

MONDAY, 14 MAY 2018

15.00 - 18.30

TUESDAY, 15 MAY 2018

09.00 - 12.30 and 15.00 - 18.00

Room: Jozsef Antall (JAN) 6Q2

1. ADOPTION OF THE AGENDA

The draft agenda was e-mailed to Members on 4 May 2018 and is in the [file for the meeting](#).

The following *changes in schedule* were made to the agenda of 15 May:

- | | |
|-------------|--|
| 10.00-10.30 | Item 9 - Follow-up to Discharge 2016 - European Court of Justice (<i>instead of 10.45-11.15</i>) |
| 10.30-11.15 | Item 8 - Full presentation of the ECA Special Report 10/2018 (<i>instead of 10.00-10.45</i>) |
| 14.00-15.00 | <u>Item 11 postponed</u> - Use of EU agricultural funds in Slovakia |

All other items and their provisional timing remain unchanged.

2. CHAIR'S ANNOUNCEMENTS

The Chair draws attention to the following points:

Languages available

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

Webstreaming

The CONT meeting is webstreamed on the [Europarl website](#).

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

Voting cards

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

Adoption of Coordinators' recommendations

The summary of coordinators' recommendations from the last CONT coordinators' meeting that took place on 25 April 2018 was circulated to the Members on 27 April 2018.

If no objections are received before the end of the meeting, these recommendations will be deemed approved.

MONDAY, 14 MAY 2018

15.00 - 18.30

PUBLIC MEETING

3. IN-DEPTH ANALYSIS ON STATE AID AND EU FUNDING: ARE THEY COMPATIBLE?

CONT/8/13002

Presentation of in-depth analysis by *Phedon Nicolaides*, Professor at the College of Europe and the University of Maastricht



Rapporteur: [Inés Ayala Sender](#) (S&D)

Administrator: Niels Fischer (PolDep D), Cécile Bourgault (CONT)

In preparation of the public hearing of CONT on "State Aid and EU funding - Are they compatible?" scheduled for 25 June 2018, the external expert Phedon Nicolaides will present orally his written briefing.

It explains how EU subsidies under national management become subject to the EU rules on state aid. On the other hand, EU subsidies under central EU management do not fall under these rules but the Commission or other EU body is obliged to avoid any distortion of competition in the internal market.

Members will have the opportunity to raise questions to Professor Nicolaides and to discuss with him. Professor Nicolaides is teaching International and EU law and Economics at the College of Europe in Bruges and at Maastricht University. The in-depth analysis is available on the [CONT website](#).

4. STUDY ON "ENSURING HIGH QUALITY JOB CREATION FROM EU FUNDING PROGRAMMES: HOW CAN THE BEST PRACTICE OF HORIZON 2020 BE BETTER INTEGRATED INTO OTHER PROGRAMMES"

CONT/8/13001

Presentation of Policy Department D study



Rapporteur: [Inés Ayala Sender](#) (S&D)

Administrators: Rita Calatozzolo (PolDep D), Christian Ehlers (CONT)

The study analyses different legal instruments financed by the EU budget having a specific impact on the work market and their success in facing the problem of unemployment and the creation of quality jobs.

It takes into consideration the indicators best suited for assessing the efficiency of EU budget instruments aiming to create high quality jobs and responds to the question whether expected quality and number of jobs created can be measured or estimated ex ante and by which methods.

Finally, the study identifies lessons and recommendations to improve current practices in the EU support to job creation and quality employment.

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

Short presentation of a recently published ECA Special Report

5. ECA SPECIAL REPORT 04/2018 (2017 DISCHARGE): EU ASSISTANCE TO MYANMAR/BURMA CONT/8/12342

Short Presentation of the Special Report by the ECA member responsible, *Bettina Jakobsen*



Rapporteur: [Gilles Pargneaux](#) (S&D)
Administrator: Olivier Sautière

Shadow Rapporteurs: Joachim Zeller (EPP), Younous Omarjee (GUE/NGL)

Myanmar/Burma was experiencing major and difficult political and economic transition during the period audited 2012-2016. Factors such as natural disasters, ethnic conflicts and the limited capacity of local actors and authorities were hampering humanitarian and development efforts in the region.

