



TEXTS ADOPTED

Provisional edition

P8_TA-PROV(2018)0121

Discharge 2016: EU general budget - Commission and executive agencies

1. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's 2016 Annual Management and Performance Report for the EU Budget (COM(2017)0351),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2016, together with the institutions' replies³, and to the Court of Auditors' special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 322, 28.9.2017, p. 1.

⁴ OJ C 322, 28.9.2017, p. 10.

given to the Commission in respect of the implementation of the budget for the financial year 2016 (05940/2018 – C8-0042/2018),

- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ and in particular Articles 62, 164, 165 and 166 thereof,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016²;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 298, 26.10.2012, p. 1.

² Texts adopted, P8_TA-PROV(2018)0122.

2. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 2.

⁴ OJ C 417, 6.12.2017, p. 63.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 343, 19.12.2013, p. 46.

⁴ Texts adopted, P8_TA-PROV(2018)0122.

3. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 11.

⁴ OJ C 417, 6.12.2017, p. 74.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Executive Agency for Small and Medium-sized Enterprises discharge in respect of the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2017 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Executive Agency for Small and Medium-sized Enterprises, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 341, 18.12.2013, p. 73.

⁴ Texts adopted, P8_TA-PROV(2018)0122.

4. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 2.

⁴ OJ C 417, 6.12.2017, p. 52.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

- down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC³,
 - having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency⁴,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁵;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 341, 18.12.2013, p. 69.

⁴ OJ L 363, 18.12.2014, p. 183.

⁵ Texts adopted, P8_TA-PROV(2018)0122.

5. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the European Research Council Executive Agency for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 9.

⁴ OJ C 417, 6.12.2017, p. 171.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

- down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,
- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 346, 20.12.2013, p. 58.

⁴ Texts adopted, P8_TA-PROV(2018)0122.

6. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the Research Executive Agency for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 12.

⁴ OJ C 417, 6.12.2017, p. 252.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

management of Community programmes¹, and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Research Executive Agency discharge in relation to the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 346, 20.12.2013, p. 54.

⁴ Texts adopted, P8_TA-PROV(2018)0122.

7. European Parliament decision of 18 April 2018 on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency for the financial year 2016 (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the final annual accounts of the Innovation and Networks Executive Agency for the financial year 2016³,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' report on the annual accounts of the Innovation and Networks Executive Agency for the financial year 2016, together with the Agency's reply⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶ and in particular Articles 62, 164, 165 and 166 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 384, 14.11.2017, p. 11.

⁴ OJ C 417, 6.12.2017, p. 247.

⁵ OJ C 322, 28.9.2017, p. 10.

⁶ OJ L 298, 26.10.2012, p. 1.

down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC³,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and, pursuant to Article 317 of the Treaty on the Functioning of the European Union, is to implement the budget in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;
1. Grants the Director of the Innovation and Networks Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016⁴;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Innovation and Networks Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 352, 24.12.2013, p. 65.

⁴ Texts adopted, P8_TA-PROV(2018)0122.

8. European Parliament decision of 18 April 2018 on the closure of the accounts of the general budget of the European Union for the financial year 2016, Section III – Commission (2017/2136(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0247/2017)²,
- having regard to the Commission's report on the follow-up to the discharge for the 2015 financial year (COM(2017)0379),
- having regard to the Commission's 2016 Annual Management and Performance Report for the EU Budget (COM(2017)0351),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2016 (COM(2017)0497), and to the accompanying Commission staff working document (SWD(2017)0306),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2016, together with the institutions' replies³, and to the Court of Auditors' special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2016 (05940/2018 – C8-0042/2018),
- having regard to the Council's recommendation of 20 February 2018 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2016 (05942/2018 – C8-0043/2018),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁵

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 322, 28.9.2017, p. 1.

⁴ OJ C 322, 28.9.2017, p. 10.

⁵ OJ L 298, 26.10.2012, p. 1.

and in particular Articles 62, 164, 165 and 166 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2016;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies, and in its resolution of 18 April 2018 on the Court of Auditors' special reports in the context of the Commission discharge for the financial year 2016²;
 3. Instructs its President to forward this decision to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 11, 16.1.2003, p. 1.

² Texts adopted, P8_TA-PROV(2018)0122.

9. European Parliament resolution of 18 April 2018 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission and executive agencies (2017/2136(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section III – Commission,
 - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2016,
 - having regard to Rule 93 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0137/2018),
- A. Whereas Union spending is a significant instrument for achieving policy objectives and on average represents 1,9 % of Member States' general government expenditure;
- B. Whereas when Parliament grants discharge to the Commission it checks whether or not funds have been used correctly and policy goals achieved;
- C. Whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
- D. Whereas budgetary principles of unity, budgetary accuracy, annuality, equilibrium, universality, specification, sound financial management and transparency must be respected when the Union budget is implemented;
- E. Whereas expenditure under the Union budget aims to improve the living conditions and quality of life of its citizens and therefore needs to close the gaps in its social policies;
- F. Whereas the Union budget has to take into account the implementation of a social pillar;
- G. Whereas cohesion policy is a source of public investment aiming to bring a clear added value and improve the quality of life of Union citizens,

Political priorities

1. Calls on the Commission and the Member States to align the Union's policy objectives and financial cycles, the legislative period of the Parliament and the mandate of the Commission;
2. Calls on the Commission to provide the Parliament with a mid-term evaluation of the current financial period and an evaluation of the past financial periods, to identify which programmes have not shown any clear added value and then carry out a spending review;

3. Recalls that the Commission should take into account in its proposals for a new Multiannual Financial Framework (MFF) that some policy areas, like cohesion or research, often rely on longer-term programming and need more time to achieve political objectives than other policy areas; considers that nevertheless, suitable flexibility should be given in emergency situations;
4. Insists that the Union budget, as a consequence of the “budget focused on results initiative”, be presented according to the Union’s political objectives for the MFF; reminds, also in the light of the post-2020 MFF, that the Union budget should be a true European added value budget, aimed for common Union objectives promoting sustainable economic and social development of the whole Union, which cannot be achieved by individual Member States on their own and therefore should not be seen merely as a net balance or benefit of single Member States;
5. Expresses the need to establish an independent disclosure, advice and referral body in order to help whistleblowers use the right channels to disclose information on possible irregularities while protecting their confidentiality and offering needed support and advice;
6. Calls on the Commission to commit itself to fundamentally reviewing the young farmers’ and greening schemes for the next MFF in light of the findings of the Court of Auditors (the “Court”);
7. Calls on the Commission to include in its performance reports assessments on the quality of the data used and a declaration on the quality of the performance information;
8. Calls on the Commission to provide the Parliament and the Court with more balanced reporting, by including in its performance reports more transparent information on challenges, pitfalls and failures;
9. Calls on the Commission to speed up the delivery of cohesion policy programmes and related payments with a view to reducing the length of the implementation period, initially, to year n+2;
10. Calls on the Commission to fulfil the original 20% spending target in integrating climate action into the various Union spending programmes;
11. Insists that the Commission finally instruct all its directorates-general to publish their proposals for country specific recommendations in their respective annual activity reports (AARs), as called for by Parliament;
12. Calls on the Commission to improve the transparency of migration policy financing as recommended by the Court in its annual report for 2016 and to actively monitor public procurement procedures when they are held in emergency situations;
13. Also calls on the Commission to improve the transparency of research and rural development policies with the aim of identifying and correcting the causes of particularly high and persistent error rates, as indicated in the Court’s annual reports;
14. Calls on the Commission to improve transparency for trust funds and for the external assistance management reports, regularly providing all data at its disposal;
15. Calls on the Commission to negotiate a reduction in the fees charged by the European

Investment Bank for creating and administering financial instruments and to present information about the beneficiaries and the results achieved by means of these instruments regularly;

16. 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;

The Court's Statement of assurance

17. Welcomes the fact that the Court has given a clean opinion on the reliability of the accounts for 2016, as it had done since 2007, and that the Court concluded that revenue was free from material error in 2016; notes with satisfaction that the commitments underlying the accounts for the year ended 31 December 2016 are legal and regular in all material respects;
18. Welcomes the positive trend of the most likely error rate issued by the Court compared to that of recent years since the payments are affected in 2016 by a most likely error rate of 3,1%; recalls that the most likely error rate for payments was estimated in the financial years 2015 at 3,8%, 2014 at 4,4%, 2013 at 4,7%, 2012 at 4,8%, 2011 at 3,9%, 2010 at 3,7%, 2009 at 3,3%; 2008 at 5,2%, and 2007 at 6,9%; as the Court's estimated error rate is not final, considers it important that Commission's residual error rate be taken into account when assessing the efficiency of Union funding;
19. Stresses that, due to the different methodology required for its calculation, the estimated level of error for cohesion does not include a quantification of 2016 disbursements to financial instruments amounting to EUR 2,5 billion that the Court considers to be outside the eligibility period defined in Article 56(1) of Council Regulation EC 1083/2006¹; notes that if the Court had quantified this irregularity, the most likely error rate would have been considerably higher; deplores the Commission's unilateral decision to accept expenditures up to 31 March 2017; points out that the Commission should have prepared the necessary legislative proposal to put an end to this irregularity;
20. Regrets that the increased use of financial instruments to decrease the value of the Union budget involves higher risks for accountability and the coordination of Union policies and operations;
21. Points out that there is not enough information available for an appropriate evaluation of financial instruments, in particular with regard to their social and environmental impact; emphasises that financial instruments can supplement grants but should not replace them;
22. Notes with satisfaction that for the first time in 23 years, the Court has issued a qualified (rather than an adverse) opinion on the legality and regularity of the payments underlying the accounts, which means that in the Court's view, there has been an important improvement in the management of Union finances, as well as that material

¹ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

error was confined mainly to reimbursement-based expenditure, representing around half of the audited payments;

23. Regrets that for the 23rd year in a row, payments are materially affected by error because of the fact that the management and control systems are only partially effective at ensuring sound financial management and timely payment;
24. Notes with concern that if the corrective measures taken by the Member States and the Commission had not been applied to the payments audited by the Court, the overall estimated level of error would have been 4,3% rather than 3,1% (i.e. the same level as in 2015; see Court's annual report 2016, paragraph 1.34);
25. Notes that the type of management has a limited impact on the level of error as the Court finds the same estimated level of error under shared management with the Member States and for all other forms of operational expenditure managed directly by the Commission, namely 3,3 %;
26. Points out that the Court found the highest estimated levels of error in spending for rural development, environment, climate action and fisheries (4,9 %), for economic, social and territorial cohesion (4,8 %) and for competitiveness for growth and jobs (4,1 %), whilst administrative expenditure had the lowest estimated level of error (0,2 %);
27. Notes that according to the findings of the Court, the different risk patterns of reimbursement schemes and entitlement schemes have had a major influence on the levels of error in the different spending areas; where the Union reimburses eligible costs for eligible activities on the basis of cost declarations made by beneficiaries, the level of error is 4,8% (5,2% in 2015), whilst where payments are made on meeting conditions rather than reimbursing costs, the error rate is 1,3 % (1,9% in 2015);

Annual Management and Performance Report (AMPR): management achievements

28. Points out that beyond the appearance of convergent conclusions made by the Commission and the Court, the statement made by the Court in its annual report and the analysis put forward by the Commission in its AMPR are partially divergent;
29. Notes, in particular, that the Commission points out in its 2016 AMPR¹ that the reservations issued by the directors general in their AARs has increased and amounts to EUR 35,3 billion, which corresponds to 26 % of the payments (in 2015 it was EUR 29,8 billion and 21% of payments);
30. Points out that according to the Commission, the actual financial impact in terms of amount at risk at reporting has also increased in 2016 to EUR 1,6 billion (in 2015 it was EUR 1,3 billion);
31. Points out that the Commission notes in its AMPR a deterioration of the financial management indicators in terms of AARs reservations and explains it by the difficulties of putting in place new and more demanding schemes, notably greening², while the Court points out a clear amelioration in this very precise policy area;
32. Notes in particular that the Court states “that the EAGF is at 1,7 % “free from material

¹ COM(2017)0351 final, p. 81.

² 2016 AMPR, p. 82, DG AGRI, AARs annex 10, p.140.

error”, which is a real improvement by comparison with 2015, when it was 2,2%, and estimates the level of error for entitlement-based expenditure at 1,3 %, while observing that the biggest part of first pillar of the CAP is included in this kind of expenditure;

33. Takes note of the Court's assertion that in expenditure the error is not “pervasive” (Court’s annual report, paragraph 1.8); calls on the Commission and the Court to align their methods using the international audit standards before issuing the next annual report or AAR;
34. Stresses that the Commission finds in its 2016 AMPR that spending is affected by a material level of error, given that the Commission's overall average error rate is estimated to be between 2,1 % and 2,6 % (having been in 2015 between 2,3 % and 3,1 %) of total relevant expenditure, and the related estimated overall amount at risk at payment is between EUR 2,9 and 3,6 billion (while in 2015 it was between EUR 3,3 and 4,5 billion);
35. Notes that this decrease is, according to the Commission, mainly due to cohesion's lower inherent risk of error for programmes of the current MFF; is surprised by this explanation given the very low level of budget implementation in this area; calls on the Commission to further explain the matter;
36. Points out that this low rate of implementation can be explained by the fact that in cohesion no expenditure was certified in the annual accounts submitted to the Commission in 2016, nor were any financial corrections imposed by the Commission following its audit activity¹;
37. Notes that the Commission estimates that it will in the future years identify and correct errors for between EUR 2,0 and 2,1 billion, or between 1,5 % and 1,6 %;
38. Shares the view of the Court that the Commission’s methodology for estimating its amount at risk error has improved over the years but that “individual DGs’ estimations of the level of irregular spending are not based on a consistent methodology”; calls on the Commission to use the same methodology to estimate its amount at risk error for all DGs and to inform the discharge authority of its progress;
39. Notes that despite improvements, the Commission has not eliminated the risk that the impact of corrective actions is overstated;
40. Points out in particular that for more than three quarters of 2016 expenditure, Commission directorates general base their estimates of amount at risk on data provided by national authorities, whilst it - regrettably - appears from the AARs of the concerned Commission directorates-general (in particular DG AGRI and DG REGIO) that while Member States’ control reports reflect the error detected by the Member State, the reliability of some management and control systems remains a challenge; stresses the importance of Member States’ data reliability;
41. Points out that, owing to the specificity of multi-annual programming and the fact that errors can be corrected more than 10 years after they have occurred, it is insufficient and artificial to base the estimated impact of future corrections upon recorded corrections over the last six years;

¹ 2016 AMPR, annex 4, p. 20

42. Points out that in the Financial Statement Discussion and Analysis (FSDA) the Commission reports total implemented financial corrections and recoveries amounting to EUR 3,4 billion (3,9 in 2015), that around EUR 0,6 billion (1,2 billion in 2015) of the corrections and recoveries were at source (applied before the Commission accepted expenditure) and that of the remaining EUR 2,8 billion, around EUR 0,6 billion represents withdrawals by Member States applied after accepting expenditure by replacing ineligible amounts with new cohesion projects;
43. Strongly reiterates its call on the Commission and the Member States to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payments are made, the year in which the related error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts;

Commission internal governance tools

44. Recalls the opinion expressed by the Court in its Special Report No 27/2016 that the distinction introduced by the Kinnock-Prodi reform between the ‘political responsibility of Commissioners’ and the operational responsibility of directors-general means that it has not always been made clear whether ‘political responsibility’ encompasses assuming responsibility for budget implementation for the directorates-general, or is distinct from it;
45. Points out that the College of Commissioners does not produce an annual statement on governance, in line with best practice and the common practice of Member States; calls on the Commission to produce an annual statement on governance in order to provide for a higher transparency and accountability of its College;
46. Asks the Commission to implement recommendation number 2 of the Court’s Special Report No 27/2016 and, in addition, accompany its financial statements with an annual statement on governance and on internal control covering in particular:
 - (a) a description of the internal governance tools of the Commission,
 - (b) an assessment of the operational and strategic risk activities during the year and a mid- and long-term fiscal sustainability statement;

