

2016 Discharge to the Commission

WRITTEN QUESTIONS TO COMMISSIONER OETTINGER

Hearing on 23 January 2018

Single audit principle

1. What conclusions does the Commission draw from the ECA's background paper on the modified approach to the Statement of Assurance audits in Cohesion for its own audit work?

The Commission welcomes the modified approach to the Statement of Assurance audits in the area of cohesion as proposed by the Court of Auditors (the Court) in its background paper. It notes that several developments introduced in the 2014-2020 programming period have led the Court to evolve to this important change in the Court's methodology introduced now as a pilot for Cohesion Policy:- the integrated control framework introduced in the 2014-2020 legal framework and the new obligation for programme authorities to provide certified annual accounts to the Commission with residual error rated below the 2% materiality threshold for expenditure entered in these accounts, and reporting on implemented financial corrections as part of these accounts subject to audits;

- the continuous improvement over the recent years of the reliability of the information on the legality and regularity provided by the audit authorities reviewed and validated by the Commission, as acknowledged by the Court
- the positive conclusions drawn by the Court from its recent performance audits on the closure of the 2007-2013 programming period (ECA SR 36/2016) and the implementation of financial corrections (ECA SR 4/2017).

The Court's audit work will therefore be based on the control and audits of the national audit authorities and the Commission, as mentioned in page 8 of its background paper. This new approach requires better harmonised audit methodologies and approaches and will contribute to eliminating the interpretation gap between Court and Commission's results. The Commission and programme authorities are already cooperating closely with the Court of Auditors so that this new approach can be implemented with success on the ground without increasing the audit burden or costs for programme authorities and beneficiaries.

The Commission is convinced that the new features and design of the assurance model of the current programming period will meet their objective to ensure lasting improvements in the management and control systems and to bring down residual levels of error (after corrections) below the materiality threshold year on year, as illustrated by the assessment of the set of accounts received in 2017 for the second accounting year for Cohesion Policy (see pages 58-54 and pages 51-61 in Annual Activity Reports of REGIO and EMPL respectively).

Thanks to a better alignment of the audited periods and audit methodology between the Commission and the Court, the Commission services will be in a

position to take on board the conclusions drawn by the Court audits in due time for their final assessment of the audit authorities' residual error rates to be included in their subsequent annual activity reports .

EIB external activity with EU budgetary guarantee

2. In December, the Commission presented a report on the EIB external activity with EU budgetary guarantee. How do guarantee backed initiatives relate to other cohesion fund activities?

As a financial institution of the EU, the European Investment Bank's (EIB) activity outside the EU is directly contributing to the implementation of the EU's external policies, in line with the EU Global Strategy. The EIB's external lending mandate (ELM) supports the Bank's lending in countries outside the EU. The EU budget covers through a budgetary guarantee a part of the risk exposure of EIB to these countries. Cohesion fund activities are funded directly by the EU budget and not covered by a budgetary guarantee. Furthermore, Cohesion fund activities only concern EU Member States.

Revision of the Financial Regulation (FR)

3. It appears that some provisions of the revised FR, i.e. concerning cohesion policy, are supposed to enter into force retroactively.
 - a. Who asked for this?

Concerning rules applicable to cohesion policy in the revised Financial Regulation the Commission proposal included a number of elements to be modified with a retroactive effect. These concern legislative changes that aim to clarify existing legal provisions and aligning them with applied and common interpretation so far, to increase legal certainty for all actors.

A political compromise was reached on 11 December 2017. The legislative procedure is being finalised whereby each and every proposal for retroactive application is thoroughly scrutinised by the Commission, the Council and the Parliament's Legal Services whose consensual agreement on whether such change is truly justified is necessary for it to enter into force with a retroactive effect.

- b. How is this possible, as all Member States have developed programmes and projects based on regulations, which entered into force in 2014?

As explained above, proposed retroactive application of legislative changes aims at clarifying existing legal provisions/requirements. The aim with introducing such changes with a retroactive effect was to ensure legal certainty and consistency. No legislative change that implies a new or additional obligation to

Member States, programme authorities or the Commission were proposed to be applied with retroactive effect as that would be contrary to legitimate expectations.

Jean Monnet buildings in Luxembourg

4. The Jean Monnet building (JMO I) was built in 1975 and expected to be occupied for 25 years. It belongs to the *Fonds d'Urbanisation et d'Aménagement du Plateau de Kirchberg* (Kirchberg Plateau Development Fund – "The Fund"), which manages the occupancy of the Jean Monnet Building (JMO). Since 1994, the Commission has been in discussions with the Luxembourg State authorities with a view to agreeing on the future arrangements for housing those departments in Luxembourg. An agreement was only reached in 2009.

The Luxembourg State is the custodian of the Fund, which acquired full ownership of the building on 1 April 1998. Since then, the Commission has occupied the JMO without being covered by a valid tenancy agreement, given that the parties had not been able, until that date, to agree on the terms of such an agreement, in particular the amount of the rent, the duration of the agreement and the prior conditions for its entry into force.

In 2009 the Commission and the Luxembourg authorities agreed on a memorandum of understanding, regulating the occupancy of JMO I and the construction of JMO II.

On 15 July 2014 the Commission decided to vacate the JMO I due to the presence of asbestos in the building.

- a. Why did it take the Commission and the Luxembourg authorities 15 years (1994 - 2009) to agree on the future arrangements for housing Commission departments in Luxembourg?

Discussions between the Commission and the Luxembourg State regarding the provision for a piece of land for the successor of the JMO building started in the late 90's. It was only at the end of 2002 that an agreement on that matter was formally confirmed.

Both parties have agreed to link the files of the JMO occupation conditions and the future long term solution to replace the JMO building.

The Memorandum of Understanding signed in 2000 laid down two preliminary conditions to the signature of a tenancy contract for the JMO:

- rehabilitation and restoration works in order to comply with the national law (two authorisations received in 2005 and 2006)
- expertise on the lease value of the building in order to determine the amount of rent.

The negotiations were time-consuming due to the fact that they did not only focus on finding new office buildings, but had a broader approach, i.e. finding a *long*

term solution to replace the JMO building"

During the negotiations, 3 different proposals for JMO II have been made by the Luxembourg State. The EC rejected (in 2004 and 2006) the first two proposals. The first proposal was rejected because the surfaces proposed were not sufficient, while the second proposal was refused because the number of buildings proposed (14) was too high. The EC accepted the third one in 2007. It then took two more years to define the responsibilities between the Luxembourg State and EC and to obtain the agreement of the Budgetary Authority on the project.

The full history of JMO / JMO II between 1975 and 2011 is reported in the documents that will be delivered to the Secretariat of the CONT Committee before the hearing.

- b. Why did the Commission accept a situation, in which it is not covered by a tenancy agreement?

The occupation of JMO by EC has been successively covered by three official documents, without legal vacuum: When there were no tenancy contracts, there were Memoranda of Understanding

1. From 1975 to 1998: Tenancy contract with the company "Troisi"
2. From 1998 to 2009: Memorandum of understandings with Luxembourgish State, represented by the FUAK, a public body ; one from 1998 to 1999 and one as from 2000, with annual renewal.
3. From 2009 to the end of JMO occupation (2017) : tenancy contract with the Luxembourgish state, represented by FUAK.

- c. Why has the JMO I not been tested with regard to the presence of asbestos at an early stage given the experience with the Berlaymont building in 1990?

The type of asbestos present at the Berlaymont building (sprayed coating) was of a totally different nature than the one at the JMO building (bonded asbestos cement sheets).

Asbestos in the form of a sprayed coating usually contains high levels of asbestos (up to 100% in some cases), which is loosely held in the product so that the asbestos fibres are easily released (a draft of air may suffice) into the air and may be inhaled.

The asbestos bonded with cement in the form of sheets as present at the JMO building is only released if the sheets are damaged by friction or other mechanical impact.

Despite these technical differences, and although it is not a legal requirement in Luxembourg, a complete inventory of asbestos containing materials in the JMO building was established in 1997 (expert bureau Kleineberg) and in 1998 (AIB-Vinçotte Luxembourg). Since then, the inventory was updated annually by AIB-Vinçotte Luxembourg and monitoring campaigns were carried out on an annual basis.

In its 2013 update, AIB-Vinçotte Luxembourg revised its findings by stating that the sheets were of a lower density than previously thought and therefore more sensitive to mechanical impact (simple friction could suffice). Following that report (November 2013) and the recommendations of the Cresept rapport (independent expert appointed by the Commission - January 2014), the Commission decided as a precautionary measure to abandon the JMO building.

- d. How much did the Commission pay to the Luxembourg authorities for the rental of auxiliary office space since it vacated JMO I in 2014 and why?

The keys to the JMO I were returned to the Fund on 1 June 2017.

No rent is paid directly to the Luxembourg authorities for auxiliary office space. However, the political agreement of December 2015 between the Vice-President of the European Commission Kristalina Georgieva, and Luxembourg Foreign Minister Jean Asselborn provides for a sharing of costs associated to the early move out of the JMO, with the Luxembourg authorities putting at the disposal of the European Commission

- the Jean Monnet (Temporary) (JMOT) T2 building with a capacity for 500 people, free of charge during the period from 01.05.2016 until 6 months after the date of receipt of the Phase 1 of JMO2.
- specific premises to accommodate the Commission's data centre.
- European Convention Center Luxembourg, free of charge for 20 days per year until 6 months after delivery of Phase 1 of JMO2.