The Court examined whether the European External Action Service and the European Commission supported well established development priorities in Myanmar/Burma. The audit focused on expenditure committed to from 2012 to 2016 under the Development Cooperation Instrument (DCI), following the establishment of a civilian government in 2011. In total, the EU has allocated almost one billion euro for the 2012-2020 period.

The Court found that EU development support to the country had been partially effective. The EU played an important role in supporting development priorities and allocated significant funding to the country. In a difficult context, where the institutional set-up, progress with the peace process and pace of reforms were uncertain, the EU responded actively to the country's needs. However, the Commission did not sufficiently assess the geographical priorities within the country. Domestic revenue mobilisation did not figure in the consideration of priorities, even though it is a key factor for Myanmar's development.

Joint programming by the EU and individual Member States under the 2014-2016 Joint Programming Strategy was a positive step. However, coordination between the Directorates-General managing the development and humanitarian assistance in areas of protracted crisis did not work well.

The Court reported that management of EU development aid was generally satisfactory. The actions addressed the country's development priorities but there were delays. The implementation of the EU-funded UN-managed Trust Fund programmes was affected by slow budget absorption for programme activities. Cost-control provisions in the EU-UN contracts had little impact.

The Court also stated that the degree to which results were achieved under the projects audited varied. Only half of the projects audited delivered the planned outputs, mainly because of implementation delays. The outcomes and sustainability of the results could not be assessed for almost half of the projects audited due to delayed implementation of programme activities. Weaknesses were also noted with regard to the quality of project indicators and project monitoring.

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

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members.

The rapporteur's conclusion will form part of the Commission's discharge report.

TUESDAY, 15 MAY 2018

09.00 - 11.30

PUBLIC MEETING

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

6. THE IMPACT OF EU COHESION POLICY ON NORTHERN IRELAND

CONT/8/11296



Adoption of draft opinion

Rapporteur: [Derek Vaughan](#) (S&D)

Administrator: Christian Ehlers

Main Committee: REGI

Shadow Rapporteurs: Brian Hayes (EPP), Luke Ming Flanagan (GUE/NGL)

The draft opinion highlights that it would be in the interest of the United Kingdom and European Union to continue financing the Northern Ireland Peace Programme and the "INTERREG V-A Programme Northern Ireland and Scotland" with the view to supporting a peaceful and prosperous development of the regions in question.

8 amendments were received by the deadline of 30 April 2018; they reinforce the positive assessment made by the rapporteur as to the Northern Ireland Peace and INTERREG V- A Programmes and in particular call on all parties to be imaginative in how funding for these important objectives can be obtained.

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

CONT Timetable:

Event	Body	Date
Adoption in REGI	REGI	20 June 2018
Adoption in Plenary	Plenary	September 2018

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

7. CONTROLLING THE IMPLEMENTATION OF EU MONEY IN DUE TIME

CONT/8/13010

Exchange of views on concrete steps towards bringing discharge to year n+1

Administrator: Philippe Godts

This exchange of views takes place in the context of the follow-up on the Commission discharge for 2016 and in particular of paragraph 16 of the resolution accompanying the decision to grant the discharge which "Calls on the

Commission to speed up the preparation of the Union accounts, to ensure that reliable information from Member States on shared management spending is obtained in a more timely manner and to present the management's view on Union spending earlier and together with the accounts, with the view to adopting a discharge decision in year n+1, while ensuring high data quality and sound financial management".

A Joint Statement on the discharge procedure and the date of adoption of the final EU accounts attached to the text of the revised Financial Regulation declares that *"The European Parliament, the Council and the Commission will - in cooperation with the European Court of Auditors - set out a pragmatic calendar for the discharge procedure".*

The exchange of views will give the opportunity to all relevant parties to discuss the acceleration of the Discharge procedure.

The Members, as well as representatives from the European Commission, the Council, the European Court of Auditors and EU agencies' network are invited to present their views on the possibilities and challenges of accelerating the discharge procedure.

9. FOLLOW-UP TO DISCHARGE 2016 - EUROPEAN COURT OF JUSTICE

CONT/8/13011



Exchange of views with ECJ representatives on judgement T-639/16P

Rapporteur: [Ingeborg Gräßle](#) (EPP)
Administrator: Tereza Pinto de Rezende

In April 2018, the European Parliament granted discharge to the Court of Justice for the financial year 2016.