Political reservations

47. Endorses the reservations issued by the directors general of DG REGIO, EMPL, MARE, HOME, DEVCO and AGRI, in their AAR; is of the opinion that those reservations demonstrate that the control procedures put in place in the Commission and the Member States can give the necessary guarantees concerning the legality and regularity of all the underlying transactions in the corresponding policy areas if necessary correction procedures are implemented successfully;

Budgetary and financial management

48. Points out that the delays in the implementation of programmes in the first three years of the current MFF due to the late adoption of the 2014-2020 MFF and considerable novelties introduced for the 2014-2020 period which caused administrative difficulties despite efforts at simplification, led to the transfer of commitment appropriations from 2014, mainly to 2015 and 2016, and to low payments in 2016 (and implementation of

the Union budget at 7 % in 2014-2016 period of the current MFF); however points out that 2017 was the first year when the implementation of European Structural Investment Funds (ESI funds) programmes accelerated; expects that this trend will continue in 2018 and 2019; believes that sufficient levels of payment and appropriations for commitments should be provided in order for implementation to proceed smoothly;

49. Notes with concern the complicated web of arrangements within and around the Union budget as this hampers accountability, transparency, public scrutiny and democratic oversight of the Union budget and financial arrangements linked to it; regrets, in this regard, the lack of the unity of the Union budget, and fully shares the Court's concern as regards the complexity of the Union budget;
50. Fears that despite the extensive use of special instruments (the Emergency Aid reserve, the European Union Solidarity Fund, the European Globalisation Adjustment Fund and the Flexibility Instrument) and margins, the amounts left may not be sufficient to fund unexpected events that may still occur before 2020;
51. Notes with concern that a record level of outstanding commitments has been created, reaching by the end of 2016 an all-time high of EUR 238 billion, 72 % higher than in 2007 and equivalent to 2.9 years of payments compared to 2.2 years in 2007; considers that this has increased the amounts owed by the Union and thus the financial exposure of the Union budget;
52. Regrets that the overall financial exposure of the Union budget has grown, with significant long-term liabilities, guarantees and legal obligations implying that careful management needs to be applied in the future;
53. Recalls that the Union is making increasing use of financial instruments and regrets that the establishment of European Fund for Strategic Investments (EFSI) creates new governance arrangements with a level of public scrutiny that remains unsatisfactory, thus requiring more careful surveillance by Parliament; highlights that any legislative proposal should improve significantly the geographical coverage of the EFSI; recalls that the EFSI should remain an additional tool for boosting investments as cohesion policy should remain the investment policy of the Union; notes, however, the successful implementation and the high amount of private capita leveraged by the fund, and acknowledges the further enhancements agreed on its transparency during negotiations for the extension of the duration of EFSI, referred to as EFSI 2.0; calls on the Court to strengthen its overview of the planning and the spending phase of the ESI funds;
54. Recalls that the revision of the Financial Regulation represents a big step forward in this regard, as it proposes, thanks to input from the Parliament, a more efficient presentation of financial instruments and, for the first time, provides budgetary guarantees and financial assistance within that framework;
55. Points out that, in line with the principles of cohesion policy, Union funds form a significant share of some Member States' expenditure, and in particular that in nine Member States (Lithuania, Bulgaria, Latvia, Romania, Hungary, Poland, Croatia, Estonia, Slovakia,) outstanding commitments on ESI funds represent financial support of more than 15 % of general government spending; calls on the Commission to also prepare a positive advertising campaign with a view to informing citizens of these countries in more detail about the direct benefits of their membership;

56. Fears that Member States where ESI funds represent a significant percentage of general government expenditure may find it challenging to identify sufficiently high quality projects on which to spend the available Union funds or to provide co-financing; calls on the Commission and the Court to pay greater attention to the sustainability aspect of the proposed investment projects and to critically assess their adequacy;
57. Is concerned at the reasons why, three years after the start of the 2014-2020 period, Member States had designated only 77 % of the programme authorities responsible for implementing ESI funds; is satisfied, however, that at present this figure stands at 99 %; questions the need to modify procedures at the beginning of each programming period; calls on the Commission to analyse carefully why some regions still have a low fund absorption rate and to take specific actions aimed at resolving the structural problems;
58. Stresses that the volume of Union funds and timing of their receipt can have a considerable macro-economic impact, such as on investment, growth and jobs;
59. Stresses that public investment is necessary in order to close the investment gap and to boost jobs and growth and to ensure social standards within the Union;
60. Notes that the Commission mobilised various resources to deal with the refugee and migration crisis, but regrets that it did not establish a reporting structure to enable it to report comprehensively on the use of the funds involved; deplores the fact that it is currently impossible to know how much is spent on each migrant or refugee;
61. Notes that - as to the financial instruments in cohesion policy- payments to final recipients were reported as EUR 15 192,18 million at closure (31 March 2017), out of which EUR 10 124,68 million were structural funds, reaching a disbursement rate to final recipients of almost 93 % of the operational programme amounts paid to financial engineering instruments, i.e. a 20% increase compared to what was reported at the end of 2015;
62. Notes that disbursement rates to final recipients reported varied widely between FEIs, with variations not only between Member States ranging from 60,% to 99,%, but also between areas of intervention;
63. Fears that a backlog of payments may develop towards the end of the current MFF and in the first few years of the next MFF; considers that financing the new MFF will require realistic budgetary appropriations to cover projected outstanding commitments;

Measures to be taken

64. Calls on the Commission:
 - (a) to take into account the growth in outstanding commitments in its forecast of payment appropriations for the next MFF, in order to help ensure an orderly balance between commitment and payment appropriations;
 - (b) to make proposals to the Parliament and the Council, ensuring a consistent approach to the issue of whether or not special instruments are counted within the ceilings for payment appropriations in the MFF;
 - (c) for management and reporting purposes, to establish a way of recording Union budgetary expenditure that will make it possible to report on all funding related to

the refugee and migration crisis;

- (d) to provide the Parliament in the context of discharge with a comprehensive report about the indirect managed and implemented Union budget resources by the EIB Group (EIB and EIF) apart from its external mandate starting with financial year 2017;
- (e) in the context of the debate on the future of Europe, to consider how the Union budgetary system could be reformed to provide an adequate budget to guarantee funding for the planned policies, a better balance between predictability and responsiveness as well as how best to ensure overall funding arrangements are no more complex than necessary to meet Union policy objectives and guarantee accountability;
- (f) to consider as well the possibility to enable authorities designated or accredited to fulfil management, certification and audit functions during the period 2014-2020, which have proven their capacity, to continue implementing such functions in the next programming period without interruption or delay;
- (g) Requests once again that the Commission establish annually an updated long-term cash-flow forecast, spanning a seven to ten year time horizon covering budgetary ceilings, payments needs, capacity constraints and potential de-commitments in order to better match payment needs and available funds;
- (h) to proactively assist Member States which encounter difficulties with timely and smooth absorption of available Union funding by using the available resources for technical assistance at the initiative of the Commission;

Getting results from the Union budget

- 65. Notes with concern that the Commission uses two sets of objectives and indicators to measure the performance of its services and of spending programmes with hardly any cross-references, which hampers comparability between different types of performance documents; regrets the virtual non-existence of usable and efficient impact and outcome indicators to measure, and to distribute information about, the performance of Union expenditure;
- 66. Points out that the AARs of the directors general report on the annual payments of directorates-general by type of activity or spending programme, whilst on performance they report on the achievement of general and specific objectives with no indication of the corresponding expenditure; disagrees with Commission's explanation that it is not possible to assess how much was spent on pursuing the set objectives; calls on the Commission to fully implement the performance-based budgeting principle of budget planning, implementation and reporting, which will allow ex post reporting on the funds spent in pursuit of objectives;
- 67. Recalls that, in 2016, the OECD carried out a performance budgeting survey in OECD countries and at the Commission; in this regard, welcomes the OECD's acknowledgement of the quality of the data and of the implementation of the Union's budget; recalls that the OECD considered the Commission's performance framework to be the most extensive, which may partly be explained by the number of legal requirements in the Union;

68. Notes that the OECD chart indicates that the use and consequences of the framework for decision-making do not reflect this higher level of specification (Court's annual report 2016, paragraph 3.21);
69. Notes that the programme statements for the Union's 2017 draft general budget contain 294 objectives and 709 indicators, which are particularly highly concentrated under MFF headings 1a, 3, 4, and that through the 'budget focused on results' initiative, the Commission is currently undertaking a review of its indicators to provide input for the next generation of spending programmes; stresses that the Commission should mainly use results indicators that have a value relevant to performance ;
70. Stresses the need for a transparent and democratic process of establishing performance indicators involving all the Union institutions, partners and stakeholders concerned in order to make the indicators adequate for measuring the implementation of the Union budget, as well as to meet the expectations of Union citizens;
71. Calls on the Commission to consult academics with a view to defining the proper performance indicators needed for the 'budget focused on results' measurements and, on that basis, prioritise investment in public goods with the aim of addressing citizens' concerns;
72. Regrets that the AARs of the directors general of the Commission reviewed by the Court contained limited information on the performance shortfalls and challenges relating to the objectives of the directorates-general (Court's annual report 2016, paragraph 3.26);
73. Regrets that the AMPRs for 2015 and 2016 did not provide comprehensive coverage of performance and were overly positive, the only shortfalls to which they refer being implementation delays; regrets that the reports also:
 - (a) provided limited insight into the results of the Europe 2020 strategy, whereas this was requested by the Parliament in its 2014 discharge decision;
 - (b) did not always clearly explain the influence of external factors on results;
 - (c) were published too late to be reviewed by the Court in its annual report;
74. Endorses the view expressed by the Court (Court's annual report 2016, paragraph 3.38) that the evaluators should make recommendations for consideration by the Commission including action plans addressing weaknesses;
75. Deplores the fact that the Commission has not carried out a study on its use of evaluation results, or had one carried out, since 2005;
76. Points out that the Commission has no documented institutional system for the regular follow-up of evaluations;
77. Points out, in particular, that in practice the 2016 management plans of the directorates-general established no basis for monitoring the follow-up on evaluation;
78. Furthermore, regrets that as the Commission does not have an overview of the conclusions, recommendations or action plans resulting from its evaluations, or track their implementation at institutional or directorate-general level, it cannot inform

stakeholders about the positive impact of evaluations;

79. Regrets that AARs do not include a declaration on the quality of the reported performance data, and that consequently in adopting the AMPR, the College of Commissioners takes overall political responsibility for the management of the Union budget but not for the information on performance and results;
80. Welcomes and takes a careful note of the Court's observations on performance frameworks and reporting by entities within and outside the Union, especially as regards performance data quality and declarations on the quality of performance data;
81. Notes that there is no central performance website with information from all Commission departments on every area of the Union budget;
82. Shares the opinion of the Court that the performance reporting framework applied by the Commission could benefit from adopting international good practices;

Measures to be taken

83. Asks the Commission to:

- (a) streamline performance reporting by:
 - further reducing the number of objectives and indicators it uses for its various performance reports and focusing on those which best measure the performance of the Union budget; in preparing the next MFF, the Commission should propose fewer and more appropriate outcome and impact indicators for the legal framework of the next generation of programmes; in this context, it should also consider the relevance of indicators for which information cannot be obtained until several years have elapsed;
 - presenting financial information in a manner that makes it comparable with performance information so that the link between spending and performance is clear;
 - explaining and improving the overall coherence between its two sets of objectives and indicators for programmes on the one hand and directorates-general on the other;
- (b) better balance performance reporting by clearly presenting information on the main challenges still to be achieved;
- (c) better demonstrate that evaluation results are well used by requiring in particular that evaluations always include conclusions or recommendations, which the Commission should subsequently follow up;
- (d) take overall political responsibility in the AMPR for the information on performance and results and indicate, to the best of its knowledge, whether the performance information provided is of sufficient quality;
- (e) make performance information more easily accessible by developing a dedicated web portal and search engine;

Presentation of the Union budget

- 84. Notes that the budget of the Union is presented in sections corresponding to activities led by the institutions (activity-based budgeting); considers that this presentation does not ensure a clear and rapid understanding of the objectives pursued; by contrast notes that the MFF is presented by headings corresponding to policy areas;
- 85. Notes that the operational programmes accompanying the draft budget make the link between each budget line and the political objectives pursued;
- 86. Asks the Commission to present the Union budget according to the political objectives of the MFF;

Revenue

- 87. Welcomes the fact that the Court's overall audit evidence indicates that revenue is not affected by a material level of error and that the examined systems for revenue-related systems are overall effective; but notes that for the traditional own resources, the key internal controls in certain Member States visited by the Court were nevertheless only partially effective;
- 88. Notes with concern that OLAF concluded in early 2017 an investigation on a case of fraud in the United Kingdom which involves a possible loss of EUR 1,987 billion to the Union budget in terms of customs duties due on textiles and shoes imported from China through the United Kingdom in the period 2013-2016; points out that the investigation also revealed substantial VAT evasion in connection with imports through the United Kingdom through abuse of the suspension of VAT payments (customs procedure 42);
- 89. Notes with concern that as to the revenue for 2016, the director general of DG Budget has issued a reservation for the traditional own resources revenue, in view of the OLAF's fraud case related to United Kingdom customs duties;
- 90. Points out that for 2016 the revenue affected by the quantified reservation is approximately EUR 517 million against a total amount of EUR 20,1 billion of traditional own resources: i.e. 2,5 % of traditional own resources or 0,38% of all resources; calls on the Commission to provide precise information on this fraud case, which may also indirectly affect the Value Added Tax basis of some Member States and thus Value Added Tax-related resources plus the Gross National Income-related balancing of the Commission¹;
- 91. Regrets the Commission's findings that by October 2017, the United Kingdom authorities had not introduced remedial measures to prevent continued traditional own resource losses; notes that from 12 October 2017 the United Kingdom authorities started to apply temporarily value thresholds at clearance to certain traders (so called Customs Operation Swift Arrow) with immediate result that the traditional own resources losses incurred in the United Kingdom decreased dramatically;
- 92. Regrets the discrepancies in the level of customs checks between the various Member States; highlights the importance of harmonising checks at all points of entry into the customs union and calls on the Member States to ensure a coordinated, uniform and efficient implementation of the border system that discourages diverging practices

¹ See 2016 AMPR, p. 81.

between Member States to reduce the number of existing loopholes in customs check systems; calls on the Commission, in this respect, to examine different customs check practices in the EU and their impact on the deviation of trade, focusing in particular on EU customs practices at external borders, and to develop reference analyses and information on customs operations and the procedures used in the Member States;

93. Calls on the Commission to develop an action plan to ensure the full and timely implementation of the VAT regulations in each and every Member State in order to secure this source of Union own resources;
94. Recalls that the new decision on the Union's own resources system (2014 ORD), which entered into force on 1 October 2016, with retroactive effect from 1 January 2014, stipulated that when considering GNI for own resources purposes, the European system of national and regional accounts (ESA 2010) accounting framework should be used, and that this foresees that research and development spending be considered as an investment (instead of current expenditure under the preceding ESA 95 scheme); notes that in the case of other programmes with high added value for the Union such as the CEF, this same consideration should be applied;
95. Notes that Ireland's reported GNI increased very significantly in 2015 because of multinational companies relocating R&D assets to the country;
96. Points out that the Commission has to carry out additional work to ascertain the potential implications of multinational activities for national accounts, in terms both of methodology and of the verification process and that it could trigger adjustments for the Member States' GNI contributions;
97. Points out, as to the management of traditional own resources, that the Court and the Commission found inefficiencies in the management of the amounts receivable (known as the B accounts) in some Member States;
98. Stresses that the Court found that in Belgium, post-clearance controls were selected based on the characteristics of individual transactions instead of on the risk profiles of companies and that post-clearance audits were not generally carried out (Court's annual report 2016, paragraph 4.18);
99. Regrets that the Commission noted that six Member states - Belgium, Estonia, Italy, Portugal, Romania, and Slovenia - either did not carry out any post-clearance audits or did not provide any information on these audits;