- e. According to a memorandum to the budgetary authorities of 2009, the memorandum of understanding between the Commission and the Luxembourg authorities maps out the stages of the construction of the JMO II. The JMO was supposed to become available by 31 December 2014. Since 2012 the JMO II project is ongoing, with the first phase to be completed probably in 2020 and the second phase in 2024. Who is responsible for the delay? Who pays for the rental costs caused by this delay and why? Does the Commission agree that the whole JMO I - JMO II project has been poorly handled and constitute a flagrant case of bad financial management?

According to a memorandum to the budgetary authorities of 2009, the memorandum of understanding between the Commission and the Luxembourg authorities maps out the stages of the construction of the JMO II. The JMO was

supposed to become available by 31 December 2014.

The memorandum to the budgetary authorities of 2009 defines the general framework of the JMO II building project and the stages of the project, while the date of 31.12.2014 is indicated in the lease contract and corresponds to the date of expiry (at the time) of the authorisation for the occupation of the JMO building. Since 2012 the JMO II project is ongoing, with the first phase to be completed probably in 2020 and the second phase in 2024.

Who is responsible for the delay?

In accordance with the Memorandum of Understanding (art.II.2), the Luxembourg State undertakes to act as contracting authority for the construction of JMO II project. Between the state and the Commission, there is the general obligation of good and loyal cooperation.

The contracting authority has been confronted with several operational difficulties: E.g., in 2016, at the occasion of the extension of the Project Management contract, the consortium of architects KSP requested to review certain clauses and did not advance with the implementation studies during the negotiations period; in 2017, the tender procedure for the earthmoving works faced administrative problems implying a postponement of the start of works from September 2017 to early April 2018.

Besides, due to the significant changes regarding the provision of security measures, the Commission had to request at the end of 2016 to review the planning so as to embed a new security concept.

The resulting new planning for the delivery of the JMO II is as follows: February 2023 for phase 1 and February 2024 for phase 2.

It must be stressed that the current planning still provide for the JMO2 project to be completed by the same target date (2024) as set in the 2015 Asselborn-Georgieva Agreement.

Who pays for the rental costs caused by this delay and why?

The sharing of the costs resulting from the delay shall be discussed.

However, according to the preliminary Commission's analysis, the costs caused by the delay are expected to be contained (estimated at around two millions euros).

Does the Commission agree that the whole JMO I - JMO II project has been poorly handled and constitute a flagrant case of bad financial management?

The Commission does not agree with this statement.

If the binding of the JMO I and JMO II dossiers may have delayed the signing of the lease on the JMO I, this has ensured Luxembourg's commitment to seek a solution for the accommodation of the Commission beyond the occupancy of JMO I.

Concerning the management of the JMO II project, the budget of the project is monitored on a continuous basis. In accordance with the conditions indicated in the opinion of the Committee on Budgets delivered on 23 January 2013, the Commission strives to respect the budget allocated for the construction of the

JMO II. No recourse to the reserve has been necessary so far.

European Schools

5. Last November the European Court of Auditors (ECA) published the report on the annual accounts of the European Schools for the financial year 2016. It revealed the following weaknesses:

"27. The Court found significant weaknesses in the application of accruals accounting in the accounts of the Central Office and the Alicante and Karlsruhe Schools, in particular in the calculation and booking of provisions for employee benefits and the recording of payables and receivables. Material errors were corrected during the consolidation procedure. (...)

30. While the internal control systems of the Alicante and Karlsruhe Schools showed limited weaknesses, there are still significant weaknesses in the internal control system of the Central Office. The audit reports of the independent external auditor also revealed significant weaknesses in the recruitment, procurement and payment procedures. The Court is thus unable to confirm that financial management was performed in accordance with the General Framework."

After the disastrous ECA reports of previous years, does the Commission, which paid 61% (EUR 177,8 million) of the schools budget in 2016, consider it normal that the ECA still finds the above mentioned weaknesses? What does the Commission do?

The Commission has done and continues to do everything in its power to help the European Schools (ES) improve their internal control.

Since 2014, many actions have been successfully taken. Notably, the revised Financial Regulation of the ES was adopted on 05/09/2017 after more than 2 years of discussion, consultation and analysis. The new financial governance for the ES System and the concept of having a single Authorising Officer (the Secretary-General) instead of the 14 authorising officers (Secretary-General for the Central Office + 13 Directors for the Schools) as well as a Central Accounting Officer, aim to have a large positive effect on the overall financial management of the ES system.

This will allow for the development of a more solid internal control and accountability of the system while ensuring the responsibility inherent to each financial actor and authorising officer by delegation/sub-delegation. As the entry into force of the revised financial regulation is gradual (from 2018 to 2020), its positive effects will not be immediate.

The review of an internal control structure and the transition to accrual based accounting is generally a long-term process. The structural and contextual (culture and legal) changes the Schools have started to implement need to be assessed against this long term perspective.

Will the Commission consider tying financial support to a reform of the administrative and financial structures?

The Convention defining the Statute of the European Schools is binding upon the Commission and all EU institutions. The Commission therefore has to continue providing the balancing contribution to the budget of the Schools. The main part of the budget the Commission supplies to the Schools is used to pay the salaries of the teaching staff.

The Commission recognises its role in protecting the EU budget and the reputation of the institutions and bodies. In this context, the beneficiaries are required to respect financial management principles, to set effective internal control systems and to provide assurance via the annual management declarations.

The European Schools achieve their main objectives (providing sound education to students) while gradually remediating the identified internal control weaknesses.

Reminds the Commission of the 2015 Commission discharge resolution, in which the Parliament demanded:

"276. Recalls that the Parliament in its 2010 Commission discharge procedure had already questioned 'the decision-making and financing structures of the Convention on the European Schools'; and had demanded that the Commission "explore with the Member States a revision of that Convention and [...] report by 31 December 2012 on the progress made'; notes that no progress report was ever received by Parliament; (...)

281. 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;

282. 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;"

Why were the requested reports not prepared in time?

The Communication to the Parliament and Council on how the administrative structure of the European Schools could best be reformed is in the final stage

before adoption. This implies it will soon be communicated by the Commission to the Parliament and Council.

Regarding the comprehensive review, on 17 July 2017 the Commission has submitted the following information in reply to the European Parliament's recommendation:

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 has provided 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.

When will the European Parliament receive the requested reports?

Please see reply to the previous question.

How neutralising the effect of pre-financing?

6. The Commission's answer to the written question 47 addressed to Ms Cretu mentioned that

In accordance with instructions from BUDG, the overall amount at risk at payment is calculated on the relevant expenditure of the year and not on the payments. The relevant expenditure does not include pre-financings (7.8 Billion in 2016). It corresponds to all payments and clearings made in the year minus the pre-financing. As there is no risk on the pre-financing amount, the overall amounts at risk would have remained unchanged had the pre-financing been included, i.e. in the range of EUR 645 million to EUR 1.2 Billion as disclosed in the AAR.

Nevertheless, in accordance with instructions from DG BUDG the error rate calculated without the pre financing of the year should be applied to the total relevant expenditure (including the clearings of the year) in order to define the overall amount at risk. In consequence, the overall amount at risk initially calculated should be modified to take on board the clearings. Does the number communicated by the Commission correspond to such modified amount at risk?

What is the method followed by DG REGIO to realize those adjustments?

The Commission points out that the approach to which it is referred in DG Regional and Urban Policy's Annual Activity Report (AAR) is in line with instructions from central services. As the amounts cleared were taken into account for the calculation of the relevant expenditure (see REGIO AAR annex 8 page 80 – table on the calculation of the relevant expenditure of the year), the overall amount at risk should not be modified.

The amount at risk at payment was calculated by multiplying the relevant expenditure (including clearings) by the error rates reported.
For the amount at risk at closure, the estimated future corrections are deducted from the amount at risk at payment (see REGIO AAR page 98 – overall conclusion on risks).

7. Can the Commission inform the European parliament about the overall amount at risk at payment as reported by DG DEVCO and DG NEAR in their 2016 AAR before and after having been adjusted by neutralising the effect of the pre-financing?

The amount at risk at payment (DG DEVCO: EUR 104.5 million; DG NEAR: EUR 29.0 million) is estimated by these DGs by adding to the amount at risk at closure the estimated corrective capacity.

For DG DEVCO, the amount at risk at closure (EUR 79.9 million) is obtained by multiplying, for each spending area, the average residual error rate by the individual risk index and the relevant expenditure in this category.

For DG NEAR, the amount at risk at closure (EUR 18.8 million) is obtained by multiplying the specific error rates for the European Neighbourhood Instrument (ENI), the Instrument for pre-Accession (IPA) excluding Indirect Management with Beneficiary Countries (IMBC) and IPA (IMBC) by the relevant expenditure for these three categories.

The relevant expenditure (DG DEVCO: EUR 5393.6 million, DG NEAR: EUR 2543.6 million) is the actual payments made (DG DEVCO: EUR 6579.1 million, DG NEAR: EUR 3077.4 million) minus the new pre-financing (DG DEVCO: EUR 4063.1 million, DG NEAR: EUR 1976.0 million) plus the cleared pre-financing (DG DEVCO: EUR 2877.6 million, DG NEAR: EUR 1442.2 million), as shown in the table on page 50 (DG DEVCO) / page 52 (DG NEAR) of the

2016 Annual Activity Reports. The latter follow the 2016 AAR instructions by the Commission's central services, which are in line with the ECA's approach to pre-financing (see ECA's 2016 AR, paragraph 1.23).

Can the Commission communicate also the corresponding numbers for 2015?

The amount at risk at payment was EUR 174 million for DG DEVCO (see DG DEVCO 2015 Annual Activity Report on page 58), and EUR 26.1 million for DG NEAR (see DG NEAR 2015 Annual Activity Report on page 45-46). Until the 2015 AARs, these calculations were on the 'payments made' basis.