A particular issue requiring follow-up by CONT is the judgement in the case T-639/16P which invalidated a decision of the Civil Service Tribunal on the grounds of the irregular appointment of a judge. The need to repeat the procedure is contrary to the financial interests of the European Union. CONT wishes to clarify if this irregular appointment could have been avoided and how many other procedures are concerned by the irregular composition of the Chamber and will hence have to be repeated.

The Court representative is invited to present the case and clarify its further implications.

8. ECA SPECIAL REPORT 10/2018 (2017 DISCHARGE): BASIC PAYMENT SCHEME FOR FARMERS – OPERATIONALLY ON TRACK, BUT LIMITED IMPACT ON SIMPLIFICATION, TARGETING AND THE CONVERGENCE OF AID LEVELS

CONT/8/12480



Full Presentation of the Special Report by the ECA member responsible, Joao Figueiredo

Rapporteur: [Claudia Schmidt](#) (EPP)
Administrator: Philippe Godts

Shadow Rapporteurs: Karin Kadenbach (S&D), Wolf Klinz (ALDE), Luke Ming Flanagan (GUE/NGL)

The 2013 reform of the Common Agricultural Policy (CAP) introduced a new basic payment scheme (BPS) for farmers, which is applied in 18 Member States. The Single

Committee on Budgetary Control

Payment Scheme (SPS), aims to provide a basic income support to farmers and thus contribute to viable food production in the EU, without distorting production decisions.

The main audit question in this report was whether Commission and Member States set the BPS properly on track. The Court concludes that the scheme is operationally on track, but that its impact on simplification, targeting and convergence of aid levels is limited.

The introduction of the BPS required substantial efforts by the national authorities but the control systems of the Member States which were visited largely mitigated the risk of incorrect calculation and allocation of entitlements.

The Commission provided Member States with extensive guidance in this process. In spite of the clarifications provided, Member States did not always interpret specific calculation rules consistently and did not provide all monitoring information to the Commission.

One of the guiding principles of the 2013 reform of the CAP was simplification. Calculation rules and options chosen by Member States did not always favour simplification, but sometimes added complexity, increased the burden on national administrations, and allowed some farmers to realise windfall profits.

The 2013 CAP reform introduced a negative list aimed at excluding beneficiaries whose primary function was not agriculture. Use of this list was only partly effective, could result in differing treatment of similar applicants and represented a significant administrative burden for paying agencies. In consideration of these difficulties, Council and Parliament agreed that – as from 2018 – Member States can decide whether they reduce the criteria by which applicants can demonstrate their ‘active farmer’ status, or discontinue the application of the ‘negative list’.

Under the reform, as a general rule, all payment entitlements activated in 2019 in a Member State or in a region should have a uniform unit value, but only six of the 18 Member States chose this option for the whole or a major part of their territory and a seventh by 2020. As a derogation, the other Member States were allowed to take historical factors into account when calculating the value of payment entitlements which farmers should have in 2019. Member State choices have had a significant impact on the degree of redistribution of support and farmers could in some cases freeze particularly high support levels resulting from past levels of subsidy.

As a scheme essentially related to areas, BPS support tends to favour larger farms. Due to the design of the scheme, the Commission expects that with the 2013 CAP reform the capitalisation of the support in land prices will increase, which benefits owners of agricultural land.

BPS support is a significant source of income for many farmers but has inherent limitations. It does not take account of market conditions, use of agricultural land or the individual circumstances of the holding and is not based on an analysis of the overall income situation of farmers.

The objective of the Treaty to ensure a fair standard of living of farmers and the general CAP objective of viable food production and farmers’ incomes have not been translated into measurable targets yet and there is no baseline to which the results achieved could be compared.

As regards the current BPS scheme applicable until 2020 and as regards the development of its proposals for the next programming period, the Court will present a number of recommendations during the CONT meeting.

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

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members.

The rapporteur’s conclusion will form part of the Commission’s discharge report.