Measures to be taken

100. Requests that the Commission:
 - (a) take all the necessary measures to ensure the recovery of Union own resources that have failed to be collected by the United Kingdom authorities as to the import of textiles and shoes from China and put an end to VAT evasion;
 - (b) consider launching a timely infringement proceedings as to the United Kingdom customs duties case fraud;
 - (c) analyse, in cooperation with Member States, all the potential implications of multinational activities on the estimation of GNI, and provide guidance to them

on how to deal with these activities when compiling national accounts;

- (d) confirm, during the GNI verification cycle, that R&D assets have been correctly captured in Member States' national accounts, paying particular attention to the valuation of R&D assets and to residency criteria in cases where multinational activities have relocated;
- (e) bring forward proposals for new own resources in order to ensure the stability of the Union budget;

Competitiveness for growth and jobs

The findings of the Court

- 101. Notes that the Court issued, for the first time, a qualified opinion on the legality and regularity of payments underlying the accounts; stresses that reimbursement schemes remain more error prone than entitlement schemes; points out, however, that the data recorded under the heading "Competitiveness for growth and jobs" did not fundamentally change compared to previous years;
- 102. Recalls that research and innovation accounts for 59 % of spending, via the Seventh Framework Programme for Research and Technological Development 2007-2013 (the 'Seventh Research Framework Programme') and Horizon 2020 - the Framework Programme for Research and Innovation 2014-2020 ('Horizon 2020');
- 103. Notes that the Court estimated the error rate to be 4,1%; that ineligible direct personnel costs accounted for 44%, ineligible other direct costs for 12%, indirect costs for 16% and that ineligible projects or beneficiaries accounted for 16%; observes, however, that in 19 cases where quantifiable errors were made by beneficiaries, the Commission or independent auditors had sufficient information to prevent, or to detect and correct the error before accepting the expenditure;
- 104. Observes that if the Commission or independent auditors had made proper use of all the information at their disposal, the estimated level of error for this chapter would have been 1,2 % lower;
- 105. Appreciates that the Commission has invested considerable efforts in simplification leading to reduction of administrative complexity, by introducing a new definition of additional remuneration for researchers, streamlining the Horizon 2020 work programme for 2018-2020, providing targeted support for start-ups and innovators and making wider use of simplified cost options; notes, however, that the Court sees both opportunities and risks in further simplifying the legal framework;
- 106. Acknowledges that the Court looked into performance issues in research and innovation projects; is however of the opinion that the results, looking at outcome, costs and dissemination, should be considered preliminary;

The AAR of Directorate General for Research and Innovation (DG R&I)

- 107. Notes that, in line with the EU 2020 strategy, according to the "Strategic Plan for 2016-2020", DG R&I pursued four objectives:
 - (a) a new boost for jobs, growth and investment;

- (b) a connected digital single market;
 - (c) a resilient energy union with a forward looking climate-change policy; and
 - (d) becoming stronger global actor;
108. Welcomes the fact that in pursuing these objectives, Commissioner Moedas has established three priorities, namely “open innovation”, “open science” and “open to the world”;
109. Notes that in order to measure progress towards the fixed objectives, DG R&I used five key performance indicators (KPI):
- (a) the share of funds allocated to small and medium sized enterprises (SME) in Horizon 2020 to address societal challenges and promote enabling and industrial technologies and the share of the Union financial contribution being allocated through the SME instrument;
 - (b) the share of newcomers among successful applicants in Horizon 2020;
 - (c) climate-related and sustainability-related expenditure in Horizon 2020;
 - (d) the share of third-country participation in Horizon 2020;
 - (e) the share of grants signed with a time-to-grant within 245 days;
110. Acknowledges that DG R&I, in its replies to written questions, published a list of countries concerned by DG R&I’s country specific recommendations; urges DG R&I to publish the directorate’s proposals for the country specific recommendation directly in its AAR, in line with Parliament’s repeated requests;
111. Recalls that the evaluation of the Seventh Research Framework Programme was dealt with in the previous discharge report¹;
112. Welcomes the progress made in achieving the directorate’s general KPIs for Horizon 2020:
- (a) 23,9 % of Union financial contribution went to SMEs (the target for 2020 being 20%);
 - (b) 55% of successful applicants were newcomers (the target for 2020 being 70%);
 - (c) 26 % of Union financial contributions were climate related (the target for 2020 being 25%);
 - (d) 54,9 % of Union financial contributions were sustainability related (the target for 2020 being 60%);
 - (e) third countries participate in 3,6% of the Horizon 2020 projects (the target for

¹ points 120 and 121 of European Parliament resolution of 27 April 2017 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, Section III – Commission and executive agencies (OJ L 252, 29.09.2017, p. 28).

2020 being 4,73%);

- (f) in 91% of the cases DG R&I respected the time-to-grant period of 245 days (the target for 2020 being 100%);
- 113. Pinpoints that the territorial distribution of Horizon 2020 is conspicuously limited given that 72.5% (12 121 million) of Horizon 2020 funding goes to Germany (EUR 3 464 million), to the United Kingdom (EUR 3 083 million), to France (EUR 2 097 million), to Spain (EUR 1 813 million) and to Italy (EUR 1 664 million);
- 114. Notes that 183 grant agreements for Horizon 2020 were signed with participants from third countries in 2016; points out that EUR 299,5 million have been committed to participants from Switzerland in grant agreements signed in 2016 while the contribution of Switzerland to Horizon 2020 amounted to EUR 180.9 million; refuses to grant a "net recipient status" to one of the wealthiest countries in the world; calls on the Commission to put forward regulation to compensate such an imbalance;
- 115. Acknowledges the success of the common support centre and its contribution to delivering simplification and legal and technical advice; asks DG R&I which simplification measures it intends to propose for the period post-2020;
- 116. Takes note of the payment appropriations for DG R&I in 2016:

Payment appropriations for DG R&I including EFTA contribution		
Management mode	Execution	
	In EUR million	Percentage points
Co-delegated or sub-delegated to other DGs	161,20	5,34
DG R&I directly	1 878,28	62,17
DG R&I to Article 185 bodies	86,40	2,86
DG R&I to EIB	312,72	10,35
DG R&I to Joint Undertakings	582,37	19,28
Total	3 020,97	100%

- 117. Highlights that 14,39% of the budget equalling almost EUR 444 million was implemented via financial instruments;
- 118. Highlights also that 39,36% (against 28.14% in 2015) of the DG R&I's budget was entrusted to other entities outside the Commission, mostly to implement parts of the framework programmes under (indirect) grant management and financial instruments' control systems;
- 119. Was interested to learn that DG R&I has established a supervision strategy for financial instruments and would therefore like to know how DG R&I establishes whether financial and research-related objectives have been achieved;

120. Notes that DG R&I estimated the overall detected error rate at 4,42%, with a residual error rate of 3,03%;
121. Observes that the Commission estimated the overall amount at risk at closure to be between EUR 73,5 and EUR 104 million;
122. Welcomes DG R&I's examination of the cost-effectiveness of direct and indirect grant management;
123. Regrets that DG R&I again issued a horizontal reservation concerning the rate of the residual error within cost claims in the Seventh Research Framework Programme, implemented directly by it;
124. Recalls its view, expressed in paragraph 76 of its 2015 Commission discharge resolution, that the Commission should: "develop, at long last, a more meaningful, risk based approach and use specific reservations when needed";

Measures to be taken

125. Calls on DG R&I to publish the directorate's proposals for country specific recommendations in its AAR;
126. Calls on DG R&I to follow up the recommendations of the Internal Audit Service (IAS) which found weaknesses in ensuring a consistent project monitoring approach across the Horizon 2020 implementing bodies;
127. Calls on DG R&I to report on the progress made by the Common Audit Service in increasing the maturity of its internal processes;
128. Calls on DG R&I to report to Parliament's competent committee on its supervision strategy for financial instruments and on how DG R&I establishes whether financial and research-related objectives were achieved;
129. Calls on DG R&I to explain to Parliament's competent committee which measures it has taken to avoid horizontal reservations concerning the rate of the residual error within cost claims;
130. Considers that in research and innovation projects as well as coordination and support actions, standards and standardisation support the impact of research results on different technology readiness levels as they enhance the marketability and transferability of innovative products and solutions; notes furthermore that standards and related activities support the dissemination of Horizon 2020 project results by spreading knowledge even after projects are finished by making it publicly available; calls on the Commission to enhance the involvement of standardisation in upcoming calls and to develop KPIs which take standardisation activities into account;

Economic, social and territorial cohesion

Introduction

131. Learnt from the “Seventh Report on Economic and Social Cohesion”¹ that, on the one hand, convergence is a fragile process which can easily be halted and reversed by economic crises, but that, on the other hand, public investments may reduce the impact of the crises;
132. Is pleased that the employment rate in 2016 reached again the 2008 pre-crisis level of 71 %, but the situation varies markedly across the Union and this rate is well below the Europe 2020 target of 75 %; notes with concern that unemployment rates still remain too high, in particular among young people and long-term unemployed;
133. Welcomes that in reply to Parliament’s questions, DG REGIO detailed its country specific recommendations;
134. Is aware that some provisions of the revised Financial Regulation concerning cohesion policy are supposed to enter into force retroactively;
135. Is concerned that such modifications may become a source of additional errors, as programmes and projects were selected on the basis of regulations which entered into force on 1 January 2014;

The findings of the Court

136. Notes that the Court issued, for the first time, a qualified opinion on the legality and regularity of payments underlying the accounts; stresses that reimbursement schemes remain more error prone than entitlement schemes; points out, however, that the data recorded, under the heading “Economic, social and territorial cohesion” did not fundamentally change compared to previous year ;
137. Recalls that in 2016 the available amount under the heading “Economic and social cohesion” amounted to EUR 51,25 billion, representing 33 % of the Union budget;
138. Notes that the Court estimated the level of error in this policy area at 4,8%; furthermore that the Court observed that the estimated level of error for cohesion did not include a quantification of 2016 disbursements to financial instruments, amounting to EUR 2,5 billion, that the Court considered to be outside the eligibility period defined in Article 56(1) of Council Regulation (EC) No 1083/2006 (paragraphs 6,20 to 6,21); observes that these disbursements would represent an estimated level of error of 2,0 % to overall Union expenditure²;
139. Points out that the errors in cohesion contributed to 43 % of the overall estimated level of error of 3,1 %; notes that one of the reasons for the high error rate is the complexity of Union’ and Member States’ regulation;
140. Notes that the Court analysed a sample of 180 transactions coming from 54 interim payments for 2007-2013, and related to 92 European Regional Development Fund (ERDF) projects, 36 Cohesion Fund (CF) projects, 40 European Social Fund (ESF) projects, 11 ERDF financial instruments and one ESF financial instrument;
141. Calls on the Commission to duly take into account the remarks of the Court, which

¹ The report can be found here:
http://ec.europa.eu/regional_policy/en/information/cohesion-report/.

² OJ C 322, 28.9.2017, p. 19; box 1.2 footnote 1.

found inaccuracies in the analysis of the performance of at least four of the 12 ERDF and ESF financial instruments examined in the Court's annual report 2016; shares the concern of the Court, which highlights that these errors have the effect of overstating performance and, if not corrected, could artificially increase the declared amount of eligible expenditure at closure, especially in the case of guarantee funds;

142. Notes also that 42 % of the errors were caused by ineligible casts included in expenditure declarations, 30% relate to serious failure to respect public procurement rules, and 28 % relate to ineligible projects, activities or beneficiaries;
143. Notes with regret that one of the main sources of expenditure-related errors under the heading 'Economic, social and territorial cohesion' continues to be breaches of the rules on public procurement; points out that serious breaches of the rules on public procurement include the direct award of additional contracts or additional works or services for which no justification is given, the illegal exclusion of bidders, conflicts of interest and discriminatory selection criteria; regards as essential a policy of complete transparency in respect of information concerning contractors and subcontractors, with a view to addressing errors and abuses of the rules;
144. Welcomes that the Court emphasised that projects using the simplified cost options are less error-prone than reimbursements of actual costs;
145. Is concerned that the sample comprised also three "major projects", which required the approval of the Commission, and for which Member State authorities had not submitted the necessary application by the 31 March 2017 closure deadline; notes that the Commission should therefore recover the expenditures;
146. Is dissatisfied that, as in previous years, the error rate could have been 3,7 points lower, that is to say 1,1 %, had Member States used the information available to them to prevent, or to detect and correct, the errors in first level checks before declaring the expenditure to the Commission;
147. Is worried that years after the start of the 2014-2020 period, Member States have designated only 77 % of the programme authorities responsible for cohesion policy funds; as of 1 March 2017 the Commission received final accounts with expenditure covering just 0,7 % of the budget allocated for the entire programming period; as of mid-2017, the delays in budget implementation were greater than they were at the same point in the 2007-2013 period; notes that consequently, the outstanding commitments at the end of the current financing period could be even higher than in the previous one;
148. Appreciates that the chapter on "Economic, social and territorial cohesion" also contains a section on performance of projects; regrets however that this section largely concentrates on quantitative information, i.e. the number of performance measurement systems in place;

Financial engineering instruments

149. Recalls that the summary of data on the progress made in financing and implementing financial engineering instruments in 2016 was only published on 20 September 2017, and that therefore the Court could not comment on the document;
150. Notes that the key figures for 2016 are the following:

- (a) there are 25 Member States using financial engineering instruments, with 25 using them for enterprise support, 11 for urban development and 9 for energy efficiency and renewable energies;
 - (b) there are 1,058 financial engineering instruments across the Union, comprised of 77 holding funds and 981 specific funds;
 - (c) 89% of these financial engineering instruments are providing support for enterprises, 7 % for urban development, 4 % for energy efficiency and renewable energies;
 - (d) payments into financial engineering instruments amount to EUR 16,4 billion, including EUR 11,3 billion in structural funds;
 - (e) payments to final recipients amount to EUR 15,2 billion, including EUR 10,1 billion in structural funds, i.e. 93 % of total payments to financial engineering instruments;
 - (f) based on the 81 % of financial engineering instruments that reported, management costs and fees totalled EUR 0,9 billion or 6,7 % of total payments to the financial engineering instruments concerned;
 - (g) EUR 8,5 billion of resources were returned;
 - (h) 314,000 final recipients were supported;
151. Points out that over the years and financing periods the use of FEIs has increased dramatically, rendering structural fund funding more complex and thereby creating risks for democratic accountability; notes that it is expected that EUR 20,1 billion of European Regional and Development (ERDF) and Cohesion Funds (CF) will be delivered through financial instruments by the end of 2020;
152. Is concerned, in this context, that the national audit authorities did not sufficiently cover implementation of financial engineering instruments;
153. Determines that 63 % (675) of the financial engineering instruments were launched in Poland (247), France (152), Hungary (139) and Italy (137);
154. Regrets that 6,7 % of total payments to the financial engineering instruments concerned (EUR 900 million) went into management costs and fees; considers this amount to be inappropriately high;
155. Notes that a number of errors and discrepancies remain in the reporting of data; these include small but significant amounts of operational programme resources committed in the funding agreements but not paid to financial engineering instruments at closure, an increase in both committed amounts payments to a number of financial engineering instruments after 31 December 2015 and, in some cases, higher amounts paid to final recipients than to the financial engineering instruments¹;

¹ Summary of data on the progress made in financing and implementing financial engineering instruments reported by the managing authorities in accordance with Article 67(2)(j) of Council Regulation (EC) No 1083/2006, p. 11.