RUP-France: Pilot project - budget 2016

8. Budget 2016- Projet pilote : répertorier les espèces et habitats dedans les régions ultrapériphériques françaises

La conduite du projet pilote adopté par le Parlement européen et dénommé "Inventaire des espèces et habitats dans les RUP françaises" pose question.

En effet, le texte de l'accord de subvention entre la Commission européenne et l'IUCN semble s'être grandement affranchi de la décision C(2016) 3480 de la Commission européenne.

Dans la décision financière adoptée par la Commission avec son annexe, (C_2016_3480_F1_COMMISSION_DECISION_EN_V2_P1_851031 (002).pdf + C_2016_3480_F1_ANNEX_EN_V1_P1_850892.pdf) il est indiqué:

"According to the budgetary remarks, this pilot project is intended to finance the development of an inventory of species and habitats and environmentally sensitive areas in the French Outermost Regions (ORs), which number among the world's biodiversity hotspots, using the same tools as the Corine Biotope and EUNIS programmes."

"The expected results of the action are:

- to deliver an inventory of species and habitats of the French ORs;
- to explore a MAES pilot for one or more French ORs;
- to provide an opportunity for small grants for biodiversity actions in the French ORs following the modalities of the BEST 2.0 Programme."

"The action grant will include the following activities:

- a) Deliver species and habitats inventories for the French ORs building on the species and habitats lists of the BEST regional ecosystem profiles

- b) Draw maps of ecosystems and their services for the French ORs using the MAES methodology building on the maps of key biodiversity areas of the BEST ecosystem profiles
- c) Carry out one call for proposals for grants of less than 60 000 EUR per third party beneficiary in the French ORs. The manual and the details of the conditions of application (topics and types of activities, types of beneficiaries and criteria of selection and funding) will be annexed to the grant agreement."

Puis les partenaires suivants sont identifiés:

"Given the focus on French OR, the consortium members concerned by the project are:

- French IUCN Committee;
- World Wildlife Fund French office;
- the Regional Activity Centre aimed at implementing the protocol concerning specially protected areas and wildlife in the Caribbean region (SPAW RAC United Nations Environment Programme (UNEP) Specially Protected Areas and Wildlife)."

De tout cela il ne reste plus rien du tout dans le contrat (grant agreement)^o passé entre la Commission européenne et l'IUCN. Ce n'est pas un consortium qui gèrera ce programme, c'est l'IUCN seul (et l'IUCN monde, même plus la branche IUCN France comme indiqué dans la décision financière), WWF est associé mais le centre régional d'activité créé UNEP ne l'est plus. Et la répartition des fonds entre les 3 activités du projet pilote (dont le premier volet est le principal) est complètement dévoyé

L'accord de subvention visé par cette décision transforme complètement 2 des 3 activités définies (activités 1 et 2) par la décision C(2016) 3480 et qui sont le cœur du projet pilote – cf page 15 -:

Activity 1: Deliver species and habitats inventories (lists) for the French ORs capitalising - inter alia -on the species and habitats lists of the existing BEST regional ecosystem profiles and the identification of KBAs and KBESAs in the French ORs;

Activity 2: Explore the use of the MAES methodology' in ORs capitalising on the Amazonian Ecosystem profile elaborated in French Guyana. The Amazonian Ecosystem profile works and the identification of KBESAs will be promoted and shared in order to foresee the modalities of the MAES methodology's implementation in ORs context. An active participation of the BEST ORs Officer in French Guiana, French Guiana representatives and the UICN Secretariat at the ESMEALDA workshop (February 2017, Azores) will enable discussion about the specificities of EU Overseas and recommendations for future works on MAES in EU Overseas.

Activity 3: Carry out one dedicated call for swift small grants of up to 50 000 EUR⁸⁷ per third party beneficiary in the French ORs. The guidelines and the

details of the conditions of application (topics and types of activities, types of beneficiaries and criteria of selection and funding) is based on the modalities of the BEST 2.0 Programme, its operational manual and guidelines⁹ (section swift small grants). The adapted section and guidelines for applicants will be validated within 1 month after the signature of the grant agreement.

Ainsi la description de l'action contenue dans le contrat ne correspond plus à celle de la décision financière. Dans l'activité 1 il n'est plus fait référence au programme CORINE qui est la base de l'établissement de toutes les listes d'habitats et d'espèces à l'échelle de l'UE et à la base de NATURA 2000. L'activité 2 est également dévoyée très clairement et on ne parle plus que de la participation à un séminaire, alors qu'il s'agit d'établir des cartes des services éco systémiques (décision financière).

Page 86, la distribution financière entre les 3 volets atteste de cette modification de la destination finale des fonds:

- 67.200 euros pour l'établissement des listes, dont 52.600 euros pour le Head Quarters de l'IUCN pour leur service "liste rouge" contre 9.600 euros pour le Museum National d'Histoire Naturel (MNHN) qui a la responsabilité d'établir les listes.
- 9.750 euros pour le 2ème volet MAES, qui est complètement dévoyé de "explorer la mise en place d'un projet pilote MAES d'une RUP française" à un défraiement de 13 personnes pour la participation à un séminaire sur la méthodologie MAES aux Açores
- 932.760 euros pour la partie financement de petites subventions, dont les frais de personnel s'élèvent à 329.825 euros (IUCN + WWF) + 128.800 (personnel sous-contracté) + Frais de voyage de ces personnes soit 478.760 euros de personnel pour gérer 454.000 euros de subventions sur 3 ans. (le détail des salaires et des sous contractés se retrouvent page 87 et page 90)

En conclusion, la Commission semble avoir détourné les objectifs du projet pilote initialement fixé par le Parlement et modifie la répartition des fonds.

Following the usual and agreed procedure the European Parliament was informed in October 2015 that the pilot project 'to list the species and habitats in the French outermost regions' was accepted with modifications. These modifications were clearly indicated in the description of the objectives as included in the interim report on pilot projects and preparatory actions for 2016 in February 2016. The objectives are aligned with Council Conclusions (December 2015) and the European Parliament Resolution 2nd February 2016 which urged the Commission to build a sustainable 'Biodiversity and Ecosystem Services Territories' (BEST) partnership to promote biodiversity conservation and the sustainable use of ecosystem services, including ecosystem approaches to adaptation and mitigation climate change in the Outermost Regions and Overseas Countries and Territories. The initial budget of this pilot project was 2M € The budget finally adopted by the European Parliament was 1M €

After deliberation, the Commission decided to continue the implementation of BEST Régions Ultra-Péripheriques Programme (RUP) although knowing that the budget available for small grants would be very modest, as it was considered important to take the opportunity to offer actors in the Outermost Regions (ORs) an opportunity to submit proposals for BEST projects, since only the Overseas Countries and Territories (OCTs) have had this opportunity since 2013 through the BEST 2.0 programme.

After the adoption of the Financing Decision the Commission started negotiations with International Union for the Conservation of Nature (IUCN) and the mentioned partners as foreseen in the decision. During the negotiation of the grant agreement between the Commission and the proposed consortium, the French IUCN Committee and the Regional Activity Centre. Specially Protected Areas and Wildlife Region Activity Centre (SPAW-RAC) - expressed that they could not participate anymore in the pilot project implementation i.e. their absence is not a decision by the Commission but by the project consortium members themselves.

The Commission Financing Decision did not specify a budget attribution, hence the allegation that the 'distribution of fund has totally changed' is unfounded.

The BEST RUP program started in January 2017, the program is well under way and first results are very positive:

- A first inventory of taxonomic and ecosystem reference systems in the French Outermost Regions has been produced and has been shared for comments with the representatives of the Outermost Regions and their networks. The next step will be the completion of this inventory and a production of lists for each French Outermost Region.
- The work related to Mapping and Assessing of Ecosystems and Ecosystem Services (MAES) resulted in the development of a follow-up INTERREG project in French Guyana on ecosystem services and a Pilot Project on 'Mapping and Assessing the state of ecosystems and their services in the Outermost Regions and Overseas Countries and Territories: establishing links and pooling resources' (1st project adopted by EP in 2016 and 2nd project adopted by EP in 2017).
- A successful call for proposals was carried out: 42 concept notes were received, 20 projects were invited to submit full proposals.

In summary: the necessary modifications to the original proposal of the pilot project were clearly communicated to the European Parliament. The project implementation is fully in line with the financial decision. The intended outcomes are likely to be achieved.

Dans quelle mesure la Commission a-t-elle l'intention de respecter les décisions de l'autorité budgétaire dans ce dossier et de remédier aux problèmes identifiés?

On basis of the above, the necessary modifications to the original proposal of the pilot project were clearly communicated to the European Parliament. The project implementation is fully in line with the financial decision. The intended outcomes are likely to be achieved.

ECA annual report for 2016- Performance assessment.

9. ECA notes in its 2016 Annual Report that the Commission has a two set of performance indicators, one for programmes and another for DGs. Sometimes this hampers comparability and may risk sound financial management. How has the Commission come to the decision to use these two sets of performance indicators? What is it going to do to remedy the situation, to ensure more streamlined and coherent performance framework and reporting?

The ECA observed in its previous (2015) Annual Report that many of the objectives in the Commission's management plans were not set at the right level of accountability. At that time, many indicators in the Commission's management plans were indicators defined in the legal bases of the EU programmes. A comprehensive reporting on those indicators was (and is still) available in the Programme Statements annexed each year to the draft budget proposal.