TUESDAY, 15 MAY 2018

11.30 - 12.30

IN CAMERA

10. COORDINATORS MEETING



Meeting held in Camera

TUESDAY, 15 MAY 2018

15.00 – 18.00

PUBLIC MEETING

***** ITEM POSTPONED *****

11. USE OF EU AGRICULTURAL FUNDS IN SLOVAKIA

CONT/8/13014

Exchange of views to follow-up on the CONT-LIBE mission to Slovakia (7-9 March 2018)

12. WORKSHOP ON EFFICIENT USE OF EU FUNDING IN THE BALTIC SEA: STATE OF PLAY IN THE COMBAT AGAINST EUTROPHICATION

CONT/8/13003



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

Administrators: Rita Calatozzolo (PolDep), Michal Czaplicki (CONT)

The Baltic Sea is facing the problem of eutrophication, a process that occurs when excess nutrients - mainly nitrogen and phosphorus generated by human activity - enter a body of water. High nutrient concentrations lead to intense, potentially toxic algal blooms. The EU budget contributes to the fight of this phenomenon, both via the financing of its internal policies, as well as in the framework of the neighbourhood cooperation with Russia and Belarus.

Two years after the Court of Auditors' Special report N° 03/2016: "Combating eutrophication in the Baltic Sea: further and more effective action needed", CONT will debate with experts on the present situation and verify whether the financial support of the EU budget, as well as the Commission's and the Member States' activities have brought any improvement in this field.

The programme of the workshop can be found on the [CONT website](#).

Short presentation of recently published ECA Special Reports

13. ECA SPECIAL REPORT 08/2018 (2017 DISCHARGE): EU SUPPORT FOR PRODUCTIVE INVESTMENTS IN BUSINESSES - GREATER FOCUS ON DURABILITY NEEDED

CONT/8/13005



Short presentation of the Special Report by the ECA member responsible, Ladislav Balko

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

Administrator: Christian Ehlers

Shadow Rapporteurs: Tomáš Zdechovský (EPP), Martina Dlabajova (ALDE), Younous Omarjee (GUE/NGL)

The European Regional Development Fund (ERDF) helps finance investment in capital or assets to create and safeguard sustainable jobs through measures which also encourage local and regional development. Over €75 billion was earmarked for this purpose between 2000 and 2013, and more than €68 billion is planned for 2014 to 2020.

The Court assessed whether this funding had been managed in a way which ensured durability of outputs and results and what were the main factors affecting it. They examined 41 completed productive investment projects co-financed between 2000 and 2013 in Austria, the Czech Republic, Germany, Italy and Poland.

The Court found that durability requirements under EU law were met in all the regions audited. Moreover, the projects audited had, in general, delivered outputs as planned and, in most cases, the assets purchased and other outputs still existed and were being used. However, in many cases, no long-lasting results were attained. Moreover, in nearly half of the projects audited, it was not possible to assess durability at the end of the legal durability period as information had not always been collected during project implementation and beyond and/or because relevant documents were no longer on file at the time of the audit.

The Court noted that the regulatory framework has brought improvements for the 2014-2020 period. But further action is still needed to attain durability of results in the current programme period and improve programme design after 2020.

The Court recommended that the Member States should:

- promote durable results through more focus on identifying and mitigating risks and better analysis of the needs of different types of businesses;
- improve selection procedures and criteria, as well as monitoring and reporting arrangements;
- establish clear corrective measures linked to the achievement of targets at project level (where they exist) and apply them consistently.

The Court suggested that the Commission should:

- pay particular attention to how Member States address durability of project results during the approval process for operational programmes;
- ensure that Member States consistently apply clear corrective measures, including recovery arrangements, where projects fail to comply with EU legal durability requirements.

Moreover, the Commission and the Member States should ensure that evaluations look more systematically into durability of project results, in order to better prepare future EU business support schemes.

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

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members.

The rapporteur's conclusion will form part of the Commission's discharge report.

14. ECA SPECIAL REPORT 11/2018 (2017 DISCHARGE): NEW OPTIONS FOR FINANCING RURAL DEVELOPMENT PROJECTS: SIMPLER BUT NOT FOCUSED ON RESULTS

CONT/8/13004



Short presentation of the Special Report by the ECA member responsible, João Figueiredo

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

Administrator: Philippe Godts

Shadow Rapporteurs: Martina Dlabajova (ALDE), Luke Ming Flanagan (GUE/NGL)

Granting of support on the basis of reimbursement of costs incurred is difficult and prone to error. As a result, there has been great interest in looking at simpler methods of calculating the EU financial contribution to projects and activities. For certain rural

development measures Member States may in the 2014-2020 period choose from three new methods known as Simplified Cost Options (SCOs) to establish the support payable:

- standard scales of unit costs;
- lump sums; and
- flat-rate financing.