The AAR of the Directorate General for Regional and Urban Policy (DG REGIO)

156. Takes note that the ERDF-CF ex post evaluation indicates that although regional convergence over the 2007-2013 programming period was insufficient, without the cohesion policy there would have been divergence, because the financial crisis of 2007-2008 created a poor climate for investment and convergence;
157. Underlines that any conclusions with regard to performance remain limited, as this would require a more comprehensive review of performance data reported by 2007-2013 programmes, which was supposed only to be finalised by August 2017; calls on the Commission to inform the Committee on Budgetary Control on the outcome of the review;
158. Observes that the Commission reports, for the implementation of the 2014-2020 financing period, that more than 50 000 projects were selected corresponding to EUR 64,1 billion of total investment, that 45 000 cooperation projects of enterprises with research institutions have been created, that more than 380 000 SME have received support from cohesion funding, resulting in more than 1 000 000 jobs;
159. Observes that the Commission reports also, for the same financing period, that more than EUR 75 billion from European Regional and Development Fund (ERDF) and from the Cohesion Fund support energy union objectives and climate change adaptations; in addition, more than 5 000 projects were selected on the ground to support the low-carbon economy;
160. Notes that the table below shows the total commitment and payment appropriations authorised in 2016:

2016 in EUR million	Commitment appropriations authorised	Payment appropriations authorised
Administrative expenditure of the 'Regional and urban policy' policy area	16,75	24,52
European Regional Development Fund (ERDF) and other regional operations	27 163,16	22 911,83
Cohesion Fund (CF)	8 775,98	7 456,71
Instrument for Pre-Accession Assistance - Regional development and regional and territorial cooperation	54,14	522,95
Solidarity Fund	81,48	68,48
Total	36 091,51	30 984,47

161. Remarks however that these statistical data give little information on the sustainability and performance of these projects;
162. Recalls the great importance attributed to ex ante conditionalities for setting out sector-specific and horizontal conditions to ensure effective spending of ESI funds; once ex ante conditionalities are fulfilled and with the 10 % retention from payments foreseen by the revised regulation in place, implementation of projects should be easier and less error-prone; notes, however, the Court's Special Report No 15/2017 questioning to what extent this has effectively led to changes on the ground;

163. Regrets that only 87 % (181 of 209) of the certifying authorities had been designated by the end of 2016, and that no authority had been designated for 28 mainstream programmes (in Austria, an authority was designated for only 1 programme, in Belgium, for only 2, in Germany, for only 8, in Finland, for only 1, in France, for only 2, in Ireland, for only 2, in Italy, for only 6, in Romania, for only 4, in Slovakia, for only 1, in the United Kingdom, for only 1);
164. Notes with surprise that the main difficulties identified in the designation process related to the set-up of IT systems to feature the new elements of the 2014-2020 period in terms of reporting and the design of procedures to ensure a robust supervision of managing authorities over intermediate bodies;
165. Regrets furthermore that in general only 26,1 % of projects were selected, and only 3,7 % of the available structural funds absorbed at the end of 2016 and whereas the selection process accelerated in 2017; considers that the slow start may lead to a high number of outstanding commitments at the end of the current financing period; calls on the Commission to guarantee further efforts to strengthen the administrative capacity of national, regional and local authorities;
166. Emphasises that project selection was particularly slow in Spain, Cyprus, Romania, Austria, in the Czech Republic, in Croatia and Slovakia;
167. Notes that, consequently, for most of the operational programmes (247 out of 295) no amounts were certified in the accounts (there were "zero accounts") since no expenditure was declared until 31 July 2016;
168. Is satisfied that the Commission, on the basis of preliminary audit opinions on the received assurance packages, detected no material inconsistencies;
169. Is concerned however that 7 of 9 Commission audits into high risk operational programmes or areas revealed significant deficiencies (in Hungary, the transport, electronic administration and implementation operational programmes; in Italy, the *Reti e mobilità, istruzione* priority 3 and technical assistance operational programmes; in Romania, the competitiveness and environment operational programmes);
170. Notes that 278 of 322 management and control systems received an unqualified or a "qualified with moderate impact" opinion; whereas in 40 cases the Commission issued a qualified opinion with significant impact;
171. Notes that the Commission calculated the overall amount at risk at payment to amount to between EUR 644,7 and EUR 1 257,3 million, and that the Commission implemented financial corrections, as a result of its supervisory role, of EUR 481 million in 2016;
172. Notes that the Commission estimated the overall average error rate for 2016 payments for the 2007-2013 ERDF/CF programmes to be in the range of 2,2 % to 4,2 %, and the residual error rate at closure to be approximately 0,4 %; stresses that once again, 'Cohesion' was the biggest contributor to the estimated level of error for 2016, followed by 'Natural resources', 'Competitiveness' and 'Global Europe'; calls on the Commission to keep working with Member States to improve their management and control systems and to continue to use available legal supervisory tools to ensure that all material errors are corrected;
173. Notes that the Commission recorded 68 reservations for the past and 2 reservations for

the current financing period;

Specific issues

Greece

174. Welcomes DG REGIO's efforts to make progress with the priority project list in Greece;
175. In this context, welcomes:
- (a) the establishment of four highway concessions (Athens-Thessaloniki, Korinthos-Tripoli-Kalamata, Korinthos-Patras and Patras-Ioannina; covering between them more than 1,000 km of road), which are now operational and very much appreciated by users,
 - (b) the programme "energy savings in households" (combination of FEI with grants), which improved energy efficiency in 46 000 households and created 6 000 jobs; demand was so high that a successor programme for 2014-2020 was immediately created,
 - (c) financial instruments, notably JEREMIE, allowing the creation or safeguarding of more than 20 000 jobs,
 - (d) the e-prescription for medicines project, which manages monthly more than 5,5 million electronic prescriptions and 2,4 million diagnostic referrals, with the involvement of 13 000 pharmacies and 50 000 doctors, and has led to considerable cost savings for the Greek public health budget;
176. Regrets on the other hand that:
- (a) the metro projects in Athens (line 3 extension to Piraeus) and Thessaloniki (base line) have incurred serious delays which necessitated their phasing into the 2014-2020 programming period;
 - (b) some key projects in the railway, digital and energy sectors were cancelled or are delayed, and that as a consequence they have been phased or transferred in their entirety to the 2014-2020 programming period;
 - (c) a large part of the waste water and solid waste management infrastructures remain to be completed;
177. Welcomes the fact that the European Anti-Fraud Office (OLAF) has completed its administrative investigation into the *Czech "stork nest" project*; takes note that the OLAF case file has been publicised by the Czech media; regrets that OLAF found serious irregularities;
178. Calls on DG REGIO to recover the Union co-financing involved, i.e. EUR 1,67 million, and to apply necessary sanctions;
179. Notes that the "Stork Nest" project was withdrawn from Union funding by the Czech Republic as of 25 January 2018 and that, respecting the principle of subsidiarity, the project is already under judicial review in the Czech Republic;

180. Is concerned at the Commission's observation that the share of awarded contracts that received only a single bid is in Hungary at 36 %; notes that the Union average is 17 %; calls on the Commission to promote competition in bidding processes;
181. Welcomes the positive assessment of the 10 years' Cooperation and Verifications Mechanism (CVM) for Bulgaria and Romania¹; is worried about the recent step backwards in the fight against high level corruption in Bulgaria and Romania; calls on the Commission to support and encourage the law enforcement and anti-corruption authorities in both Member States; highlights the impressive track record of the anti-corruption agency in Romania in terms of solving medium and high-level corruption cases; underlines that maintaining this effort is of utmost importance to consolidate the fight against corruption;
182. Condemns the recent crime against a Slovakian journalist, which may be related to his investigative work; urges the Commission to inform the Parliament about Union agriculture funds in Slovakia;
183. Notes that OLAF has also completed an administrative investigation into a loan granted to the Volkswagen Group by the European Investment Bank (EIB);
184. Takes note of a statement made by the EIB President, Werner Hoyer, stating that: "We still cannot exclude that one of our loans, the EUR 400 million loan 'Volkswagen Antrieb RDI', was linked to emission control technologies developed at the time the defeat software was designed and used. We will now review OLAF's conclusions and consider all available and appropriate action. [...] We are very disappointed at what is asserted by the OLAF investigation, namely that the EIB was misled, by Volkswagen about the use of the defeat device.";

The AAR of Directorate General Employment, Social Affairs and Inclusion (DG EMPL)

185. Notes that DG EMPL highlights as follows its contribution to the Union 2020 objectives:
- (a) the Union employment rate for 20 to 64 year-olds reached 71,2 % in the third quarter of 2016; this rate is now above that seen in 2008 (70,3 %) for the first time and the target rate of the Europe 2020 strategy may be reached if the trend continues;
 - (b) total unemployment continues to decline and it is now below 10 % for both the Union and the euro area; however, youth unemployment and long-term unemployment remain major challenges for the Union, despite the respective observed decline from 19,5 % in December 2015 to 18,6 % in December 2016, and from 4,3 % in the third quarter of 2015 to 3,8 % in the third quarter of 2016;
 - (c) the economic recovery that started in 2013 has also been accompanied by a continuous, albeit insufficient, reduction in poverty, measured by the rate of people at risk of poverty dropping from 24,7 % in 2012 to 23,7 % in 2015, however, the recovery is still not reaching all parts of society and there were 118 million people at risk of poverty and social exclusion in 2016 (1,7 million people above the 2008 level), which is far from reaching the Europe 2020 poverty and

¹ Study "Assessment of the 10 years' Cooperation and Verification Mechanism for Bulgaria and Romania; DG IPOL, Policy department D: budgetary affairs.

social exclusion target;

- (d) investments to improve the conditions for geographic and professional mobility while tackling risks of distortions and abuses have contributed to a progressive increase in the mobility rate within the Union, which reached 3,6 % of the population in 2015;
186. Regrets however, that the disparity in income distribution increased between 2013 and 2014 and, even though it has remained stable since then, in some cases it has continued to grow; is concerned that the richest 20 % of the population possessed disposable income that was around five times higher than that of the poorest 20 % in 2016, with large disparities across countries (and an increase in inequality in some);
187. Welcomes the ex post evaluation of the ESF 2007-2013 programming period, which was finalised on 12 December 2016; notes that it found that, at the end of 2014, at least 9,4 million European residents had found a job with support from the ESF, 8,7 million had gained a qualification or certificate and other positive results, such as increased skills levels, were reported by 13,7 million participants; notes that the ESF has also had a positive impact on Gross Domestic Product (GDP) of the 28 Member States (0,25 % increase) and productivity, according to macroeconomic simulations;
188. Observes that such quantitative data do show indeed a positive trend but say little about performance and sustainability of the measures;
189. Strongly criticises DG EMPL for not having published the directorate's proposals for country specific recommendations, although Parliament has repeatedly asked for it to do so;
190. Notes that the table below shows the total commitment and payment appropriations authorised in 2016:

2016 in EUR million	Commitment appropriations authorised	Payment appropriations authorised
The European Social Fund (ESF) and the Youth Employment Initiative (YEI)	12 438,2	8 132
The Fund for European Aid to the Most Deprived (FEAD)	534,7	278
The European Globalisation Adjustment Fund	27,6	27,6
The Instrument for Pre-Accession Assistance – Human Resources Development (IPA-HRD)	0	82,3
Direct Management (Programme for Employment and Social Innovation, Rights, Equality and Citizenship Programme, Erasmus+) and agencies	289	275
Total	13 290	8 795

191. Welcomes the fact that the DG EMPL has developed a methodology to assess yearly the performance of programmes, but has doubts about the information value of criteria such as “good”, “acceptable” or “poor”;

192. Is concerned that, by March 2017, only 87 % of certifying authorities had been designated;
193. Welcomes the fact that DG EMPL had received, by 15 February 2017, a full assurance package including the accounts, the annual control report and the audit opinions on the accounts, the management and control system and the legality and regularity of the underlying transactions, and the assurance declaration and annual summary for all programmes; notes that in general, DG EMPL had only minor observations and accepted the annual accounts;
194. Welcomes also the fact that by the end of 2016, DG EMPL had completed its multiannual audit plan, as a result of which 89 audit authorities of 92 had been audited covering 115 of the 118 operational programmes;
195. Notes that in 2016, DG EMPL implemented financial corrections amounting to EUR 255,8 million; that the total cumulative accepted or decided amount of financial corrections for the 2007-2013 programming period stands at the end of 2016 at EUR 1 454 million; and that for the same period Member States reported financial corrections worth EUR 2 253,8 million;
196. Regrets that DG EMPL maintained or issued the following reservations, concerning:
- (a) management and control systems for one ESF operational programme in Italy for the programming period 2000-2006 (reputational reserve);
 - (b) management and control systems for 23 specific ESF operational programmes for the 2007-2013 programming period; and
 - (c) management and control systems for 3 ESF or YEI and 1 FEAD operational programmes for the programming period 2014-2020;
197. Notes that the estimated overall amount at risk for the 2016 relevant expenditure is EUR 279 million;

Specific Issues

Youth Employment Initiative (YEI)

198. Was informed of the first findings of a study into the implementation of the YEI, which reported that:
- (a) by end of 2016, the number of young persons not in employment, education or training (NEET) that have participated in YEI-supported projects that boost their skills or allow them to have a working experience tripled compared to end of 2015 (1,3 against 0,5 million people);
 - (b) among them, 712 000 unemployed and inactive participants not in education or training have completed a YEI-funded intervention; more than half of them, (around 346 000 unemployed and inactive participants not in education or training) have achieved a positive outcome since they have moved into education/training, or gained a qualification, or are in employment (including self-employment), upon leaving the intervention;

- (c) in Italy, a counter-factual evaluation showed that new innovative policies largely supported by the YEI increased the occupational chances of young people by 7,8 %, despite significant regional differences which show there are greater difficulties in the areas with the highest youth unemployment rates;

199. Notes furthermore, that:

- (a) Italy and Spain have mobilised a significant number of NEETs through YEI actions despite the still high youth unemployment in the countries;
- (b) Slovakia has shifted the focus away from public works schemes for young people towards more effective measures such as increased provision of professional training;
- (c) in Italy, a counter-factual evaluation showed that new innovative policies largely supported by the YEI increased the occupational chances of young people by 7,8 %, despite significant regional differences;
- (d) in Portugal, YEI co-financed entrepreneurship programmes proved more successful than higher education measures;
- (e) Greece has identified the need to review its voucher system for youth employment and training;
- (f) in Poland, 62 % of YEI participants received an offer of employment, training, or education, with an overall high level of participants' satisfaction;

200. Regrets nevertheless that barely 30 % of the available funds have been used, which reflect initial pre-financing and interim payments;

201. Welcomes that, by October 2017, all Member States to which the ex ante conditionality on *Roma* applied (Austria, Belgium, Bulgaria, the Czech Republic, France, Germany, Greece, Hungary, Lithuania, Poland, Portugal, Romania, Slovakia and Spain) had fulfilled it and therefore had a national Roma integration strategy;

202. Notes that for the 2014-2020 programming period, two ESF investment priorities address directly non-discrimination and Roma integration (see table below)

Investment priority (IP)	Member States who have selected the IP	Financial allocation (EUR million)
Combating all forms of discrimination and promoting equal opportunity	11 Member States (BE, CY, CZ, DE, ES, FR, GR, IE, PL, PT and SK).	447

Socio-economic integration of marginalised communities such as Roma	12 Member States (AT, BE, BG, CZ, ES, FR, GR, HU, IT, PL, RO and SK).	1 600 The majority of funding (EUR 1,2 million EUR) is concentrated in the following countries: BG, CZ, HU and RO
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203. Notes that, while having a maximum annual budget of EUR 150 million, the European Globalisation Adjustment Fund mobilised only EUR 28 million for commitments from the reserve in 2016, benefitting eight Member States;

Measures to be taken

204. Calls therefore on Member States and the Commission to pay more attention, under the post 2020 financial period, to:

- (a) creating Union added-value with cohesion policy;
- (b) building stronger coordination between cohesion, economic governance and the European semester considering, among others, positive incentives to strengthen achievement of cohesion policy objectives for overcoming disparities and inequalities as spelled out in the Treaties, within its three dimensions - economic, social and territorial;
- (c) devising a system which allows concentration of cohesion funding on regions which need it most;
- (d) providing strategic administrative support for those regions finding it difficult to absorb the funding;
- (e) drafting a single set of rules for structural funds;
- (f) making progress towards implementing the single audit principle;
- (g) faster implementation of programmes and projects, with a view to respecting the seven year financial period (no n+3);
- (h) enabling national audit authorities to audit financial instruments under the Union budget, reduce the number of financial instruments, and introduce more stringent rules for reporting by funds managers, including by the EIB Group and other international financial institutions regarding performance and results achieved, thereby enhancing transparency and accountability;
- (i) taking into account lessons drawn from the current period and the need for more simplification in order to establish a balanced system ensuring achievement of results and sound financial management without an excessive administrative burden that would discourage potential beneficiaries and lead to more errors;
- (j) the geographic and social balance to ensure that investments are made where they are most needed;

205. Insists that DG REGIO and DG EMPL publish their proposals for the country specific recommendations in their respective AAR, as repeatedly requested by the Parliament;
206. Calls on DG REGIO:
- (a) to report back to Parliament's responsible committee about the different pending OLAF files when related legal proceedings have been completed;
 - (b) to report back to Parliament's responsible committee, in the 2016 Commission discharge follow-up, on progress made with all above-mentioned projects;
207. Calls on the EIB to review urgently the OLAF findings and draw the necessary conclusion; calls on the EIB to inform the Parliament of its conclusions and the measures taken;
208. Calls on the Commission to encourage the use of the simplified cost options introduced by the "Omnibus" Regulation;
209. Calls on DG EMPL to put in place the recommendation of the IAS with regard to the early implementation of the control strategy for the ESI funds and to inform the Parliament of its completion;
210. Calls on the Commission to provide for further simplification of the rules and a reduction of the administrative burden in order to help decrease the error rate even more;

Natural resources

Key performance indicators (KPI) and fair CAP

211. Points out that according to the AAR of DG AGRI (page 15 - KPI 1: agricultural factor income per full-time worker), the sector's value added and productivity dipped slightly again in 2016 and that, for the DG AGRI, it is difficult "to pinpoint what exactly caused the overall decline in factor income since 2013";
212. Recalls that KPI 4 on the employment rate in rural development is not relevant, as the employment rate in rural development is not solely influenced by CAP measures;
213. Regrets that the Commission did not follow up the recommendations issued by the Parliament in its resolution accompanying the discharge for the financial year 2015 to redefine KPI 4 "in order to stress the specific impact of the CAP measures on the employment in those areas";
214. Points out that in 2016 51 % of the beneficiaries of direct payments were granted less than EUR 1250 amounting to a total of 4 % of the total direct payments¹;
215. Recalls its remarks² on the unsustainable structure of CAP expenditure: 44,7 % of all Union farms had an annual income of less than EUR 4000, and in 2016 on average the upper 10 % of the beneficiaries of CAP direct support received around 60 % of the

¹ See DG AGRI AAR 2016, p. 17.

² See paragraph 207 of Parliament's resolution of 27 April 2017.

payments¹; notes that the distribution of direct payment largely reflects the concentration of land, 20 % of farmers also owning 80 % of the land; (reply to written question 17 at the CONT hearing with Mr Hogan on 28 November 2017); is concerned at the high concentration of beneficiaries and stresses that a better balance of large and small beneficiaries needs to be found;

- 216. Notes that about 72 % of aid is paid to farms of between 5 and 250 hectares, which are generally family-owned;
- 217. Asks that DG AGRI define objectives accompanied with indicators to reduce the income inequalities between farms in the next MFF;
- 218. Reiterates its view that direct payments may not fully play their role as a safety net mechanism for stabilising farm income, particularly for smaller farms given the unbalanced distribution of payments;
- 219. Is of the opinion that larger farm incomes do not necessarily need the same degree of support for stabilising farm incomes as smaller farms in times of income volatility since they may benefit from economies of scale which are likely to make them more resilient, and thus recommends that the Commission should mandate a sliding scale to correct this imbalance, with subsidies decreasing as farm sizes increase;
- 220. Calls on the Commission to provide for a genuine simplification of the procedure, including in the documentation requested in order to have access to funding, without neglecting the principles of control and monitoring; calls for special attention to be paid to administrative support for small-scale producers, for whom the funding is a vital prerequisite for their business survival;

Error rate

- 221. Points out that the Court has estimated that the level of error for the natural resource chapter as a whole is 2,5 % (2,9 % in 2015 and 3,6 % in 2014); welcomes the positive evolution of the error rate whilst noting that the 2016 figure is above the materiality threshold;
- 222. Welcomes the fact that the assessment of the Court as to the European Agriculture Guarantee Fund (EAGF) finds that market and direct support payments are free from material error in 2016, the most likely error rate being estimated by the Court at 1,7 % (2,2 % in 2015);
- 223. Stresses that the Court noted fewer errors due to overstated or ineligible land claimed by the farmer which is due to the introduction of a new more flexible definition of permanent grassland, the achievement of action plans to improve the quality of data in Land Parcel Identification Systems and the new online geo-spatial system to submit applications;
- 224. Notes that the greening payments have been a source of errors impacting 17 % of the level of error estimated by the Court and that the errors were found mainly to be related to the ecological focus area requirements, although the error rate for EAGF was below

¹ See the Indicative figures on the distribution of aid, by size-class of aid, received in the context of direct aid paid to the producers according to Council Regulation (EC) No 1307/2013 (financial year 2016).

materiality; welcomes in this regard the fall in the error rate for EAGF to 1,7 %;

225. Points out that the Court also found weaknesses in the protection of permanent grassland, the Czech Republic and Poland not having the historical data to check compliance with the obligation of having arable land covered with grass for five consecutive years whilst Germany, France, Italy, Portugal and the United Kingdom had not classified permanent grassland in a fully reliable way;
226. Underlines the positive trend in the error rates issued by the Court despite the evolution of the amounts at risks reported by DG AGRI in its AARs, namely from 1,38 % in 2015 to 1,996 % in 2016 (the market measures with an error rate of 2,85 % being not included) and 4 % for both financial years in rural development; understands that this is not reflecting statistically significant deviations;
227. Regrets that the payments in rural development, environment, climate action and fisheries are not free from material error in 2016, the most likely error rate being estimated at 4,9 % (5,3 % in 2015); notes that if all the information held by the national authorities had been used to correct errors the estimated level of error would have been 1,5 percentage points lower;
228. Notes that in rural development, three of the largest eligibility errors involved beneficiaries who did not disclose that they were controlled by, applying jointly with, or purchasing from linked companies in breach of Union or national rules (Court's annual report 2016, paragraph 7.26);

Management and control systems

229. Points out that in its AAR, the director general of DG AGRI issued a reservation in direct payments concerning 18 paying agencies comprising 12 Member States and that the amount managed by the paying agencies with a reservation and put under reinforced scrutiny is EUR 13 618,6 million, the actual amount at risk for the expenditure under reservation being EUR 541,2 million;
230. Stresses that weaknesses were detected in particular in the management and control system of Hungary (concerning late management declaration by the paying agency and deficiencies in greening payments), Bulgaria (concerning greening and the organic status of farmers), Poland (concerning greening payments) and Italy (concerning deficiencies in correctly establishing the eligibility of land and an active farmer);
231. Regrets the recent cases of fraud relating to paying agencies in Italy; calls on the Commission to actively monitor the situation and provide the relevant details to Parliament in the follow-up to the discharge procedure;
232. Asks the Commission to speed up the conformity clearance procedure opened on 8 January 2016 to get detailed and precise information on the risk of conflicts of interest concerning the State's Agricultural Intervention Fund in the Czech Republic; takes note that a failure to remedy a conflict of interest may ultimately result in withdrawal of the accreditation of the paying agency by the competent authority or in the imposition of financial corrections by the Commission; asks the Commission to inform the Parliament without delay if at the end of the conformity clearance procedure information related to possible cases of fraud, corruption or any illegal activity affecting the financial interests of the Union are transmitted by OLAF to DG AGRI;

Reliability of the data communicated by the Member States

233. Points out that since the management and control systems of some Member States are affected by deficiencies, DG AGRI adjusts the reported control statistics based mainly on the Commission's and the Court's audits carried out in the last three years as well as on the opinion of the Certification Body for the financial year in question;
234. Points out that despite the fact that since 2015 the certification bodies of the Member States have a duty to check the legality and regularity of the transactions:
- (a) for market measures, DG AGRI has made adjustments to a total of 32 schemes (i.e. less than 20 % of the total number of schemes for which expenditure was declared in 2016);
 - (b) for direct payments, adjustments were made in 52 cases (out of 69) whilst the majority of these adjustments were of less than 1 %, 7 were of between 1 % and 2 % and 9 were of more than 2 %;
 - (c) for rural development, top ups have been applied for 39 paying agencies out of 72 with 21 adjustments of more than 1 % and 16 above 2 %;

Performance issues in rural development

235. Welcomes the fact that the Court has examined performance related issues for sampled rural development transactions over the last three years; notes with satisfaction that 95 % of projects completed at the time of the audit had been carried out as planned, but regrets that there was insufficient evidence that the costs were reasonable;
236. Stresses that almost all the projects audited by the Court used a system which reimbursed the cost incurred and notes that in the 2014-2020 programming period, Member States may, as an alternative, use a system of simplified cost options involving standard scales of unit costs, lump sums and flat -rate financing, which effectively limits the risk of excessive prices;

Greening

237. Notes that the Court reported in its annual report 2016 (paragraph 7.17) in relation to the greening payments made to 63 farms visited by it that:
- (a) all those subject to the crop diversification requirement were compliant;
 - (b) most of the greening errors concerned non-compliance with Ecological Focus Area (EFA) requirements whilst;
 - (c) the parcels were correctly recorded in the Land Parcel Identification System (LPIS) as to the maintenance of existing permanent grassland;
 - (d) not all permanent grassland had been properly recorded as such;
238. Is however particularly concerned by the first conclusions drawn by the Commission in its staff working document on “Review of greening after one year” SWD (2016)218 second part page 14 that: “ Overall farmers would have to change crops on less than 1 % of the total arable land in the Union in order to comply with the crop

diversification requirement, and since the vast majority of arable land in the Union is subject to the crop diversification obligation this limited impact appears to reflect current practices by farmers who already are compliant”;

239. Stresses that the Court confirms in its annual report (paragraphs 7.43 to 7.54) the analysis made by the Commission pointing out that the crop diversification and the EFA scheme led to no changes for the majority of the farms that it visited (89 % for the crop diversification and 67 % for the EFA);
240. Is particularly concerned that according to the Court’s Special Report No 21/2017 entitled “Greening: a more complex income support scheme, not yet environmentally effective”; “Greening is unlikely to provide significant benefits for the environment and climate (...) because greening requirements are generally undemanding and largely reflect normal farming practice” (page 47);
241. Furthermore, points out that the Court states that due to extensive exemptions, most farmers (65 %) are able to benefit from the green payment without actually being subject to greening obligations; as a result, greening leads to a positive change in farming practices on only a very limited share of Union farmland;
242. Regrets that the greening schemes are more an instrument for supporting farmers’ income than to enhance the CAP’s environmental and climate performance; considers that for agricultural programmes to address environmental and climate needs, they should include performance targets and funding which reflect the costs incurred and the income lost as a result of activities going beyond the environmental baseline;
243. Deplores the fact that, as they are part of area-based payments, the greening schemes in the actual design of the programme could increase the imbalances in the distribution of CAP support; calls in this direction on the Commission to consider following the recommendations made by the Court in Special Report 21/2017;
244. Notes that according to the Commission: “ the actual impact (of the greening schemes) on environmental outcomes depends on the choices made by Member States and farmers and that so far few Member States made use of the possibilities to limit the use of pesticides and fertilisers in the ecological focus areas”;
245. Stresses that for public administration, the burden of greening essentially lies with the development of new management tools such as the EFA layer of the LPIS, which partly explains why DG AGRI has increased the number of reservations and action plans imposed on Member States;
246. Takes note the fact that greening adds significant complexity to the CAP due to overlaps with the CAP’s other environmental instruments (cross-compliance and the Pillar II environmental measures); in this regard takes note of the Court’s Special Report No 21/2017 on greening, which states that “the Commission and Member States mitigate the related risk of deadweight and double funding”;

Young farmer scheme

247. Points out that with huge disparities in the development of the farming sector across the Union, a major problem is the demographic challenge, requiring policies to address the shortage of young farmers in order to ensure the long-term sustainability of agriculture in the Union;

248. Stresses that young farmers face specific difficulties in accessing finance and low turnover in the first years of business, combined with slow generational renewal and difficulty in accessing agricultural land;
249. Points out that the falling number of young people in the sector makes generational renewal more difficult and can mean the loss of valuable skills and knowledge as older, experienced people, retire; as a consequence, insists that support is needed for both retiring farmers and young successors taking over a farm;
250. Is particularly concerned by the fact that in its Special report No 10/2017 on support for young farmers, the Court notes that for direct payments, the aid to young farmers:
- (a) is not based on a sound needs assessment;
 - (b) does not reflect the general objective of encouraging generational renewal;
 - (c) is not even always provided to young farmers in need; and
 - (d) is sometimes provided to holdings where young farmers play only a minor role;
251. Regrets that, as to the support to young farmers via rural development schemes, the Court concluded that the measures are generally based on a vague needs assessment and that there is no real coordination between Pillar I payments with Pillar 2 support to young farmers;

Measures to be taken

252. Calls on:
- (a) the Commission to carefully analyse the causes of the overall decline in factor income since 2013 and to define a new key performance objective for the next MFF, accompanied with outcome and impact indicators, aiming at mitigating the income inequalities between farmers;
 - (b) the Member States to make further efforts to include more reliable and up-to date information in their LPIS database;
 - (c) the Commission to review the approach taken by paying agencies to classifying and updating land categories in their LPIS and to perform the required cross-checks in order to reduce the risk of error in greening payments;
 - (d) the Commission to take appropriate measures to require that Member States' action plans in rural development include remedial actions addressing frequently found cases of error;
 - (e) the Commission to provide guidance and disseminate best practices among national authorities, and among the beneficiaries and their associations, to ensure that their checks identify links between applicants and other stakeholders involved in supported projects of rural development;
 - (f) the Commission to continue to be vigilant as to the checks performed and the data communicated by the Member States' authorities, and to take these findings into account when allocating its audit burden based on risk-evaluations;

- (g) the Member States as well as the beneficiaries and their associations to fully exploit the possibilities offered by the system of simplified cost options in rural development;
- (h) the Commission to prepare and develop, for the next CAP reform, a complete intervention logic for Union environmental and climate-related action regarding agriculture, including specific targets and based on an up-to-date scientific understanding of the phenomena concerned;

253. Calls on the Commission to be guided by the following principles in the building of a new proposal concerning greening:

- (a) Farmers should benefit from CAP payments if they meet a single set of basic environmental norms including GAECs and greening requirements which go beyond the requirements of environmental legislation; welcomes in this regard the logic of the Commission's "budget focused on results" approach; considers that a future delivery system should be more results-driven;
- (b) Specific, local environmental and climate-related needs can be appropriately addressed through more effective targeted programmed action regarding agriculture;
- (c) When Member States are given options to choose from in their implementation of the CAP, they should be required to demonstrate, prior to implementation, that the options they select are effective and efficient in terms of achieving policy objectives, and in particular those of food safety, food quality and their impact on health, greening, land and countryside management and the fight against depopulation in the Union;

254. Calls on the Commission:

- (a) to perform a comprehensive evaluation of all the existing CAP policies and tools which can be combined to help young farmers and to identify the obstacles to providing access to existing farms or establishing new farms for young farmers which can be addressed in the future revision of the CAP;
- (b) to make sure that, as a component of agricultural reform, further improvements are made to the rural-development framework as set forth inter alia in the Cork 2.0 Declaration, with a view to ensuring that the support programmes for young farmers are a success;
- (c) to insert in the legislation for the post-2020 CAP (or require Member States to indicate, in line with the shared management provisions) a clear intervention logic for the policy instruments addressing generational renewal in agriculture; the intervention logic should include:
 - a sound assessment of young farmers' needs;
 - an assessment of which needs could be addressed by Union policy instruments and which needs can be or are already better addressed by Member States' policies as well as an analysis of which forms of support (e.g. direct payments, lump sum, financial instruments) are best suited to match the identified needs;