The Commission has since reviewed its Strategic Planning and Programming cycle. The objective was to provide a clearer framework for the Commission's/Directorates-General's accountability and to make planning documents more streamlined and centred on the priorities of the Commission and the specific competencies of the Directorates-General. The objectives and indicators selected for the strategic plans are now fully tailored to the specific competences of the Directorates-General.

Full alignment of objectives and indicators in the performance framework of the Commission services with those defined in the legal bases of programmes is no longer required and would not be appropriate, both because the responsibilities of Directorates-General are broader than budget execution and programme management, and because responsibility for the delivery of programme objectives is shared with many other actors, including in particular the Member States. Nonetheless, the Commission services are invited to make reference to programme statements when describing their activities in relation to the programmes. This helps to limit duplication of information, ensures consistency and comparability of data and brings out the complementarity between the performance frameworks. These links will be highlighted more systematically in the Commission's future reporting.

10. ECA reports in its 2016 Annual Report that within cohesion only one third of the projects examined (from a sample of projects) had a performance measurement system with result indicators linked to the objectives of the operational programmes. What is the Commission going to do to remedy the situation in the future? As we move onto to the post 2020 MFF, how is the Commission going to strengthen the link between European objectives, OP objectives and local objectives?

The Court refers to a sample drawn from projects of the 2007-13 programming period.

The Commission recalls that the 2007-2013 legislative framework for Cohesion Policy did not require programme authorities to define result indicators at project level, as some result indicators could indeed not be meaningfully measured at the level of a single project. The Commission however encouraged this practice whenever relevant.

The current 2014-2020 ESIF legislation provides for a comprehensive system of obligatory indicators for outputs and results at programme level. Programmes will systematically measure and report progress of result indicators. Projects within a programme are selected to deliver outputs and contribute towards the results to be achieved at programme level. Their progress is measured with output indicators, also mandatory.

For the 2014-2020 period, partnership agreements and programmes have been structured around eleven thematic objectives that derive from and are closely linked to the Commission's Europe 2020 strategy and facilitate appropriate thematic concentration. The menu of these eleven thematic objectives is based on the Integrated Economic and Employment Policy Guidelines, the five Europe 2020 headline targets and the seven flagship initiatives. In addition, cohesion policy is fully aligned with the work carried out and recommendations under the European Semester.

In the context of the preparation of the post 2020 period, the Commission is reflecting on how these links could be made even more operational so that Funds can further foster required structural changes in the Member States.

OLAF

11. In the replies to specific requests made by the European Parliament in a follow-up to the Commission's discharge 2015, the Commission has committed to inform the relevant committee on completed OLAF investigations.

- a. Will the European Commission honour its promise to inform the CONT Committee on the outcomes of investigations of the specific cases mentioned in the follow-up to the 2015 discharge report, namely Stork Nest, Volkswagen Group and National Front, taking into account relevant confidentiality requirements?

As stated in its follow-up to the 2015 discharge, OLAF, upon completion of its investigations, 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 in accordance with the applicable provisions under the Interinstitutional Agreement between the Parliament and the Commission, 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.

- b. Will the European Commission provide the CONT Committee with bullet-points summary of the OLAF report and its recommendations in the case of the Stork Nest project, in which the Prime Minister of a Member State is involved?

See reply to question 11(a) above. The Directorate General for Regional and Urban Policy intends to accept the invitation received on 16 January from the Chair of the CONT Committee to participate to a next meeting of the Committee to inform its Members about the follow-up that the Directorate General intends to give.

- c. Can the Commission (or OLAF) provide a list, even incomplete, of cases, where the Commission (or OLAF) is aware of OLAF's final report was made public or publicly disclosed while still being in judicial review in the last 2 years?

In accordance with the applicable rules, the Commission does not disclose OLAF Final Reports, and in particular Final Reports subject to possible further follow-up actions by national judicial authorities. The Commission is aware of one instance where an OLAF Final Report subject to pending follow-up actions by national judicial activities was published by the national authorities in the past two years, namely the Budapest Metro 4 case. The Commission does not comment on any alleged unauthorised disclosures of OLAF's Final Reports or parts thereof in the press.

12. The new case management system

- a. What were the overall costs to purchase and implement the new case management system of OLAF?

The development of OLAF Content Management System (OCM) has been carried out in-house with intra-muros staff recruited from existing framework contracts of DG DIGIT. Therefore no ad-hoc call for tender was needed for this project.

The host platform for OCM was selected following a cost-benefit analysis of different options and a framework contract for product licenses and services already in place with DG DIGIT was used.

The total direct development costs of OCM amount to EUR 9.2 million. Further development is needed which could incur costs of around EUR 3 million in the next two years.

- b. What are the cost estimates for the future for the case management system?

Please see reply to 12a)

- c. How this system was chosen? When and how the procurement procedure was organized?

Please see reply to 12a)

13. Travel and missions

- a. What were the costs for the missions of all OLAF staff in 2016?

The cost for missions of all staff in 2016 was EUR 1 114 118.

- b. What were the costs for the missions of the Director General in 2016?

The cost for missions of the Director-General in 2016 was EUR 39 281.

- c. How many missions and trips the Director General did to China and New York, USA?

The Director-General conducted three missions to China and none to New York in

2016.

- d. How many missions and trips did the Director General undertake with other OLAF staff?

The Director-General conducted 13 missions together with 1 or more OLAF staff members in 2016.

14. Investigations

How many OLAF investigations were directed by the Director General himself on the spot? How many customs investigations did he direct himself on the spot?

In accordance with Article 7(1) of Regulation 883/2013, the Director-General directs the conduct of all OLAF investigations. In 2016 the DG participated in some activities which took place in Brussels in the framework of one investigation which was not in the field of customs.

15. Which total costs occurred in the legal proceeding T-250/16 P - Spadafora /Commission? Which conclusion is the Commission drawing from this legal proceeding? What are the consequences for the OLAF legal service?

The costs amount to EUR 18 150 and consist of the honoraria of Mr Spadafora's lawyer in first instance and on appeal, i.e. they concern not only Case T-250/16 P (appeal) but also Case F-44/15 (first instance). The Commission has drawn its conclusions from the judgment in Case T-250/16 P and launched a new selection procedure for the post of Head of the Unit "legal advice". There are no consequences for the unit in terms of continuity of the service. An acting Head of Unit has been designated and will carry out the tasks of the Head of Unit until a new one has been appointed following the new selection procedure.

16. On 4 October 2017, Mr S., the Head of OLAF's Unit B2 (Tobacco and Counterfeit Goods), was indicted by French authorities for "corruption passive, escroquerie en bande organisée et détournement de fonds publics" in an investigation related to a position that he previously held at the French Direction des opérations douanières (DOD). In the course of this investigation, the French authorities discovered, among other things, 43 tonnes of counterfeit coffee. Which consequences will OLAF draw from this indictment with regard to a possible removal from office of Mr S.?

The Commission and OLAF are aware of the formal investigation currently ongoing and fully cooperate with the French authorities on this matter, though they understand that the person in question has not in fact been "indicted". The

Commission and OLAF fully respect and apply the presumption of innocence. Hence, in line with usual practice, given the ongoing national proceedings, the Commission and OLAF will abstain from commenting any further on this matter.

Staff

17. How many officials on non-management posts have been promoted to AD13 and AD14 in 2016?

In line with the provisions of the Staff Regulations, in 2016 the Commission has promoted 81 officials to grade AD13 and 18 officials to grade AD14 to Adviser or equivalent type of posts. Even when including promotions to management posts, the resulting promotion rates are well below the guiding rates set out in Annex I(B) of the Staff Regulations (6,6% vs. 15% to AD13 and 3,3% vs. 15% to AD14).

18. According to recent case law, the Joint Promotion Committee is tasked to ensure an institution-wide comparison of merits among all promotable officials. How does the Joint Promotion Committee carry out this task in practice against the background of the number of promotable official?

The task of the joint promotion committees to compare the merits of eligible staff is prepared by the joint preparatory groups which were put in place by the joint promotion committees provided for in the General Implementing Provisions of Article 45 (point 2.4 of Annex I). Both joint promotion committees (AD and AST plus AST/SC respectively) each have a joint preparatory group.

The preparatory groups prepare the work of the joint promotion committees by analysing and formulating draft recommendations on the appeals and exceptional requests sent to the joint promotion committees. They transmit their draft recommendations to the respective joint promotion committees, who at their plenary meetings formally adopt and transmit their recommendations to the Appointing Authority. The Appointing Authority takes the final decision on promotions.

Both joint preparatory groups are composed of a president, 3 full members on both administration and staff representation side. The presidents and members representing the administration are designated each year by the Director General of DG HR. The members representing the staff are designated by the Central Staff Committee. An information session for the presidents and members is organised by DG HR every year in early July.

19. How does the current promotion system, which is based on a qualitative assessment of merits delegated to individual Directorates General, allow for a transparent, objective and hence reproducible comparison of merits across all staff? How does the Commission make sure that this system provides coherence?

The case-law has confirmed that the system established by the Commission, based on the wording of the comments of the reporting officers, makes it possible to mitigate the risk of heterogeneity between their appraisals, due to the existence of several elements, namely, for example, online material for reporting officers and organised training, thus allowing the reports of officials eligible for promotion to be compared (see for instance the judgment of 22 September 2015, *Silvan v Commission*, F-83/14, EU:F:2015:106),

Training sessions for reporting officers are offered each year when the appraisal exercise is launched. Additional supporting tools are available on the Reporting Officers' Corner on the Commission's intranet (guidelines regarding competences to be taken into account, guidance on how to draft reports, common appraisal standards, etc.). Each year DG HR informs all reporting officers and reporting officers by delegation of the available training sessions as well as the guidance tools on the Reporting Officers' corner.

