opinion

Rapporteur: [Derek Vaughan](#) (S&D)
Administrators: Tereza Pinto De Rezende
Main Committee: EMPL

Shadow Rapporteurs: Boguslaw Liberadzki (S&D), Raffaele Fitto (ECR), Younous Omarjee (GUE/NGL)

The draft opinion was considered on 26 October, 17 amendments were tabled within the deadline of 14th November. The Rapporteur supports all the amendments tabled.

The draft opinion and the amendments are available on the [CONT website](#).

CONT Timetable:

Event	Body	Date
Adoption in EMPL	EMPL	4 December 2017
Adoption in Plenary	Plenary	January 2018

*** END OF ELECTRONIC VOTING ***

8. 2016 DISCHARGE : EU GENERAL BUDGET - COMMISSION

CONT/8/10601



Exchange of views with the EU Commissioner responsible for Agriculture & Rural Development, *Phil Hogan*, in the presence of the Member of the European Court of Auditors responsible, *Nikolaos Milionis*

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

Administrators: Philippe Godts and Christian Ehlers

Shadow Rapporteurs: Inés Ayala Sender (S&D), Martina Dlabajova (ALDE), Luke Ming Flanagan (GUE/NGL), Indrek Tarand (Greens/EFA), Marco Valli (EFDD), Jean-François Jalkh (ENF)

The transactions subject to audit by the European Court of Auditors (ECA) in chapter 7 "Natural resources" of its annual report 2016 represent EUR 57, 9 Billion:

- European Agricultural Guarantee Fund (EAGF): market related expenditure and direct payments: EUR 44.1 Billion;
- European Agricultural Fund for Rural Development (EAFRD): EUR 12.4 Billion;
- European Maritime and Fisheries Fund (EMFF) and others EUR 0.9. Billion.

The ECA estimates the level of error for "Natural resources" as a whole to be 2.5% (market and direct support: 1.7%, rural development: 4.9 %).

The documents of particular relevance for the exchange of views as regards the 2016 Commission discharge are:

- The ECA's 2016 Annual Report, Chapters 1, 2 and 7.
- The Commission's follow-up report COM (2017) 379 final
- The respective Annual Activity Report of the Director General.

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

In accordance with the timetable for the discharge procedure, the written questions for this meeting were sent to the Commission on 17 November 2017 and emailed to Members on the same day. Questions concern in particular the annual activity report of the Director General, the reliability of the data communicated by the Member States, Special reports of the Court (certification bodies, young farmers scheme) Greening, Landfill Parcel Identification System, fair CAP, follow-up of the last discharge resolution. The answers from the Commission were received on 23 November 2017 and emailed to Members on the same day.

It is proposed that the hearing with the Commissioner Hogan shall proceed as follows:

- Introduction by the Member of the European Court of Auditors, who will present the findings of the respective chapters of the Annual Report 2015;
- Commissioner Hogan will reply to this introduction;
- CONT Rapporteur will put questions to the Commissioner and the Court;
- Other Members will question the Commissioner and/or the Court;
- Closing remarks by the CONT Rapporteur.

CONT Timetable:

Event	Body	Date
Consideration of draft report	CONT	19 February 2018
Deadline for amendments	CONT	1 March 2018
Adoption in CONT	CONT	19 March 2018
Adoption in Plenary	Plenary	April 2018

9. STUDY ON “TRANSITIONAL ALLOWANCES FOR FORMER EU OFFICE HOLDERS - TOO FEW CONDITIONS?”

CONT/8/11598



Presentation of Policy Department D Study

Rapporteur: [Petri Sarvamaa](#) (EPP)

Administrator: Niels Fischer (PolDep), Tereza Pinto De Rezende

This study focuses on the transitional allowances for former office holders, covering the European Parliament, European Commission, President of the European Council and Secretary General of the Council of the European Union, Court of Justice, Court of Auditors, European Investment Bank, European Central Bank, the Ombudsman and the European Data Protection Supervisor. The arrangements for these institutions are contrasted with approaches in European Union Member States, third countries and international organisations. Room for improvement is identified regarding the effectiveness of transitional allowances, notably in terms of preventing conflicts of interest.

Hard copies of the study will be made available in the meeting room.

Short presentation of the recently published ECA Special Report:

10. ECA SPECIAL REPORT ON 15/2017 (2016 DISCHARGE) : “EX-ANTE CONDITIONALITIES AND PERFORMANCE RESERVE IN COHESION: INNOVATIVE BUT NOT YET EFFECTIVE INSTRUMENTS”

CONT/8/



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *Ladislav Balko*

Rapporteur: [Georgi Pirinski](#) (S&D)

Administrators: Christian Ehlers

Shadow Rapporteurs: Tomáš Zdechovský (EPP), Martina Dlabajová (ALDE), Luke Ming Flanagan (GUE/NGL)

Cohesion spending has a significant impact on the economies of many EU Member States. Spending from the European Regional Development Fund, the Cohesion Fund and the European Social Fund between them will amount to almost €350 billion in the period between 2014 and 2020. In nine Member States, regional

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development and Cohesion spending accounts for more than 30% of all government capital expenditure, and in four countries - Hungary, Lithuania, Slovakia and Latvia - it represents over half of all public investment.