- awareness-raising measures, targeted at authorities, beneficiaries and their associations, concerning possible types of assistance for earlier transfer of a farm to a successor with accompanying advisory services or measures like a satisfactory retirement scheme based on national or regional income or revenues in the agricultural, food and forestry sector;
 - a definition of SMART objectives, making explicit and quantifiable the expected results of the policy instruments in terms of the expected generational renewal rate and contribution to the viability of the supported holdings; in particular, it should be clear if the policy instruments should aim at supporting as many young farmers as possible or target a specific type of young farmers;
- (d) to ensure that through its proposed legislation for the post-2020 CAP, the Commission and the Member States (in line with the shared management provisions) improve the monitoring and evaluation system;

Global Europe

Error rates

255. Points out that, according to the findings of the Court, spending on "Global Europe" is affected by a material level of error with an estimated level of error of 2,1 %, (2,8 % in 2015, and 2,7 % in 2014); welcomes the positive trend in the error rate in this policy area;
256. Regrets that when excluding the multi-donor and budget support transactions the error rate for the specific transactions directly managed by the Commission has been quantified at 2,8 % (3,8 % in 2015; 3,7 % in 2014);
257. Points out that the Commission and its implementing partners committed more errors in transactions relating to grants as well as contribution agreements with international organisations than they did with other forms of support; points out, in particular, that the budget support transactions examined by the Court were free from errors of legality and regularity;
258. Notes that if all the information held by the Commission – and auditors appointed by the Commission – had been used to correct errors, the estimated error rate for the Global Europe chapter would have been 0,9 % point lower, i.e. 1,4 %, and therefore below the materiality threshold;
259. Points out that:
- (a) 37 % of the estimated level of error is attributable to expenditure for which essential supporting documentation was not provided;
 - (b) 28 % of the estimated level of error is accounted for by two cases for which the Commission accepted expenditure that had not actually been incurred; regrets that this situation was already detected last year and points out that the transaction testing of the Court revealed some control weaknesses in the Commission's systems;
 - (c) 26 % of the estimated level of error concerns ineligible expenditure: i.e.

expenditure related to activities not covered by a contract or incurred outside the eligibility period, non-compliance with the rule of origin, ineligible taxes and indirect costs wrongly charged as direct costs;

Declaration of assurance

260. Is deeply concerned by the fact that according to the Court, DG NEAR auditors have detected weaknesses in the indirect management of the second instrument of pre-accession assistance (IPA II), more specifically, at the audit authorities of three IPA II beneficiary countries - Albania, Turkey and Serbia; and this despite the fact that the Albanian and Serbian audit authorities have made changes aiming to solve the problems detected; in the case of Turkey, there are some significant areas of the audit authority's systems which might still limit the assurance it can provide to the Commission (Court's annual report 2016, paragraph 9.24);
261. Is concerned by the fact that the Court estimated that the DG NEAR corrective capacity has been overstated and consequently the total amount at risk at payment as well;

Performance

262. Notes that DG DEVCO has defined in its AAR KPI relating to human development, climate change, gender and error rate but regrets that none of those indicators are able to measure the performance of the development cooperation policy as they only indicate the part of aid allocated to each of the objectives instead of measuring the actual impact, as well as the progress achieved to pursue the objectives;
263. Is concerned by the fact that the IAS of the Commission stated that "in terms of reporting, the type of information on DG DEVCO's performance provided by the different Strategic Planning and Programming-related reports (AAR, Sub-delegated Authorising Officers report, EAMR) is limited and does not give an actual assessment of whether objectives have been achieved or not";

External assistance management reports

264. Regrets once again that the external assistance management reports (EAMR) issued by the heads of Union delegations are not annexed to the AARs of DG DEVCO and NEAR as it is foreseen by Article 67. 3 of the Financial Regulation; regrets that they are systematically considered as confidential whilst in accordance with Article 67.3 of the Financial Regulation, "they shall be made available to the European Parliament and the Council having due regard, where appropriate, to their confidentiality";
265. Takes note of the fact that in Commissioner Oettinger's response to the rapporteur's letter he indicated that the Commission is exploring a new format for reports enabling transmission to Parliament without the need for confidentiality procedures but in a way that is not detrimental to Union diplomatic policy;
266. Welcomes the fact that DG DEVCO made public the list of the delegations involved in the EAMR and provided an analysis of DG DEVCO KPIs summary in its AAR; insists, however, that the Financial Regulation should be fully respected;

Trust funds

267. Recalls that the possibility for the Commission to create and manage Union trust funds

is meant:

- (a) to enhance the international role of the Union, as well as strengthen the visibility and efficiency of its external action and development assistance;
 - (b) to provide for an accelerated decision-making process in the selection of the measures to be implemented, which is crucial in emergency and post-emergency actions;
 - (c) to ensure the leverage of additional resources devoted to external action; and
 - (d) via the pooling of resources, to increase coordination between different Union donors in selected areas of intervention;
268. In the light of the recent experiences, expresses some concerns as to achievement of the main objectives pursued by the setting up of the trust funds and notes, in particular, that:
- (a) the leverage effect of this new tool is not necessarily guaranteed, the contribution of other donors being in certain cases very limited;
 - (b) the visibility of the external action of the Union has not improved, despite the existence of different arrangements with the stakeholders, and that a better coordination of the action of all the stakeholders is not necessarily ensured;
 - (c) the a priori preference for Member State agencies in some of the trust funds' constitutive agreements leads to a conflict of interests rather than an incentive for Member States to provide more financial resources;
269. Recalls in particular that the trust fund for Africa is worth over EUR 3,2 billion, with over EUR 2,9 billion coming from the European Development Fund (EDF) and EUR 228,667 million from other donors; considers unacceptable that the involvement of the EDF in trust funds further limits the possibility for the Parliament to scrutinise Union spending;
270. Points out that pooling resources from the EDF, the Union budget and other donors should not have as consequence that money flagged for the ACP does not reach its normal beneficiaries;
271. Highlights that the increasing use of other financial mechanisms such as trust funds to deliver Union policies alongside the Union budget risks undermining the level of accountability and transparency as reporting, audit and public scrutiny arrangements are not aligned (Court's annual report 2016, paragraph 2.31); therefore stresses the importance of the Commission's commitment to keep the budgetary authority periodically informed of the funding of the trust funds and their scheduled and ongoing operations, including contributions made by Member States;

Funds to Palestinian authority

272. Insists that teaching and training programmes that are financed from Union funds such as PEGASE should reflect common values such as peace, freedom, tolerance and non-discrimination within education, as was decided upon by Union education ministers in Paris on 17 March 2015;

Measures to be taken:

273. Calls on DG NEAR (Court's annual report 2016, paragraph 9.37):
- (a) to work together with the audit authorities in IPA II beneficiary countries to improve their competence;
 - (b) to develop risks indices to improve the assessment based on internal control templates that the directorate general had rightly introduced so as to better measure the impact of errors;
 - (c) to disclose properly the scope of the residual error rate study and the estimated lower and upper error limits in its next AAR;
 - (d) to improve the calculation of the 2017 corrective capacity by addressing shortcomings identified by the Court;
274. Calls on DG DEVCO and DG NEAR to consider defining in cooperation with DG HOME a key performance indicator related to the elimination of the underlying and root causes of irregular migration;
275. Calls on the Commission to take the necessary measures to redress the deficiencies detected by its own IAS regarding DG DEVCO performance reporting and to transform the EAMR into a reliable and fully public document properly substantiating the declaration of assurance made by the heads of delegation and by the director general of DG DEVCO; asks DG DEVCO to define KPIs in such a way that make it possible to measure the performance of the development cooperation policy; and to do so without compromising Union diplomatic policy via its delegations;
276. Regards it as essential that suspension of pre-accession funding should be possible not only in cases of proven misuse of funds, but also in cases where pre-accession countries violate in any way the rights laid down in the Universal Declaration of Human Rights;
277. Stresses that trust funds should be established only when their use is justified and the required action is not possible through other, existing financing channels; calls, in this regard, on the Commission, when establishing trust funds, to set up guiding principles for carrying out concise and structured assessment of the comparative advantages of trust funds relative to other aid vehicles and also to carry out analyses of what specific gaps the trust funds are supposed to fill; calls furthermore on the Commission to consider putting an end to trust funds that are unable to attract a significant contribution from other donors or that do not provide an added value as compared to 'traditional' Union external instruments;
278. Deeply regrets the acknowledged cases of violence, sexual abuse and totally improper behaviour on the part of workers providing humanitarian aid to civilians in conflict and post-conflict situations; notes that the Commission has stated its commitment to review and, where necessary, suspend funding to those partners that do not comply with the high ethical standards required; urges the Commission, in order to eradicate this scourge and avoid any repetition, to strengthen prevention mechanisms in staff selection procedures, and moreover to provide initial and continuous training in this regard; and calls for a policy to protect whistleblowers in these cases;
279. Calls on the Commission to draft its strategy papers more carefully, so as to provide a

more wide-ranging and accurate assessment of funding requirements and of the best instruments to use;

- 280. Asks the Commission to ensure that Union funding is disbursed in accordance with the UNESCO standards of peace and tolerance;
- 281. Considers it essential for the administrative capacity of the countries which receive funding to be actively supported by the Commission through appropriate technical assistance;

Migration and Security

- 282. Notes that in Chapter 8 of its annual report regarding “security and citizenship”¹ the Court did not calculate an error rate on the basis of the 15 transactions that it examined, as this sample was not intended to be representative of spending under this MFF heading;
- 283. Notes with concern the Court finding according to which “two years into the seven year programming period progress in making shared-management Asylum, Migration and Integration Fund (AMIF²) and Internal Security Fund (ISF) payments are slow” (Court’s annual report 2016, box 8.2);
- 284. Points out that the Court found several system weaknesses relating to SOLID, AMIF and the ISF at Commission and Member States level;
- 285. In particular regrets that:
 - (a) the Court stressed the high number of draft AMIF or ISF programmes prepared by the Member States and reviewed by the Commission prior to their approval, which may delay implementation;
 - (b) according to the Court, the Commission’s assessment of Member States’ systems for AMIF and ISF was often based on insufficiently detailed information, particularly in the area of audit strategies;
 - (c) that there were delays in the reporting of ex post conformity audits for SOLID programmes and insufficiently documented quality control procedures for outsourced audit work;
- 286. Regrets that the Court also found the following deficiencies at the level of the Member States: insufficiently documented on-the-spot- checks, absence of a dedicated IT tool for the management and control of funds and some weaknesses in the audit performed by Member States audit authorities;
- 287. Deplores the fact that the Court has noted in its annual report that “the overall amount of funds mobilised for the refugee and migration crisis was not reported by the

¹ MFF heading 3 covers a range of policies; the most significant area of expenditure is migration and security; but funding is also provided for Food and feed, and cultural and creative activities and as well as programmes covering justice, rights, equality and citizenship, and consumers and health.

² AMIF replaces the Solidarity and Management of Migration Flows programme (SOLID).

Commission in 2016 and is difficult to estimate"(Court's annual report 2016, paragraph.2.28);

288. Regrets that the Court concluded as to the hotspots (Court's Special report No 6/2017) that:

- (a) despite considerable support from the Union, at the end of 2016, the reception facilities in Greece and Italy were still not adequate;
- (b) there was also a shortage of adequate facilities to accommodate and process unaccompanied minors in line with international standards;
- (c) the hotspot approach further requires that migrants be channelled into appropriate follow-up procedures, i.e. either a national asylum application or return to the country of origin and the implementation of these follow-up procedures is often slow and subject to various bottlenecks, which can have repercussions on the functioning of the hotspots;

289. Deplores the fact that according to Human Rights Watch, women have reported frequent sexual harassment in hotspots in Greece;

290. Shares the Court's assessment regarding a lack of transparency about the split of funding between public resources and migrants' resources in the issue of emergency assistance to transport non-Union migrants from Greek islands to the Greek mainland, referred to by the Court in its annual report (Court's annual report 2016, box 8.4); recalls that Union legislation does not allow beneficiaries of Union grants to obtain profits from the implementation of a project; considers that this case raises some reputational issues for the Commission and questions its handling from an ethical point of view;

Measures to be taken

291. Calls on:

- (a) DG HOME to consider defining, in cooperation with DG DEVCO and DG NEAR, a key performance indicator related to the elimination of the underlying and root causes of irregular migration;
- (b) the Commission to regroup the budget lines financing migration policy under a single heading with a view to enhancing transparency;
- (c) the Commission to define specific strategies with Union support teams to ensure the safety of women and accompanied minors at hotspots;
- (d) the Commission and the Member States to take the necessary measures to provide adequate reception facilities in Greece and Italy;
- (e) the Commission and the Member States to remedy the system weaknesses detected by the Court in the management of AMIF/ISF funds;
- (f) the Commission to provide an estimated cost paid per migrant or applicant for asylum country by country;
- (g) the Commission to provide for a monitoring system with a view to ensuring that

the human rights of refugees and asylum seekers are respected;

- (h) the Commission to step up the checks carried out on funds for refugees, which are frequently allocated by the Member States in emergency situations without complying with the rules in force at the time;

Code of conduct of the Commissioners and procedures for the appointment of senior officials

- 292. Appreciates that its calls on the Commission to review the code of conduct for Commissioners by the end of 2017, including by defining what constitutes a conflict of interest as well as introducing criteria for assessing the compatibility of post-office employment and extending the cooling off period to three years for the President of the Commission, have received the required response; notes that the new code entered into force on 1 February of this year;
- 293. Recalls the promise of President of the Commission Juncker to the European Ombudsman that the former President of the Commission Barroso would only be received as an interest representative; recalls the opinion of the Ad Hoc Ethical Committee on the new employment of Mr. Barroso, as an adviser to Goldman Sachs, that this would be reconcilable only with a commitment of Mr. Barroso not to lobby on behalf of Goldman Sachs;
- 294. Points out the inconsistency created by multiple individual members of the Commission describing their meeting with Mr. Barroso as meetings with Goldman Sachs International, according to their meeting registry; concludes that either meetings with Mr. Barroso were not lobby meetings, in which case the promise to the European Ombudsman was not kept and the Commission meeting registry is not reflective of an actual transparency register or the meetings with Mr. Barroso were treated as meetings with an interest representative, in which case one of the conditions set by the Ad Hoc Ethical Committee was violated;
- 295. Recalls that the absence of a conflict of interest must also be a prerequisite for the holding of Commissioner hearings and that therefore the declaration of financial interest forms must be completed and made available before the Commissioner is heard by the competent Parliament committee and must be updated at least once a year and each time the information changes;
- 296. Is of the opinion that the Commission should make the Commissioner's special advisers more accountable and their professional ties and background transparent and open to public scrutiny in order to prevent their potential conflicts of interest as they have unfettered access to the Commission; believes that these steps will help to limit the possibility of lobbying at the highest level through the back door;
- 297. Calls, in this connection, for Commissioners to declare all their interests (as shareholders, company board members, advisers and consultants, members of associated foundations, etc.) in all the companies in which they have been involved, including close family interests, as well as the changes that took place at the time when their candidacy was made known;
- 298. Points out that the extension of the cooling off period to three years should concern all members of the Commission as requested by Parliament on several occasions; insists

that the opinions of the ethical committee should be made public when there are issued;