Regarding the training sessions, an overwhelming majority of reporting officers have followed these training sessions since their introduction in 2012. Training sessions are currently underway at the start of the 2018 appraisal exercise. Ten sessions are scheduled (8 in Brussels, 2 in Luxembourg) with 1 session in Brussels available by videoconference to the JRC sites.

By comparison, 12 training sessions were organised in 2017 (10 in Brussels and 2 in Luxembourg) and were attended by 199 participants.

20. Have there been harassment cases (opened, closed, and on-going) in 2016 and how much compensation for damages had been paid?

For the Commission in 2016 there were 6 reported cases and 2 pending cases from 2015 of alleged harassment. Out of these cases, 5 were closed as non-cases, one was closed without follow-up further to an administrative inquiry and in 2 cases a disciplinary sanction was applied by the Appointing Authority for inappropriate behaviour. No damages were paid in 2016.

21. What were the costs in 2016 respectively for away days, closed conferences or similar events for staff? How many staff members participated in the respective events? Where did these events take place?

As for any organisation that strives for excellence, the Commission takes the necessary measures to foster team work and high performance.

Team events are work focused and designed to have a direct and positive effect on team achievements in the longer term, often as part of larger change management processes. They also provide valuable moments for staff to reflect together, for example to (re-)formulate strategy and working methods. In addition, they

improve the sense of belonging, team dynamics, motivation levels and productivity.

Costs for such team events are kept as low as possible. The cost related to 2016 away days, team buildings and similar events was €1.7 m. The Commission does not maintain a central record of the number of participants as the events are organised at DG/Directorate/Unit level, but it estimates that more than 10,000 staff were involved. These events took place primarily in Commission premises with some also taking place in external conference venues.

22. How many missions did Commissioners undertake in 2016, respectively? Could the Commission provide the single cost of every mission and the total costs?

The Commissioners undertook 1,581 missions in 2016, with a total cost of EUR 3,469,309.

23. As commissioner in charge of human resources you should be concerned that the staff engagement index in the Commission services has dropped from 65,3 % in 2014 to 64,3 % in 2016. What is your explanation about this trend and how do you envisage to tackle the issue?

The Commission is determined in reaching high levels of staff engagement and to offer a motivating and fulfilling work environment for its staff. This commitment resulted in the establishment of the Staff Engagement Index, that measures how much staff feel involved in, enthusiastic about, and committed to their work and workplace combining 7 factors.

The Staff Engagement Index measures how much staff feel involved in, enthusiastic about, and committed to their work and workplace combining 7 factors. The slight downward movement in the Staff Engagement Index figure is not statically significant. It is directly related to a small drop in staff perception that they do not have the appropriate and timely information to do their work well. In the survey, 62% of staff expressed satisfaction with the availability of appropriate and timely information, compared to 68% in the 2014 Survey. The level of satisfaction in 2016 remains however in-line with the benchmark norm (-1 percentage points below the external benchmark).

The Commission is closely following up the survey, and action plans have been established by each Directorate General for action at local level as well as by the Directorate General for Human Resources for actions at the corporate level.

The action plans include actions to strengthen communication of managers ("Management Charter", seminar, training and coaching programmes) and to implement a new governance model for the Internal Communication profession to ensure a consistency of approach to information and communication across the organisation.

24. What was the total amount of interim agents employed by your institution in 2016? How many of these interim agents replaced an official? How do these numbers compare with 2015 and 2014?

In 2016, a total of 945 different interim workers worked for the EC, with an average of 317 per day. Interims are not meant to replace officials; they are hired for specific service needs and are financed from different budget lines, the funding of which is approved by the budgetary authorities. The total number of interim staff in 2016 remained substantially stable compared to 2015 and 2014.

25. How do the working conditions of interim agents compare with the working conditions of temporary staff?

Interim staff is not employed directly by the Commission and their working conditions are those of the Member State where they are employed. It is a Commission practice to pay interims a net salary per hour similar to the staff member of the equivalent contract staff function group, i.e. interim staff at level I is paid the equivalent of contract agents FG I at grade 1.

26. What was the number of trainees employed in 2016? How many of the offered traineeships were non-remunerated?

In 2016, the Commission offered 1303 Blue Book traineeships (remunerated). As indicated in the Commission's answer to written question E-003716/2016, there were 200 unpaid trainees on 1 June 2016 in the Commission departments.

27. Could the Commission provide us with the number of Seconded National Experts working for the Commission in 2016, each from public and private institutions?

In conformity with the applicable regulation (Commission Decision C(2008)6866 of 12/11/2008), there are no Seconded National Experts seconded to the Commission coming from private institutions.
On 1/12/2016, there were 862 Seconded National Experts, seconded to the Commission from public organisations.

28. According to the Other Institutions reply to the CONT questionnaire on pensions paid to their officials, the Commission will provide to CONT consolidated figures for all Institutions with regard to pensions of EU staff. When will the Commission provide that information regarding the Council, both Courts, the two consultative committees, the Ombudsman and the EDPS?

EU pension rights are acquired by staff in proportion to the service rendered throughout their whole career across all EU institutions and bodies. As the EU Pension scheme is unique and there are no specific pensions associated with individual EU institutions or bodies, the Commission provides consolidated figures for all Institutions and bodies.

The amount of the highest pension paid in 2016 is equal to EUR 11,034. The average pension paid in 2016 is equal to approx. EUR 4,520. The average of new pensions paid in 2016 is equal to approx. EUR 4,482.

Immunity

29. How many requests to waive the duty of confidentiality of Commission staff were received in 2016, and how many people did this concern? How many of these requests led to an authorisation?

39 requests to waive the duty of confidentiality of Commission staff have been received in 2016, concerning 77 people. 37 requests led to an authorisation, concerning 72 people.

OLAF received 11 requests in 2016 concerning 16 OLAF investigators; all 11 requests were authorised.

30. How many requests to waive the immunity of Commission staff were received in 2016? How many of these requests led to an authorisation? What were the reasons for the request to waive the immunity respectively?

In 2016, the Commission has received 2 requests to waive the immunity from jurisdiction of Commission staff members, to which the Commission replied positively. These requests were made in the context of a judicial investigation or prosecution regarding the staff member concerned.

International Management Group

31. How is the state of play of the legal procedure in the process between the IMG and the European Commission?

Court of Justice of the EU

I. Cases T-29/15 and C-183/17 P: IMG vs European Commission

In case T-29/15, IMG sought the annulment, on the basis of Article 263 TFEU, of Commission Implementing Decision C(2014) 9787 final of 16 December 2014, amending Implementing Decision C(2013) 7682 final on the Annual Action Programme 2013 in favour of Myanmar/Burma to be financed from the general

budget of the Union.

By judgment of 2 February 2017 the General Court dismissed the action and ordered IMG to pay the costs (Decision available at: <http://curia.europa.eu/juris/liste.jsf?language=en&num=T-29/15>).

IMG has appealed this judgment on 11 April 2017 (see the Appeal Case before the Court of Justice C-183/17 P). The appeal case is pending.

II. Case T-381/15 and C-184/17 P: IMG vs European Commission

In Case T-381/15, IMG sought

- the annulment, on the basis of Article 263 TFEU, of the European Commission's letter in which the European Commission ordered to (i) carry out enhanced audit and monitoring measures, and (ii) register a verification warning, and refused IMG the possibility of concluding contracts in indirect management with the European Commission and; IMG also sought compensation, on the basis of Article 268 TFEU, for the alleged damage it allegedly suffered as a result of the adoption of the measures provided for in that letter.

By judgment of 2 February 2017, the General Court held that:

(1) there is no longer need to adjudicate on the application insofar as IMG requests the cancellation of its registration with a verification warning in the early warning system. (2) the appeal is dismissed as inadmissible or unfounded for the remainder. (3) IMG is to pay the costs.

IMG has appealed the judgment of 2 February 2017 (see the Appeal Case before the Court of Justice C-184/17 P). The appeal case is pending.

III. Case T-110/15: IMG vs European Commission

In Case T-110/15, IMG challenged the Commission decision refusing access to the documents related to an OLAF investigation. The action was dismissed by judgment of 26 May 2016. IMG did not lodge an appeal and the judgment became final.

International Arbitration

A unique Tribunal was constituted in accordance with the Permanent Court of Arbitration rules for both cases:

- Case PCA 2017/03 where IMG contests the recoveries of non-eligible costs, in the framework of in seven contribution agreements (NEAR/DEVCO/FPI);
- Case PCA 2017/04 in which IMG contests the Commission's decision to terminate a contribution agreement in Libya and recover the pre-financing amounts.

The Commission Observations to Interim Measures, Statements of Defence and counterclaims will be submitted on 18 January 2018. The awards should be issued at the end of 2018.

At this moment in time, the Legal Service, in tight coordination with BUDG and the three concerned Commission external relations services (cf. DEVCO, FPI and NEAR) is preparing the Observations to Interim Measures, Statement of Defence and Counterclaim.

32. How many contracts has the IMG implemented for the EU/EDF in 2016?

No new contracts have been signed with IMG since January 2014.