The ECA Special Report presents the findings of the Court audit as to SCOs in rural development. The main objective of the Court was to assess whether SCOs lead to simplification while ensuring economy and producing better results. Overall, the Court concludes that using SCOs can bring simplification and may decrease the administrative burden for both beneficiaries and Member State authorities. By basing payments on output, SCOs shift the focus away from invoices but do not increase the focus on results.

The Court found that SCOs can keep the costs of rural development projects under control, but only if set at the right level and based on a fair, equitable and verifiable methodology. However, as the role of the Certification Bodies in auditing SCOs is not specified, this creates a risk which needs to be addressed.

The Court also noted that the new SCOs remain a marginal part of rural development spending. The main reasons for this are the diverse nature of rural development projects and the investment needed for developing methodologies.

Committee on Budgetary Control

Based on these findings, the ECA makes the following recommendations:

- The Commission should update its guidance on SCOs to cover key principles for developing methodologies.
- The Commission should clarify who is required to check the methodology and calculations for SCOs.
- To facilitate the appropriate use of SCOs, the Commission should explore the options for developing more optional off-the-shelf SCOs and update its definitions of key and ancillary controls to reflect the use of SCOs.
- The Commission should examine the potential for moving away from reimbursement of costs incurred towards reimbursement based on results, taking on board experience gained to date.

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

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members.

The rapporteur's conclusion will form part of the Commission's discharge report.

15. ANY OTHER BUSINESS

16. NEXT MEETINGS

- 20 June 2018, 09.00 - 12.30 and 15.00 – 18.30 (Brussels)
- 21 June 2018, 15.00 - 18.30(Brussels))

WATCH LIVE

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

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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

FOR FURTHER INFORMATION

Contact the [CONT Secretariat](#) or visit the [website](#) of the CONT committee

NEWS FROM POLICY DEPARTMENT - BUDGETARY AFFAIRS

RECENT PUBLICATIONS:

CONT

Study - [Transitional Allowances for former EU office holders - too few conditions?](#)

Study - ["10 years cooperation and verification Mechanism \(Bulgaria and Romania\) - Analyse of the Reports: evaluation and achievements"](#)

CONT/ BUDG - Study "Oversight and Management of the EU Trust Funds" - not available online

FORTHCOMING PUBLICATIONS

BUDG - Study "Potential revenue from the extension of charging fees by EU Agencies" - **June 2018 Tbc**

CONT - Study "Public procurement in EU: few winners for main large-scale infrastructure projects; Overview on the criteria selection, the monitoring and the control system" - **11 October 2018 - Tbc**

FORTHCOMING EVENTS

CONT - Study "Ensuring high quality job creation from EU funding programmes: how can the best practice of Horizon 2020 be better integrated into other programmes (ESF, Youth Guarantee, Globalisation Fund)?" - **14 May 2018 - PM - JAN6Q2**



CONT - Workshop on "Efficient use of EU funding in the Baltic Sea: State of play in the combat against eutrophication" - **15 May 2018 PM- JAN6Q2**

Draft Programme - <http://www.europarl.europa.eu/committees/fr/cont/events-workshops.html?id=20180430WKS01561>

Joint Hearing **BUDG/CONT/LIBE** - Assessing the flow of EU Migration funding within the Union - **16 May 2018 - PM – JAN6Q2**

CONT - Workshop on "How to better combat the fraud? Follow up of the Commission's anti-corruption sharing programme" - **20 June 2018 - AM – ASP1G3**

CONT - Workshop on "Has the Single European Sky initiative provided more efficiency for European Air traffic Management - is SESAR delivering results" – **20 June 2018 - PM - ASP1G3**

CONT - Hearing "State aid & EU funding - are they compatible" - **25 June 2018 – JAN6Q2**

CONT - Workshop on "How can we better communicate the results of the EU budgetary control process to citizens? Addressing the challenges of populist discourse on EU spending" - **27 September 2018 – TBC**

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