299. Fears that the appointment processes of the independent ethical committee does not guarantee its independence and stresses that independent experts should not have themselves held the position of Commissioner, nor should they have held a position as a senior Commission official; asks the Commission to adopt new rules on the independent ethical committee in line with this remark;
300. Requests the Commission to provide and publish an annual report by the independent ethical committee; reaffirms that the independent ethical committee can make any recommendation on the improvement of the code of conduct or of its implementation;
301. Is deeply concerned by the lack of transparency, absence of any competition among the eligible staff and a possible misuse of the Union's Staff Regulation in the recent appointment of the Commission President's Head of Office as the new Secretary General of the Commission; notes that the Commission's answers to Parliament's Committee for Budgetary Control did not adequately explain the justification for the appointment of the Secretary General using Article 7 of the Staff Regulation to make the transfer without opening the post as vacant and inviting eligible staff to apply; expects the President of the Commission to present his plan to improve the damage done to Commission's public image due to the recent appointment of Secretary General to the Parliament;
302. With a view to the recent appointment of the Commission's Secretary General and in the interests of ensuring an independent European public administration, calls on the Commission to present before the end of 2018 a proposal for a procedure for the appointment of senior officials, which ensures that the best candidates are selected in a framework of maximum transparency and equal opportunity, and is sufficiently broad for it to be applicable to all the other Union institutions including the Parliament and the Council;
303. With a view to the future, asks the Commission to envisage introducing the following improvements:
 - (a) acceptance of gifts from donors from Member States should be prohibited (Article 6 (4));
 - (b) the participation of Commissioners in national politics during their term of office should be suspended or limited to passive party membership;
 - (c) clarification of the reference to “diplomatic or courtesy usage” (Article 6 (2) and (5)), which suffers from a lack of precision and clarity and might be prone to abuse;
 - (d) participation of Commissioners in national election campaigns should be aligned to participation in European election campaigning (Articles 9 and 10); in both cases, Commissioners should be obliged to take unpaid electoral leave;
 - (e) more clarity should be provided on the criteria for such possible referral to the Court of Justice of the European Union under Article 245 or 247 TFEU;
 - (f) Commissioners should declare all their relevant interests (as shareholders,

company board members, advisors and consultants, members of associated foundations, etc.) rather than selecting only those they believe might be considered to be capable of giving rise to a conflict of interest;

- (g) declarations of interests should be improved in line with Parliament's resolution of 1 December 2016 on Commissioners' declarations of interests – guidelines (2016/2080(INI));

Administration

The findings of the Court

304. Notes that the institutions collectively cut the number of posts in the establishment plan by 4,0 % over the period from 2013 to 2017 (from 39 649 to 38 072 posts), and that the institutions reduced the number of staff (posts actually occupied by a staff member) by 1,4 % between 2013 and 2017 (from 37 153 to 36 657 posts);

305. Also notes the Court's additional conclusions:

“30. However, during the same period, the budgetary authority granted new posts to the institutions, bodies and agencies in the framework of the annual budgetary procedure. These posts were made available mostly for the development of their activities (this explains the significant increase in the number of posts granted to agencies), the accession of Croatia and to the political groups in the European Parliament.

31. As a consequence, the number of posts in the establishment plans decreased by 1,1 % between 2012 and 2017 with significant variations between the institutions (- 3,5 %), decentralised agencies (+ 13,7 %) and executive agencies (+ 42,9 %). The number of posts actually occupied from 1 January 2013 to 1 January 2017 increased by 0,4 % over the period (- 1,3 % for institutions and bodies and + 11,3 % for agencies, with 9,6 % in decentralised agencies and 33,7 % in executive agencies). The average vacancy rate decreased from 6,9 % on 1 January 2013 to 4,5% on 1 January 2017 and reached a level below 2 % in some institutions and bodies.”¹;

306. Notes with concern the continuing discrimination against Union staff based in Luxembourg, in spite of the judgment of the Court of Justice of October 2000 in the Ferlini case (C-411/98) and Directive 2011/24/EU which both condemn the practice; stresses that over-charging continues, use being made of two agreements with Luxembourg's Hospitals Federation (FH) and the Doctors' and Dentists' Association (AMD), which set a limit of 15 % for overcharging but allow for 500 % for treatment carried out in hospitals; deplores the fact that the 2000 Court of Justice ruling and Directive 2011/24/EU are violated not only by the agreements but also by a number of national healthcare operators; calls on the Commission to firstly, calculate the annual additional cost of the overcharging to the Union budget (JSIS) and justify it, secondly, determine an infringement procedure or similar legal action against the Grand Duchy;,, thirdly, inform the Parliament of the outcome of Public petition No 765 submitted to the Chamber of Deputies of Luxembourg and of the public debate held there on

¹ European Court of Auditors, Rapid case Review on the implementation of the 5% reduction of staff posts, p 27.

19 October 2017, fourthly, protest against the two agreements with the FH and the AMD.

- 307. Welcomes the statements made by Commissioner Oettinger on the end of staffing policy restrictions with the aim of avoiding serious prejudice to the proper functioning of the European institutions and the quality of the public service the Union provides to European citizens; stresses the importance of having a strong European civil service, at the service of the citizen and able to respond to the challenges faced by the Union and to implement its policies with the highest possible standards of excellence and professionalism, and of providing this service with all the necessary legal and budgetary resources; stresses the importance of once more making the European civil service an attractive proposition for young Union professionals; calls on the Commission to draft a report on the consequences of the restrictions for the attractiveness of the Union civil service and on its current under-resourced state that proposes solutions to help bring the service closer to European citizens and increase their interest in joining it;
- 308. Stresses the importance of finding a solution to the problem of the excessive, and in many cases abusive, billing of the medical expenses of the staff and members of the Parliament in some Member States; calls on the Commission to seek solutions to this problem which, in countries such as Luxembourg, costs some EUR 2 million a year (e.g. negotiations with Member State social security systems, public or private, the creation of a card similar to the European Health Insurance Card for foreign travel, etc.);

The Jean Monnet buildings (JMO I, JMO II) in Luxembourg

- 309. Recognises that the construction of the new Jean Monnet building (JMOII) has encountered a considerable delay, linked to additional costs;
- 310. Regrets the fact that it took the Commission and the Luxembourg authorities 15 years (1994 - 2009) to agree on the future arrangements for housing Commission departments in Luxembourg;
- 311. Looks forward to receiving the full history of JMO I/JMO II between 1975 and 2011 as promised by the Commission in their written answers in preparation for the hearing with Commissioner Oettinger on 23 January 2018;
- 312. Regrets the fact that even though a complete inventory of materials containing asbestos in JMO I was drawn up in 1997, the Commission did not leave the building until January 2014 and that it took AIB-Vinçotte Luxembourg until 2013 to revise its findings; notes that the sheets of asbestos in JMO I were of a lower density than had been previously thought and that they were therefore more sensitive to mechanical impact (basic friction being sufficient to release fibres into the air from where they could be inhaled); considers that the Commission, in view of the severe health risks resulting from the inhalation of asbestos, should have considered the expert's report and the qualified opinions of other experts in the field, especially after what happened in the Berlaymont building in Brussels; calls on the Commission to inform Parliament whether all workers were duly informed of the situation and of the serious health risks incurred, whether any illness was detected that might have resulted from the inhalation of asbestos particles and what measures were taken in such cases, and whether preventive measures were taken (screening and early detection tests, etc.); also calls on the Commission to report on whether it has initiated any proceedings against AIB-Vinçotte Luxembourg in this regard;

313. Notes that in December 2015 the Commission and the Luxembourg authorities agreed on sharing the costs associated with the early move out of JMO I; notes that JMO II was originally supposed to have become available on 31 December 2014;
314. Calls on the Commission to report in detail on the cost of renting the six buildings occupied by the Commission in the meantime (ARIA, LACC, HITEC, DRB, BECH and T2), arising from the delay in delivering JMO II, and the consequences of extending the lease agreements; calls on the Commission to ensure that working conditions are improved in these six buildings, in close cooperation with the Committee on Health and Safety at Work, and to conclude speedy negotiations with the Luxembourg authorities on improving the conditions for mobility and access to them; reminds it that medical offices should be established in each building in accordance with Luxembourg legislation;
315. Has recently learnt that the first construction phase of JMO II will probably be handed over in early 2020 and the second phase in early 2024; notes the explanations given by the Commission on the causes of the delays:
- (a) the consortium of architects KSP requested to review certain clauses of the management contract;
 - (b) a tender procedure for the earthmoving works faced administrative problems;
 - (c) significant changes regarding the security measures;
- and asks it to provide documents in support of those explanations and a detailed breakdown of the costs arising from the delay in the handover of the building;

316. Wishes to receive the supporting documents for these explanations by 30 June 2018;

European Schools

317. Recalls that the Commission paid 61 % (EUR 177,8 million) of the schools budget in 2016;
318. Regrets that after more than 15 years¹ there is still not sound financial management system in place for European schools;
319. Points in this context to the Court's annual report on the annual accounts for the European Schools for the financial year 2016, which revealed the following weaknesses²:
- “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. 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

¹ points 276, 281, 282 of Parliament's resolution of 27 April 2017.

² Report on the annual accounts of the European Schools for the financial year 2016 together with the Schools' replies, November 2017, 11 and 12.

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.”

320. Acknowledges that the director general acted therefore only congruously when limiting her assurance declaration: “The Director-General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reputational reservation concerning the effective management of some of the Commission funds assigned to the European Schools.”¹;
321. Deplores the fact that the Court’s annual report on the annual accounts for the European Schools for the financial year 2016, revealed numerous weaknesses; believes that the financial accountability of the European Schools system should be raised to a proper level by means of a dedicated discharge process for the EUR 177,8 million put at its disposal;
322. Reiterates Parliament's view that a 'comprehensive review' of the European Schools system is urgently required to consider "reform covering managerial, financial, organisational and pedagogical issues" and recalls its request that "the Commission submit annually a report giving its assessment of the state of progress" to Parliament;
323. Asks the Commission when it expects a sound financial management system for European Schools to be in place; calls on the Commission to take all necessary measures to ensure that a good financial management system for European Schools can be introduced as quickly as possible;

European Anti-Fraud Office (OLAF)

324. Is astounded that the development of a new case management system, devised in-house, will cost EUR 12,2 million; asks whether OLAF undertook any market research for cheaper solutions before engaging in this expense; expects that the Commission and OLAF present a thorough explanation of estimated costs and steps taken to find a more economic solution to the discharge authority;
325. Has great misgivings about
- (a) creating posts for the sole purpose of serving as a spring-board for a secondment,
 - (b) the high official not respecting a “cooling-off” period before accepting a position with close links to his prior employment,
 - (c) the high official running the risk of being entangled in a conflict of interest between loyalty to his former and current employer;

Expert Groups

326. Calls on the Commission to ensure a balanced composition of expert groups; takes note of the Corporate Europe Observatory report of 14 February 2017 “Corporate interests continue to dominate key expert groups”² ; is concerned with its conclusion,

¹ https://ec.europa.eu/info/sites/info/files/file_import/aar-hr-2016_en_0.pdf , p.10.

² <https://corporateeurope.org/expert-groups/2017/02/corporate-interests-continue-dominate-key-expert-groups>.

specifically as to the imbalance in the expert groups GEAR2030, Automatic Exchange of Financial Account Information, Joint Transfer Pricing Forum, Platform for Good Tax Governance and the Working Group on Motor Vehicles subgroup Real Driving Emissions - Light Duty Vehicles; considers that the Parliament has still not received a formal answer to its resolution on “Control of the Register and composition of the Commission’s expert groups” of 14 February 2017¹; calls upon the Commission to provide a thorough response without delay;

Investigative journalism and fight against corruption

327. Condemns the murder of Slovak investigative journalist Jan Kuciak and his fiancée Martina Kusnirova on 22 February 2018, is very much concerned by information according to which this assassination could be linked to the fraudulent payment of Union transfer funds to a resident in Slovakia and with alleged ties to the organised crime group 'Ndràngheta; asks the Commission and OLAF to closely examine this file and to report on it in the framework of the follow-up to the Commission discharge;
328. Regrets the discontinuing of the country-by-country report in a second EU Anti-Corruption report by the Commission (ARES (2017)455202); calls on the Commission to start reporting again separately from the Economic Semester on the status of corruption in Member States, including evaluating the effectiveness of EU-supported anti-corruption efforts; strongly urges the Commission not to evaluate anti-corruption efforts only in terms of economic loss;
329. Calls on the Commission to make a renewed effort to allow the EU to become a signatory to GRECO (group of states against corruption);

Transitional allowances

330. Takes note of the findings and recommendations of Parliament’s Policy Department D’s study "Transitional allowances for former Union office holders - too few conditions?"; calls on the Commission to take these recommendations into account, and initiate a revision of transitional allowances for former EU office holders in order to enhance the transparency of the allowances, and the accountability of the EU budget towards the citizens; calls in particular on former EU office holders to refrain from lobbying activities at EU institutions as long as they receive a transitional allowance;

Executive Agencies

331. Calls on the executive agencies concerned:
- (a) to follow up and implement the recommendations of the Internal Audit Service;
 - (b) to avoid carry-overs as far as possible by introducing differentiated budget appropriations to better reflect the multiannual nature of operations;
 - (c) to keep detailed and comprehensive records on public procurement and recruitment procedure.

¹ (2015/2319(INI)).

Committee opinions

Foreign Affairs

332. Takes note of the Final Report on the External Evaluation of the European Instrument for Democracy and Human Rights (EIDHR) issued in June 2017; welcomes indications that election observation is contributing to the overall and specific objectives of the EIDHR; underscores the importance of ensuring continued support among local populations for EOMs; to this effect draws attention to the need to ensure cost effectiveness and introduce proportionality between the resources spent on EOMs and the follow up of its recommendations; calls on the Commission to consider proposals made in the Final Report on the External Evaluation of the EIDHR to further strengthen the follow up of recommendations that result from election monitoring;
333. While welcoming the progress achieved, notes that 4 out of 10 civilian missions under the Common Security and Defence Policy (CSDP) have not yet been recognised by the Commission as compliant with Article 60 of the Financial Regulation; urges the Commission to step up work in order to accredit all civilian CSDP missions, in line with the ECA's recommendation, allowing them to be entrusted with budget implementation tasks under indirect management; *Development and Cooperation*
334. Is very worried by a noticeable trend in recent Commission proposals to ignore legally binding provisions of Regulation (EU) No 233/2014¹ when it comes to Official Development Assistance eligible expenditure and eligible countries for Development Cooperation Instrument (DCI) spending; recalls that the legality of Union spending is a key principle of sound financial management and that political considerations should not take precedence over clear legal provisions; recalls that DCI is first and foremost an instrument designed to fight poverty;
335. Supports the use of budget support but urges the Commission to better define and clearly assess the development outcomes to be achieved in each case and above all to enhance control mechanisms concerning recipient states' conduct in the fields of corruption, respect of human rights, rule of law and democracy; expresses deep concern about the potential use of budget support in countries lacking democratic oversight, either due to the lack of a functioning parliamentary democracy, freedoms for civil society and the media, or due to a lack of capacity of oversight bodies;
336. Is worried by the Court's statement that there is a serious risk for the Union not to meet its aim of mainstreaming climate change throughout the Union budget and that the goal of spending 20 % of its expenditure for climate-related action will not be met;
337. Is worried by the Court's finding that the Union certification system for the sustainability of biofuels is not fully reliable²; underlines the potential negative consequences for developing countries as stated by the Court: "the Commission did not require voluntary schemes to verify that the biofuel production they certify does not cause significant risks of negative socioeconomic effects, such as land tenure conflicts, forced or child labour, poor working conditions for farmers and dangers to health and safety"; requests the Commission to address this issue;

¹ Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

338. Looks forward to being fully informed and consulted on the mid-term review of the DCI which is supposed to take into account Agenda 2030 and a new European Consensus on Development;
339. Calls on the Commission to incorporate an incentive-based approach to development by introducing the more-for-more principle, taking as an example the European Neighbourhood Policy; believes that the more and the faster a country progresses in its internal reforms to the building and consolidation of democratic institutions, the eradication of corruption, the respect for human rights and the rule of law, the more support it should receive from the Union; stresses that this “positive conditionality” approach, accompanied by a strong focus on financing small-scale projects for rural communities, can bring real change and guarantee that Union tax payers’ money is spent in a more sustainable manner; on the other hand, strongly condemns any attempt to make aid conditional on border control;