In 2016, 3 contracts with IMG were ended/financially closed (NEAR):

- ENPI/2014/332-859 'Support to the management and maintenance of the PEGASE information system';
- ENPI/2013/ 330-557 'Technical assistance to the PA for the implementation and monitoring of projects in Palestine' and
- ENPI/2011/ 275-839 'Implementation of Twinning, TAIEX and SIGMA Operations (ITTSO) in Azerbaijan II'

On 31/12/2016, these 9 contracts with IMG were not ended/financially closed:

- ENPI/2011/ 276-708 Public Administration Capacity Building Facility Libya (NEAR)
- ENPI/2011/ 278-195 Procurement, Civil Society, Communication and Media support to Libya (NEAR)
- ENPI/2012/ 311-109 Strengthening democracy, good governance and civilian culture in the security and justice sectors (NEAR)
- ENPI/2013/ 334-931 Support to Parliamentary Development in Lebanon (NEAR)
- IFS-RRM/2012/295-377 Support to the Promotion of Reform in Burma/Myanmar (FPI)
- IFS-RRM/2013/315-364 Mid-Term Support to the Myanmar Peace Centre (FPI)
- IFS-RRM/2013/327-817 Support to Reform of the Myanmar Police Force in the areas of crowd management and community policing (FPI)
- FED/2013/ 318931 Support to Infrastructure Development for the Ministry of Justice and the Judiciary of South Sudan (DEVCO)
- ACA/2012/290462 Strengthening policy development to meet MDGs.

Outstanding commitments and backlogs

33. Both, the Court of Auditors and the European Parliament are pointing out the risk of a backlog of unpaid claims. Will this be the case in the final years of the current MFF and the early years of the next MFF as well? To what is the Commission referring to when saying "more flexibility for the remaining years of the 2014-2020 MFF is proved in the mid-term revision"?

The Commission monitors the outstanding commitments closely, and this will

continue in the next MFF. In our latest medium term payment forecast published in October 2017 we indicated that we do not see the danger of creating a backlog at the end of this MFF provided that the budgetary will approve the appropriate means within the MFF payment ceilings. The transfer of the 2017 Global margin for payments to 2019-20 will create an additional safety buffer.

The predicted level of the RAL at the end of 2020 will require substantial payment appropriations at the beginning of the next MFF. Their availability will depend on the payment ceiling of the future MFF and – again – the approval of appropriations in the annual budgetary procedure.

Concerning the "more flexibility provided in the mid-term revision" the Commission refers principally to the increase of the "capping" of the Global margin for payments in 2019-20 and also to the ability to move unspent amounts from the EU Solidarity Fund and the European Globalisation Adjustment Fund to the Flexibility Instrument.

34. The Court of Auditors projects that outstanding commitments will reach a record 262 billion euro by 2020. How will the outstanding commitments be paid off in the next MFF?

According to the projections of the Commission published in the medium term payment forecast in October 2017, outstanding commitments at the end of 2020 will amount to EUR 286 bn. It is estimated that more than 95% of this amount will be paid out by the end of 2024 under the payment ceiling of the next MFF. Details were provided to the European Parliament in October 2017 in the forecast of payment appropriations according to point 9 of the interinstitutional agreement on budgetary discipline, cooperation in budgetary matters and sound financial management of 2 December 2013.

35. What is the amount of the RAL concerning payments at the end of 2016 in general and for Cohesion policy, in particular?

The total RAL at end 2016, as laid down in the Annual Accounts (http://ec.europa.eu/budget/library/biblio/publications/2017/EU_Annual_Accounts_2016_en.pdf (p.132, it includes 431M€ from other institutions in H5), amounts to:

| | |
|----------------------|--|
| Total RAL EU | 238 759M€ |
| Total RAL EC | 238 328M€ |
| Total RAL Heading 1B | 139 316M€(covering all programming periods). |

The RAL for 2014-2020 ERDF and Cohesion Fund programmes was EUR 82.5 billion at the end of 2016. It should be underlined that operational programmes should be paid within a deadline of 3 years after the year of the commitment in accordance with the "N+3" rule on automatic decommitment. The first deadline

for the application of this automatic decommitment rule was at the end of 2017 for operational programmes adopted in 2014.

36. Data from the Commission show that at the end of November 2017 there are 15,2 billion euro to be paid (RAL) for commitments under Heading 1b programmes in the period 2007-2013. Such a considerable amount of unpaid funds is totally unacceptable. What are the measures with top urgency which you will immediately undertake and up to what date will you commit yourself so that all monies due shall be finally disbursed?

The RAL for 2007-2013 ERDF and Cohesion Fund programmes was EUR 15 billion at the beginning of the closure process (end March 2017). This is normal due to the regulatory rule of multiannual commitments under Cohesion Policy programmes, and the obligation for the Commission to keep 5% of all programmes allocations open until closure and the final payment of the Commission once all verifications have been satisfactorily carried out. REGIO has considerably decreased the outstanding commitments / RAL by EUR 5.8 billion in 2017. This may be considered a very positive development, ending the year with a balance of only EUR 9.2 billion. This remaining level of open commitments / RAL will be used for payments of closures in 2018 (EUR 4.9 billion projected), closures in 2019 (EUR 3 billion projected) and subsequent years (EUR 1.3 billion). An amount of EUR 1.3 billion might be left open for several years as it relates to suspended projects and amounts declared under reservation which might require lengthy judicial procedures and possible financial correction procedures between the Commission and the concerned Member States/ programme authorities.

Concerning DG EMPL, the 2007-2013 programming period is in the closure phase, so the Commission can reduce the RAL only if all monitoring and audit requirements are met. DG EMPL started the closure process in March 2017. The RAL before closure amounted to EUR 4 billion while the final request for payment amount to EUR 3.3 billion. By the end of 2017 the Commission closed 45 OPs, representing 38.5% of the 117 OPs the Commission had in the 2007-2013's period. These OPs represent 33.51% of the RAL. Also several decommitments were processed related to the amounts not used by the Member States in the programming period.

The further progress of closure is depending on how quickly the Member States will provide the requested information (mainly audit related) on the closures of programmes.

37. According to the information on the Commission's webpage Open data portal for implementation of ESIF the total EU payments at the end of the four year of the current programming period represent 16% of the total EU allocated resources for ESIF. Compared to the previous programming period 2007-2013 this percentage is more than two times less than the 41% of executed payments by the Commission at the same stage of implementation of the previous period. This is a

deeply disturbing situation about the actual delivery of the ESIF in the current period, not least from the point of view of overcoming the tendency for ever growing inequalities in the EU. This creates a most worrying perspective for an even greater backlog of payments at the end of the period 2014-2020 than it was for the previous period. In this context, what are your explanations for this most unacceptable state of affairs and what kind of urgent measures do you envisage in this regard?

The Commission refers to the reply provided by Commissioner Cretu to the CONT Committee under written question 19 and 31 addressed to her.

The Commission has taken several steps at multiple levels to address the issue of delays in implementation of the 2014-2020 programming period.

First, at political level, the Commission has recurrently highlighted this issue with the Member States. It has likewise continuously stood ready to provide assistance to Member States to ensure that implementation accelerates and is reflected in sufficient payment requests to the Commission, in line with the Member States' forecasts of payments. For instance, in July 2017, a letter co-signed by the four ESI Funds Commissioners was sent to the Ministers of Finance of the Member States alerting them to the worryingly low level of financial execution and urging them to remove the bottlenecks without further delay. Member States were invited to provide a short report to BUDG analysing the main reasons for the observed implementation delays before the third Inter-Institutional Meeting on payments, which took place on 18 October. The replies voiced Member States' concerned inter alia the lengthy regulatory designation process of responsible national authorities, a pre-condition for being able to introduce payment claims to the Commission, and the complex delivery system and set of rules. The Commission also identified that accrued Member States' responsibilities in terms of completing all controls in due time for annual accounts and the risk of net financial corrections in case of remaining serious deficiencies not previously detected / corrected may also play a role in a more prudent stance taken by programme authorities, to the detriment of speed of absorption. .

Secondly, at operational level, the following main actions were taken:

- special monitoring of slow performing programmes and ex ante conditionalities fulfilment has been a priority for the structural funds DGs. The monitoring list of under-performing programmes is dynamic and is reviewed throughout the year.
- programme implementation data has been uploaded to the Open Data Platform and used in meetings of Monitoring Committees. It has allowed for policy learning and benchmarking and draws the attention of partners to Member States' progress in implementation;
- a list of main issues concerning ESI funds' implementation to be discussed with all Member States in the context of the annual review meetings was drawn up in 2017. This includes quality of Member States' payment forecasts, communication, designation and slow implementation;
- the Commission has scrupulously monitored the progress in designations, providing further clarifications and advice to the concerned programmes to

resolve identified bottlenecks;

- in the context of the Expert Group on the ESI Funds (EGESIF), the Commission invited Member States to send their contributions as to what they see as implementation bottlenecks, causes of slower implementation as well as areas where they need further Commission assistance. Their contributions were synthesized and discussed between the ESI Funds DGs and in EGESIF meetings.
- Member States have been assisted in the field of administrative capacity building, with initiatives such as the Peer2Peer exchange of good practices.

Finally, the lessons learnt are being taken into account in the Commission's reflection in view of proposition the legislation for the post-2020 programming period.

Own resources

38. The High Level Group on Own Resources published its final Report and recommendations last year. Will the Commission initiate legislation to reform the own resources system in the preparation of the future MFF? What would be possible own resources the Commission is considering and what are the estimated figures of those own resources?

In the Reflection Paper on the Future of EU Finances, COM(2017)358, the Commission confirmed that the reform of the own resources can be an integral and constructive part of the financial package for the next Multiannual Financial Framework. The range of options for new revenue sources covers, by way of example, tax-based own sources linked to the single market, like a simplified VAT or an own resource based on the CCCTB (once established) or revenue linked to the environmental, climate and sustainability objectives of the EU like an excise duty on Motor fuels, or, as suggested more recently, a tax on plastics.