The auditors examined two new requirements introduced for the period 2014-2020 to make Cohesion spending more results-oriented: pre-conditions and the performance reserve. Pre-conditions (known as “ex ante conditionalities”) set requirements that must be met before a programme is launched; the performance reserve requires most programmes to make 6% of funding for Member States subject to a performance review by 2019.

Overall, the auditors found that pre-conditions provided a consistent framework for assessing Member States’ readiness to use EU funds at the start of the programme period. However, it was unclear how much this led to changes on the ground. In addition, the Commission had not used the opportunity to suspend payments where pre-conditions were not met.

The auditors also consider that the performance reserve is unlikely to bring about a significant reallocation of spending to better performing programmes. The reserve’s design provides little incentive for a greater focus on results since it is mostly based on spending and outputs. Furthermore, additional funding is allocated even if milestones are not met in full. The auditors regard the new suspensions and financial corrections for underperformance as a step in the right direction, but they are subject to restrictive conditions and so unlikely to be applied in practice.

The auditors make a number of recommendations for more effective spending of Cohesion funds. As part of its preparations for the period after 2020, the Commission should:

- re-assess the pre-conditions applicable in 2014-2020, ensure consistency with the European Semester, set clear assessment criteria with measurable targets and require pre-conditions to be met throughout the programming period;
- make the performance reserve more results-oriented so that it allocates funds to programmes that achieve good results, and further develop it to reward good performance;
- use tools which better demonstrate the actual performance of long-term infrastructure programmes;
- review the conditions for payment suspensions and financial corrections so that underperformance can be more easily addressed at an earlier stage.

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

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members. The rapporteur’s conclusion will form part of the Commission’s discharge report.

TUESDAY, 28 NOVEMBER 2017

14.30 - 15.30

PUBLIC MEETING

11. ECA SPECIAL REPORT 17/2017 ON: “ THE COMMISSION'S INTERVENTION IN THE GREEK FINANCIAL CRISIS”

CONT/8/11584



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *Baudilio Tomé Muguruza*

Rapporteur: [Hannu Takkula](#) (ALDE)

Administrators: Michal Czaplicki

Shadow Rapporteurs: Tomáš Zdechovský (EPP), Inés Ayala Sender (S&D), Luke Ming Flanagan (GUE/NGL), Marco Valli (EFDD)

The ECA examined the Commission’s management of the three Economic Adjustment Programmes for Greece. Funding of the first programme was 110 billion euros (Greek loan facility in 2010), for the second 172.6 billion euros (EFSF in 2012) and for the third 86 billion euros (ESM in 2015).

According to the ECA, the objectives of the programmes were met only to a limited extent, this seems to be corroborated by the fact that Greece still requires external financial support. The financial assistance to Greece was subject to policy conditions, defined by agreement between Greek authorities and lenders. The Commission managed the Adjustment Programmes in liaison with the ECB on behalf of the European lenders for each programme. The ECB questioned the Court’s mandate and did not sufficiently cooperate in this audit.

The Court discovered that the Commission had no experience in management of such a process. Despite the complex institutional arrangement within the programmes, the operational details with programmes partners (IMF and ECB) were never formalised. The ECA analysed design and implementation of reforms in four crucial policy fields (taxation, public administration, labour market and the financial sector) and detected mixed results: The taxation and public administration reforms brought fiscal savings, but the implementation of structural components was weaker. The labour market has become more flexible and competitive, while further regulatory changes are still underway. The financial sector was substantially re-structured, but this came at a cost of 45 billion euros injected into the banking system, out of which only a small part can potentially be recovered. Across all policy fields, the implementation of a number of key reforms happened with significant delays or was not effective, according to the findings of the ECA. The Commission did not comprehensively consider Greece’s implementation capacity and thus did not adapt the scope and the timing accordingly. The Commission did not carry out a comprehensive evaluation of two of the three programmes, although such an analysis could be pertinent for adjusting the reform process.

The Court recommended that the Commission should improve procedures for the design of support programmes, better prioritise conditions, address underlying economic imbalances, be more systematic in assessing the administrative capacity of the Member State, enhance its analytical work on program design, carry out interim evaluation for successive programmes and analyse the appropriate support and surveillance framework for the period after the program ends.

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

As a follow-up, a working document with the recommendations of the rapporteur will be sent to CONT Members. The rapporteur's conclusion will form part of the Commission's discharge report.

12. ANY OTHER BUSINESS

13. NEXT MEETINGS

- 4 December 2017, 15.00 – 18.30 (Brussels)
- 7 December 2017, 15.00 – 18.30 (Brussels)

WATCH LIVE

Watch the CONT committee meeting live on the [EP website](#) or on [Europarl TV](#)

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

Access CONT committee meeting documents on [eMeeting](#) or any CONT committee information on [eCommittee](#)

FOR FURTHER INFORMATION

Contact the CONT Secretariat or visit the website of the CONT committee

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