Employment and Social Affairs

340. Is concerned that in the course of the Court’s review of 168 completed projects under the ‘Economic, social and territorial cohesion’ spending area, only one-third had a performance measurement system with output and result indicators linked to the objectives of the operational programme and that 42 % had no result indicators or targets, making it impossible to assess the specific contribution of those projects to the overall objectives of the programme;
341. Notes the Court’s recommendation that when reconsidering the design and delivery mechanism for the ESI funds post-2020, the Commission should strengthen the programme focus on performance and simplify the mechanism for payments by encouraging, as appropriate, the introduction of further measures linking the level of payments to performance instead of simply reimbursing costs;
342. Welcomes the results achieved under the three axes of the European Union Programme for Employment and Social Innovation (EaSI) in 2016; draws attention to the importance of EaSI support, and, in particular, of its Progress and European Employment Services network (EURES) axes, for the implementation of the European Pillar of Social Rights; notes with concern that the thematic section Social Entrepreneurship within the EaSI Microfinance and Social Entrepreneurship axis continues to underperform; calls on the Commission to insist that the European Investment Fund commits to full utilisation of the resources under the Social Entrepreneurship thematic section;

Environment, Public Health and Food Safety

343. Stresses that an action plan was set up in 2016, following comments from the Court, in order to ensure improvements on payments delays under the LIFE programme; notes that the rate of delayed payments for 2016 reached 3,9 %;
344. Regrets that there is no specific reporting framework managed by the Commission in relation to the identification and the measurement of the undesired implications of Union policies that make a negative contribution to climate change, and in relation to the quantification of the share of this expenditure in the total Union budget;
345. Stresses that internal audits also showed that there were delays in the implementation of

one very important IT security-related recommendation (on the management of the security of the EU ETS IT system), which exposes the Commission services to the risk of security breaches;

346. Notes that the ex post evaluation of the second Health Programme initialised in July 2016 found that while the programme delivered valuable outputs with a clear link to Union and national health policy priorities, there was still room for improvement concerning the dissemination of action outputs and synergies with other Union funding instruments such as the structural funds;

Transport and Tourism

347. Regrets that, at a time when the next MFF is under preparation, the Court did not provide any comprehensive information regarding the audits performed for the transport sector under the area of “Competitiveness for growth and employment”, in particular regarding the CEF;
348. Notes that by the end of 2016, CEF had provided support to 452 transport projects for a total of EUR 19,4 billion in investments across Europe; reiterates the importance of the CEF funding instrument for the completion of the TEN-T network and for achieving a Single European Transport Area; stresses that the budgetary cuts to the CEF made in the past, due to the funding of the EFSI initiative, should be avoided in the future;
349. Notes that in 2016 EFSI provided EUR 3,64 billion financing 29 operations: 25 transport projects and 4 multi-sectors funds with an expected 12,65 billion of total investments; regrets that the Commission and the European Investment Bank (EIB) did not provide comprehensive information sector by sector on an annual basis of the projects supported by EFSI;
350. Takes note of the launch in 2016 of the Green Shipping Guarantee Programme through the new CEF debt instrument and EFSI, which will potentially mobilise EUR 3 billion of investment in equipping vessels with clean technology; asks the Commission to provide detailed information on the implementation of this programme, including on the financial, technological aspects as well as on the environmental and economic impacts;
351. Notes that the number of financial instruments has increased considerably which allows for new blending opportunities in the transport sector, while at the same time creating a complex web of arrangements around the Union budget; is concerned that these instruments alongside the Union budget could risk undermining the level of accountability and transparency, as reporting, audit and public scrutiny are not aligned; regrets furthermore that with the use of the EFSI funds, implementation powers are delegated to the EIB with more limited public scrutiny than for other instruments supported by the Union budget;
352. Calls upon the Commission to clearly present for the sector of transport an assessment of the impact of EFSI on other financial instruments, in particular with regard to the CEF as well as on the coherence of the CEF Debt Instrument with other Union initiatives in good time before the proposal for the next MFF and for the next CEF; requests that this assessment presents a clear analysis of the geographical balance of investments in the transport sector; recalls, however, that the amount of money spent under a financial instrument should not be considered to be the only pertinent criteria to be used when assessing its performance; invites, therefore, the Commission to deepen

its assessment of the achievements completed under Union funded transport projects and measure their added-value;

- 353. Reiterates its request that the Commission, in view of the multiple sources of funding, provide an easy access to projects -in form of a one-stop-shop- in order to allow citizens to clearly follow the developments and funding of infrastructures co-financed by Union funds and by the EFSI;
- 354. Calls on the Commission to evaluate the financial effectiveness of the agreement with Eurocontrol regarding the Performance Review Body (PRB) and to advance the proposal to establish PRB as a European economic regulator under the supervision of the Commission; moreover, taking in account the necessity to implement as soon as possible the Single European Sky and in order to increase the competitiveness of aviation industry, calls on the Commission to advance the proposal to designate the Network Managers as a self-standing service provider set up as an industrial partnership;
- 355. Calls on the Commission to present an assessment of the impact of the projects financed by the Member States, in the area of transport under the Danube Strategy and to make a proposal to increase the added value of the future projects in order to contribute to the completion of this important transport corridor;
- 356. Deeply regrets that, due to the lack of a specific budget line for tourism, there is a lack of transparency regarding the Union funds used to support actions for tourism; reiterates its request to add a budget line in future budgets of the Union dedicated to tourism;

Regional Development

- 357. Draws attention to the role administrative capacities play in the regular use of the ESI funds; considers that an exchange of good practices could effectively contribute to enhancing Member States' capacities in this field;
- 358. Is deeply concerned that the major delay in implementing the policies of economic, social and territorial cohesion has exacerbated the multiple inequalities both throughout the Union and within Member States and regions, thus jeopardising the integrity of the Union;
- 359. Takes note of the strategic report 2017 on the implementation of the ESI funds¹, stressing that the ESI funds' project selection has reached an overall EUR 278 billion, or 44% of the total investment planned for 2014-2020, which have been delivered to Europe's real economy since the beginning of the funding period; considers that the implementation of the 2014-2020 programmes has now reached full speed, proving the added value of cohesion policy investment for all regions in the Union but also the need for further efforts to strengthen the administrative capacity of national, regional and local authorities;

Agriculture and Rural Development

- 360. Welcomes the fact that the LPIS saw further improvement and enhanced precision, which makes it a great tool for reducing the error rate as well as the administrative burden for farmers and paying agencies;

¹ http://ec.europa.eu/regional_policy/en/policy/how/stages-step-by-step/strategic-report/.

361. Calls on the Commission and Member States to monitor the significant price volatility of agricultural products, which has adverse effects on farmers' incomes, and to react promptly and effectively when needed;
362. Notes that the first full year of 'greening' implementation has not apparently had an impact on the error rate, which can be considered a major achievement on the part of farmers and paying agencies given the complex nature of the greening rules; shares the Commission's view that it is still too early to draw conclusions on the precise environmental outcomes; notes that, notably, other factors, apart from greening, also influence the environmental performance of the agriculture sector; underlines that 'greening' serves as an example of the increased need for performance auditing also in the field of agriculture;
363. Welcomes the greening scheme and its aim to make Union farms more environmentally friendly through the practices of crop diversification, the maintenance of existing permanent grassland and the establishment of ecological focus areas on arable land, as outlined by the Court's annual report;
364. Recalls that there is a significant difference in types and scale of error, i.e. between unintentional omissions, administrative in nature and cases of fraud, and that omissions do not as a rule cause any financial damage to the taxpayer, which should also be taken into account when estimating the actual error rate; reminds the Commission that the risk of unintentional errors owing to complex regulation is in the end borne by the beneficiary; regrets that, even if the investment was effective, expenditure is still judged 100 % ineligible by the Court in the event of public procurement errors; stresses therefore that further rationalisation in the error calculation method is desirable;
365. Notes that access to data and good monitoring especially of environmental aspects is essential, considering that certain natural resources underpin long term agricultural productivity, such as soil and biodiversity;
366. Hopes that the Court is adjusting its supervisory approach so as to give the same importance to the use of funds as to their allocation;

Fisheries

367. Urges the Court, in its future reports, to present a separate error rate for fisheries and maritime affairs to eliminate the distortions that result from including other areas under the same heading; notes that maritime affairs and fisheries are not covered in sufficient detail in the Court's annual report and that a proper evaluation of financial management in those areas is therefore difficult;
368. Congratulates the Commission on the particularly high rate of implementation of Section III, Title 11 of the 2016 budget (Maritime Affairs and Fisheries) in respect of both commitment appropriations (99,2 %) and payment appropriations (94,7 %); points out that under Article 13 of Regulation (EU) No 508/2014¹, budgetary resources are broken down in accordance with their area of allocation, and that it would therefore be

¹ Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (OJ L 149, 20.5.2014, p. 1).

appropriate for the Commission, in its report, to detail the rate of implementation according to budgetary lines;

- 369. Takes note of the reservation expressed in DG MARE's activity report, affecting eight Member States, with regard to the detection of ineligible expenditure under the European Fisheries Fund (EFF);
- 370. Encourages DG MARE's efforts in controlling jointly managed appropriations, and particularly its measures with regard to the EFF and the European Maritime and Fisheries Fund (EMFF);
- 371. Notes that the figure for risk of loss of funds is EUR 5,9 million and that the Commission has taken the requisite measures to evaluate the 2017 expenditure and, if necessary, to recover monies allocated;
- 372. Notes that the level of implementation of the 2014-2020 EMFF, three years after its adoption on 15 May 2014, remains unsatisfactory, as by September 2017 only 1,7 % of the EUR 5,7 billion available as jointly managed funding had been used; notes that the rate of take-up of the EMFF is a matter for the Member States; points out that under Article 13 of Regulation (EU) No 508/2014, budgetary resources are broken down in accordance with their area of allocation, and that it would therefore be appropriate for the Commission, in its report, to detail the rate of implementation according to budgetary lines;
- 373. Considers it necessary to provide all possible support for the Member States with a view to ensuring proper and full use of EMFF resources, with high implementation rates, in line with their respective priorities and needs, in particular as regards the sustainable development of the fisheries sector;

Culture and Education

- 374. Welcomes the fact that Erasmus+ enabled 500 000 people to study, train or volunteer abroad in 2016 and is on track to achieve its target of 4 million participants by 2020; stresses that Erasmus+ students tend to develop a large set of transferable skills, competences and knowledge and enjoy better career prospects than non-mobile students and that the programme delivers as a strategic investment in Europe's young people; points out, however, the need to ensure wider accessibility of the programme in particular for young people with fewer opportunities;
- 375. Welcomes the fact that the Erasmus+ funding application procedure has largely been transferred online; believes, however, that the procedure could be simplified further by abolishing the requirement for project partners' letters of accreditation to be signed by hand;
- 376. Points out that there are still problems as regards access to Erasmus+ funding in the 'youth' sector because the programme is managed on a decentralised basis by national agencies; calls on the Commission to take the necessary steps, for instance by centralising part of the funding within the executive agency; calls on the Commission, in addition, to provide the means necessary for all programme beneficiaries to become more involved, one example being to set up permanent sector-specific subcommittees,

as provided for under Regulation (EU) No 1288/2013¹;

377. Maintains that, to date, the key to the success of Erasmus+ has been university exchanges and that, in order to prevent this from being eroded, none of the funding should be used for another programme, nor should the scope of Erasmus+ be widened to encompass other recipients, for example migrants;
378. Is alarmed by the chronically low project success rates under the Europe for Citizens programme and the Creative Europe Culture sub-programme (16 % and 11 % respectively in 2016); stresses that low success rates cause frustration among applicants and are symptomatic of inadequate levels of financing, which does not correspond to the ambitious goals of the programmes;
379. Points out that the Commission's own Education, Audiovisual and Culture Executive Agency (EACEA) says that the Europe for Citizens programme reached full maturity in 2016, in its third year of implementation; calls, therefore, on the Commission and Council to allow properly for the long time-frames that have proved necessary for full implementation of new programmes within the 2014-2020 MFF in order to prevent similar delays from occurring within the financial framework to be established after 2020;
380. Commends EACEA's role in implementing the three culture and education programmes, as evidenced by the positive evaluation of the Agency's work completed in 2016; welcomes EACEA's greater use of e-reporting for funded projects, which should improve data collection and project monitoring, help feed into the Commission's policy work and assist beneficiaries; is pleased to note that EACEA makes 92 % of its payments within the Financial Regulation deadlines; given that education and culture programme beneficiaries are often very small organisations, calls on EACEA to strive for better results, potentially through an average time-to-pay indicator;
381. Notes the 2016 launch of the Cultural and Creative Sectors Guarantee Facility, with a budget of EUR 121 million up to 2022, and the initial interest shown by the sector and financial intermediaries; calls for quick implementation of the planned EUR 60 million frontloading of the Facility from the EFSI; recalls that loans complement other essential sources of funding to the sector, such as grants;
382. Is concerned by the very low level of EFSI funding that reached the education and cultural and creative sectors in 2016; considers that tailored, sector-specific support is essential to ensure that the cultural and creative sector benefits from EFSI loans;
383. Reiterates its support for independent media coverage of European affairs, notably through budgetary assistance for television, radio and online networks; welcomes the continuation of the grant for Euranet+ until 2018 and urges the Commission to find a more sustainable funding model for the network;

Civil liberties, Justice and Home Affairs

384. Recalls that special instruments were used extensively in 2016 to respond to the

¹ Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50).

- humanitarian situation faced by asylum-seekers in the Union and that there is therefore a risk that the amounts left until the end of the current MFF may not be sufficient to respond to unexpected events that may occur before 2020; requests the Commission to solve this structural issue in the next MFF and to properly inform the Parliament;
385. Urges the development of a coherent and systematic strategy with clearer, stronger and long-term political and operational priorities for protecting fundamental rights and freedoms, while ensuring its effective implementation also by granting sufficient funds for this purpose;

Women's Rights and Gender Equality

386. Stresses that equality between women and men should be ensured in all policy areas; reiterates therefore its call for the implementation of gender budgeting at all the stages of the budgetary process, including the implementation of the budget and assessment of its implementation;
387. Regrets that the budget lines under the Rights, Equality and Citizenship Programme (REC) 2014 – 2020 do not specify the resources allocated to each of the objectives of the programme linked to gender equality; welcomes the fact that, in 2016, the Women Against Violence Network and the European Women's Lobby received grants in the field of combating violence against women and gender equality;
388. Reiterates its call to keep a separate budget line for the Daphne specific objective, with increased resources to reverse the decrease of funds dedicated to Daphne during the 2014-2020 period;
389. Deplores the fact that the European Fund for Strategic Investments does not include a gender perspective and stresses that a successful process of recovery is not possible without addressing the impact of the crises on women;
390. Highlights that gender mainstreaming is also among the founding principles of the AMIF; deplores, however, the lack of targeted actions on gender equality with specific budget lines despite Parliament's reiterated calls to take into account the gender dimension also within migration and asylum policies;
391. Reiterates its demand to include in the common set of result indicators for the implementation of the Union budget gender-specific indicators, with due regard to the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
392. Calls for gender impact assessment as part of general ex ante conditionality for Union funds, and for the collection of data disaggregated when possible by sex on beneficiaries and participants;
393. Welcomes the relatively balanced participation by gender (52 % women versus 48 % men) in ESF interventions in 2016;
394. Calls for a renewed commitment by Parliament, the Council and the Commission to gender equality in the next MFF, by means of a joint declaration attached to the MFF, including a commitment to implement gender budgeting and an effective monitoring of the implementation of this declaration in the annual budgetary procedures by including a provision in a review clause of the new MFF Regulation.