The Commission is presently examining the merits and implications of these candidates and of combinations, building on the analytical and conceptual work of the High Level Group on Own Resources.

The MFF proposals will be submitted in May 2018 and the detailed legislative proposals for the new own resources – where needed - would be presented soon after, together with the proposals for the next generation of programmes.

Concrete revenue estimates depend on a number of assumptions and design choices as well as overall architectural variables and it is therefore pre-mature to put forward any figures.

39. What concrete figure does the Commission estimate for the 1% and 1.23% ceiling (of the EUs estimated GNI) for the next MFF after the withdrawal of UK?

The Commission proposal for the next MFF and the own resources decision to be published in May 2018 is currently under preparation. The level of the ceilings for the EU27 will be part of the proposal also depending on the latest available economic forecast at that time.

40. The 2016 Declaration of Assurance of DG BUDG Director General is with reservation regarding the accuracy of the traditional own resources amounts transferred to the EU budget by the UK since 2013. It is stated that DG BUDG inspection found significant weaknesses in the British customs as regard the taxation of textile and footwear imports from China. The estimated losses for the EU budget amount to almost 2 billion Euro between 2013 and 2016. Are there additional losses due to the same weaknesses in 2017? What measures have been taken by the British government to address the findings by OLAF and the Commission services? Are there sufficient evidence for a formal infringement procedure against the United Kingdom? When shall the UK government recover the lost revenue to the EU budget?

1) The estimated losses to the EU budget, incurred in the UK, result from a massive undervaluation fraud of textiles and footwear originating from P.R. of China. The Commission services and OLAF repeatedly addressed this issue with the UK and requested specific remedial measures to be taken (e.g. value thresholds as risk profiles, physical checks at clearance, taking security payments for additional duties likely to be due before releasing the goods for free circulation). In the absence of measures by the UK which would have addressed the fraud efficiently, customs duties much lower than those actually due have been collected by the UK authorities.

Since custom duties qualify as traditional own resources (TOR) to be paid to the EU budget (80% for the EU budget, 20% as collection costs for the Member State), the UK authorities' lack of action resulted in TOR losses for the EU budget estimated at EUR 1.987 billion between 2013 and 2016.

In 2017, DG BUDG performed two TOR inspections in the UK, during which selected import declarations lodged until 29 September 2017 were checked. The findings confirmed the ongoing undervaluation fraud in the UK, at least until this point.

Based on Surveillance2 data, DG BUDG currently estimates the additional TOR losses in 2017 at EUR 538 million (gross, i.e. including the 20% collection costs to be retained by the UK).

The Commission correspondence with the UK in this matter has been highlighting

the recommended remedial measures and referring also to the ongoing TOR losses in 2017.

2) The Commission inspections found that until October 2017 the UK authorities had not introduced the remedial measures, which had been repeatedly requested by the Commission, to prevent the ongoing TOR losses (e.g. value thresholds as risk profiles, physical checks at clearance, taking security payments for additional duties likely to be due before releasing the goods for free circulation).

On 12 October 2017, the UK authorities partly introduced the requested remedial measures through a special action called "Customs Operation Swift Arrow". In the first three months of this operation a large number of imports were identified as potentially undervalued. Due to logistical constraints, only very few of these imports were checked. However, for the imports actually checked, UK Customs confirmed the undervaluation and requested securities before releasing the goods for free circulation in the EU.

A preliminary analysis of Surveillance2 data shows a steep reduction of the TOR losses in the UK for November and December 2017, i.e. after starting operation Swift Arrow, confirming initially the effectiveness of the requested measures in reducing the TOR losses.

3) It is currently being analysed by the Commission, whether there is sufficient evidence for a formal infringement procedure against the United Kingdom.

4) It is the responsibility of Member States to establish and recover customs duties within the time limits prescribed by EU customs legislation as soon as they become aware of the incurrence of the customs debt. It is the Commission position that the UK authorities should proceed immediately with the recovery of the lost revenue, not least to limit further accumulation of late payment interest.

41. Could the Commission provide data on the expected own resources by VAT and custom duties and the real amount data for 2016?

| in euros | | |
|---------------------|------------------|----------------|
| Financial year 2016 | Revenue forecast | Outturn |
| | (1) | (2) |
| - Customs duties | 20.114.600.000 | 19.961.488.404 |
| - VAT resource | 16.279.317.150 | 15.895.098.431 |

Budget of results

42. What is the opinion of the Commissioner about budget of results? Are we prepared for a MFF of results? What are missing steps to a budget based on performance and results?

The 'Budget Focused on Results' initiative aims at putting performance and compliance at the core of the programmes implementation in the current MFF. There is a strong support to this initiative not only in the Commission but also across different actors – Member States authorities, the Budgetary Authorities and other stakeholders.

Making sure that each euro spent and each action taken with EU financing will achieve maximum results for EU citizens is high on the Commission's agenda. This is reflected in the design of the 2014-2020 Multiannual Financial Framework programmes where the Commission already took several steps towards more performance and results orientated EU funding. Information on EU budget performance has proven to enhance policy debates, which should be the main aim of the use of such information rather than serve as a basis for resource allocations.

The Commission will seek further avenues with the Budgetary authority, Member States, experts and other stakeholders to continue reinforcing performance and compliance focus in the next MFF. Simplification, modernisation and focus on EU added value will be core elements underpinning the performance framework of the next MFF as reflected in the Commission proposals which are being prepared.

As recently stated by the OECD in a specific study on EU budget performance system, the EU budget has a very advanced framework for the measurement and reporting on performance.

43. The Commission is trying to persuade European citizens that we have an “EU budget focused on results”. However even after the adoption of the mid-term revision of the MFF the visibility of the expected results and the overall public confidence in the EU and its institutions remain relatively low. What are, in your opinion, the most notable results achieved as a consequence of the adoption of the amendments in the MFF proposed by the Commission? Is it possible to point specific examples in this regard?

The mid-term review and revision of the current Multiannual Financial Framework 2014-2020 was proposed by the Commission in September 2016.

The Revision of the MFF Regulation, agreed by the Council and the European Parliament in the Spring of 2017, was a major achievement in order to provide the EU budgetary authority with important room for manoeuvre to respond to new developments until 2020.

As soon as 2017 and 2018, the MFF Mid-term revision has allowed to provide additional financing to areas and initiatives of highest political priority, such as the continuation of the Youth Employment Initiative and the second phase of the European Fund for Strategic Investments (EFSI). It also enabled the EU to sustain and develop actions in the areas of migration, security and external border control, including the setting up of the European Border and Coast Guard, the EU Agency for Asylum, and to support investments in regions outside the EU for example as part of the External Investment Plan. For example, the increase of the amount of the Flexibility Instrument secured in the MFF mid-term Revision was instrumental in supporting sustained funding for the migration and security-related expenditure in Heading 3 ("Security and Citizenship") in both 2017 and 2018, as well as for the establishment of the European Fund for Sustainable Development (EFSD) at the end of 2017.

In addition, the Mid-Term revision provided additional flexibility for both commitments and payments to better respond to unforeseen needs, including by shifting unused payment margins to the years 2019-2020.

One of the key achievements of the 'mid-term review' is also the revision of the Financial Regulation (and Omnibus) on which the European Parliament and the Council recently reached a political agreement. This revision will simplify the rules, improve transparency, and ensure a high level of control and accountability for a more efficient use of public money. It will lead to an increased focus on results with less bureaucracy. This will particularly benefit citizens, small and medium size enterprises and non-governmental organisations.

Financial instruments

44. Cohesion policy is the main pillar of the European Union. At the same time the EU is making increasing use of financial instruments, as also pointed out by the Court of Auditors. How suitable are financial instruments to achieve the goals of cohesion policy? How suitable are financial instruments for smaller markets or smaller regions?

The use of financial instruments in cohesion policy programmes is increasing, as they are considered a resource-efficient way of using public funding for projects that are partially or fully revenue generating. Financial instruments provide support for investment in the form of loans, guarantees, equity and other risk-sharing mechanisms. In the 2014-2020 programming period, financial instruments can be applied in all thematic areas and funds covered by cohesion policy, combined with grants; and the amounts allocated are expected to double in comparison to the previous period.

The lessons learnt so far from the implementation show that financial instruments present both advantages and challenges.

Their revolving nature can increase the efficiency and sustainability of public

funds in the long term. The requirement for beneficiaries to reimburse assistance provided can stimulate better performance and quality of investment projects. They can improve access to finance, through targeting financially viable projects that have not been able to obtain sufficient funding from market sources, in particular for smaller or new companies on the market.

However, financial instruments are not a panacea but can only be used for certain types of intervention. Indeed in many situations grants are more appropriate. It is also important to bear in mind that the primary goal of financial instruments is to develop complementarities and to support cohesion policy objectives rather than just to generate financial returns. The Cohesion Policy framework does not fix any minimum threshold for the use of financial instruments during 2014-2020 because not all regions and markets have the same needs while financial instruments can indeed be a useful delivery tool in smaller markets or regions. Therefore the important thing is that their use in any market or form must be well-evidenced by an ex-ante assessment.

45. The Commission states that financial instruments and trust funds are a proper answer for the new challenges facing the EU. Which particular challenges have been addressed through financial engineering and are there any measurable results from their introduction?

Financial instruments help the EU to trigger more investment from the limited resources provided by the EU budget because they generate financial leverage – they attract private money to finance public policy objectives. For example, the Commission implements instruments supporting access to finance for small businesses under COSME and InnovFIN programmes, where SMEs receive 4-6 times more as equity investments and 10-20 times more as lending than the input of the EU budget.

Moreover, the Commission works through financial intermediaries contributing their own resources. Financial instruments support collaboration between the public and the private towards more market-oriented projects. This allows the Commission to focus EU support well, to projects and companies that are economically viable also in the view of commercially oriented investors or lenders. Also, it allows benefiting from the expertise and the human resources of these financial intermediaries.

The recent ECA audit on EU portfolio guarantees concluded on the basis of an econometric analysis that: "... loan guarantees delivered what they were designed to do. They helped beneficiary companies grow more in terms of total assets, sales, employee numbers and productivity." As to the achievements of financial instruments, the Commission published annual comprehensive reports on all financial instruments, their leverage and impact.

Eurocontrol

46. What is your opinion about the financial efficiency of the contracts signed by Commission with Eurocontrol regarding Network Manager and Performance Review Body?

The Commission designated in 2010 Eurocontrol as the Performance Review Body (PRB) of the Single European Sky. This designation run until the end of 2016 and was implemented through a number of contracts (framework and specific contracts). In 2017, the PRB set-up was changed and a Commission expert group was designated as the PRB. Eurocontrol continues to collect, validate and disseminate performance-related data also under the new set-up. To this end, a new service contract was signed with Eurocontrol in 2017.

The Commission believes that the contractual relation with Eurocontrol guarantees a financially effective way to deliver the legally required performance review of air navigation service provision in Europe. Eurocontrol possesses unique expertise and information in this area, which otherwise could not be procured. Eurocontrol delivered always the required deliverables under the contracts in high quality and within the agreed deadlines.

There is no contractual relation in respect to the designation of Eurocontrol as the Network Manager. The costs of the Network Manager are included in the cost bases of Eurocontrol Member States and are paid by airspace user through en-route charges. The Commission is currently working on the re-designation of the Network Manager as of 2020.

Miscellaneous

47. How much money received the NGO Deutsche Umwelthilfe (DUH) until 2016 from the EU budget? For what kind of projects? Could the DHU still be a beneficiary of EU funding even if the organization takes local authorities (in Germany) to court in the context of air pollution prevention?

DHU has not received from the Commission an NGO operating grant. They have received EU funds under for instance the LIFE for action programmes; 4 LIFE action grants, all of them after competition following various Calls for Proposals.

This notwithstanding, DHU's legal activities in Germany do not affect their eligibility for EU funding. EU operating grants for NGOs set strict rules for eligibility of spending, but these rules do not imply that an NGO has to be subservient to public authorities, whether at EU level or in a Member State.

The amount paid to DUH until 2016 totals EUR 2.085.287,37.

48. The statistical analysis of cases of irregularity and fraud (C.O.L.A.F) - Annual report 2017 – states that 69% of the irregularities/frauds and relative economic

impact (years 2011-2016) occur in Cohesion and Fishing policy. Could the Commission please comment on these results with reference to the results of the Protection of the European Union's financial interests - Fight against fraud 2016 Annual Report? What conclusions draws the Commission out of these results?

The Commission takes note that the figure of 69% referred to by CONT comes from a national report. The Commission has already published its figures in the 2016 PIF report. The 2016 PIF report mentions that fraudulent irregularities reported by Member States in 2016 under Cohesion policy & Fisheries represents 407 cases for an amount of EUR 236.9 million. This measures the results of Member States' work to counter fraud and other illegal activities affecting the EU's financial interests. As for non-fraudulent irregularities, 8 090 cases were reported for a total amount of EUR 1.8 billion.

The level of reported irregularities and fraud in the area of Cohesion and Fisheries may be attributable to a variety of factors.

As regards irregularities reporting, multiannual programming of Cohesion policy and Fisheries leads to a degree of accumulation of the reporting in the last years of the programming period (towards closure). It should however be noted that reported irregularities are detected irregularities, in line with the Member States' obligations under Cohesion Policy to detect and correct irregularities in first instance. Reported irregularities are not to be considered equivalent to losses for the EU-budget since detection is followed by corrective actions: irregular amounts are withdrawn (deducted) from programme expenditure and recovered and replaced with new eligible projects, to the benefit of the European citizens.

The ways in which resources are spent may have an impact on the frequency of irregularities. This refers to the difference between entitlements and claims for expenditure, as also mentioned by the European Court of Auditors in its recent Statement of Assurance and Annual Report, both for the area of Cohesion and Rural development programmes.

The figure referred to by CONT, however, may not be unilaterally or only explained by a higher exposure to irregularities. It certainly illustrate as well the comparatively advanced level of detection of irregularities by competent authorities at the national level and that they are committed to monitor and control such spending and intervene with corrective measures to make sure that EU financial interests are protected in the best possible way.

49. We already asked the Commission to provide statistical certified data on the impact of corruption in Europe affecting European funds for each Member State. Unfortunately, till now, the Commission could not provide an exhaustive overview on the phenomenon. Could the Commission provide certified data on 2016?

As explained in previous years, the Commission is not in a position to provide

certified data on corruption affecting European funds as these data on the issue are not available.

50. Tax competition could be a way to improve productivity. Nevertheless, some agreement between Member States and Multinational companies are a clearly State aid. How many cases occurred in 2016 the Commission stated as State aid?

Ensuring a level playing field in the EU's single market is the key objective of enforcing EU competition rules, including those on State aid. If a Member State grants a beneficial tax treatment only to some selected companies and not to other similar undertakings, it is equivalent to granting a cash subsidy. Therefore State aid rules indeed apply to tax measures as they do to any other type of aid. In 2016, the Commission took two final negative decisions with recovery in the course of its State aid investigations into tax planning practices: one against Ireland concerning the tax treatment of Apple and a second against Belgium on the Excess Profit exemption. For more details, please see the Commission's "Report on Competition Policy 2016" of 31 May 2017, COM(2017) 285 final.

51. Research and Innovation was one field the UK benefited the most from. In 2015 and 2016 the UK obtained the biggest part of funding in this field but was also a net contributor to the EU budget in the field of research and innovation in 2016. What impact does the withdrawal of the UK have for Horizon 2020 and especially for long term projects British partners are involved?

In the Seventh Framework Programme the UK had around 15% of total participations, and was involved in over 30% of consortia. Researchers in the UK had over 150,000 collaborative links with researchers in other Member States, and 5 of the top 10 Higher Education beneficiaries came from the UK. In normal conditions the Commission could expect to see similar participation patterns in Horizon 2020, with around €12bn of Horizon 2020 expenditure going to UK beneficiaries. At the time that the UK leaves the EU the Commission can expect a large number of contracts with British participation to be ongoing – several thousand of them, with around €4bn still outstanding.

The following message has recently been published for the attention of British applicants:

"Please note that until the UK leaves the EU, EU law continues to apply to and within the UK, when it comes to rights and obligations; this includes the eligibility of UK legal entities to fully participate and receive funding in Horizon 2020 actions. Please be aware however that the eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to be eligible to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article

50 of the grant agreement."

This clarifies the situation that would occur should the UK leave the EU without such agreement. The negotiations under Article 50 of the Treaty on European Union are ongoing. Under the caveat that nothing is agreed until everything is agreed, the negotiators have agreed on the terms of a financial settlement which shall be reflected in the Withdrawal Agreement, which are available here: https://ec.europa.eu/commission/publications/joint-report-negotiators-european-union-and-united-kingdom-government-progress-during-phase-1-negotiations-under-article-50-teu-united-kingdoms-orderly-withdrawal-european-union_en.

Under these terms, following withdrawal from the Union, the UK will continue to participate in the Union programmes financed by the MFF 2014-2020 until their closure (excluding participation in financial operations which give rise to a contingent liability for which the UK is not liable as from the date of withdrawal). Entities located in the UK will be entitled to participate in such programmes. Participation in Union programmes will require the UK and UK beneficiaries to respect all relevant Union legal provisions including co-financing. Accordingly, the eligibility to apply to participate in Union programmes such as Horizon 2020 and Union funding for UK participants and projects will be unaffected by the UK's withdrawal from the Union for the entire lifetime of such projects.

52. Has the Secretary General of the European Parliament officially transmitted to the European Commission the Report on the evaluation of the Statute for Parliamentary Assistants requested in paragraph 85 of the Resolution of 28 April 2016 on discharge for the financial year 2014 and presented to the CONT Committee on July 2017 –see also, please, Article 3 of Council Regulation (EC) No 160/2009 of 23 February 2009-? What are the European Commission's comments and possible solutions to the very problematic and serious issues raised in this report concerning Parliamentary Assistants?

To our best knowledge the Report on the evaluation of the Statute for Parliamentary Assistants has not been officially received by the European Commission.

53. Vu la réponse du SG de la Commission à la question 16 qui lui a été adressée par la Commission CONT dans le cadre de la décharge 2016, qu'est-ce que la Commission compte faire pour pouvoir appliquer sa position exprimée dans le document COM 2017-358 par rapport à l'attractivité de la fonction publique européenne pour les jeunes de TOUS les pays de l'Union?

The Commission is committed to making the EU institutions an employer of choice and to recruit the best talents to support the European project in the most effective manner. When looking at the total number of candidates participating in EPSO open competitions, the attractiveness of the European civil service looks satisfactory. However, a closer look at the figures shows important differences

between Member States and for specialised competitions too. These differences in attractiveness could have important consequences in the long run on recruitment and staff composition.

Therefore, the Commission will present a report to the Council and the European Parliament that looks into the question of geographical balance. The report's conclusions should be used to define actions focused on addressing any significant imbalance, while sticking to the principle of recruiting officials of the highest standards of ability, efficiency and integrity from the whole Union.

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