

THURSDAY, 27 SEPTEMBER 2018

8.30 - 18.30

Room: Paul-Henri Spaak (P4B001), Brussels

PUBLIC MEETING

1. ADOPTION OF THE AGENDA

The draft agenda was e-mailed to Members on 20 September 2018 and is in the [file for the meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chair draws attention to the following points:

Languages available

FR, DE, IT, NL, EN, ES, CS, ET, HU, PL, BG and RO

Webstreaming

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

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

Adoption of Coordinators' recommendations

The summary of coordinators' recommendations from the last CONT coordinators' meeting that took place on 10 September 2018 was circulated to the Members on 26 September 2018.

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

THURSDAY, 27 SEPTEMBER 2018

08.30 - 12.30

PUBLIC MEETING

3. 2016 DISCHARGE: EU GENERAL BUDGET - EUROPEAN PARLIAMENT

CONT/8/10621



Exchange of views with the Secretary General of the European Parliament, Klaus Welle on the follow-up of the 2016 discharge

Rapporteur: [Derek Vaughan](#) (S&D)
Administrator: Tereza Pinto de Rezende

Shadow Rapporteurs: Claudia Schmidt (EPP), Ryszard Czarnecki (ECR) Nedzhmi Ali (ALDE), Dennis de Jong (GUE/NGL), Benedek Jávor (VERTS/ALE), Marco Valli (EFDD), Jean-François Jalkh (ENF)

In accordance with the resolution of 18 April 2018 accompanying the decision on discharge for the financial year 2016, the Secretary General will briefly summarise the replies and follow-up of the EP administration to the various questions and requests of the 2016 EP discharge resolution before proceeding to an exchange of views.

The Secretary General's written replies have been made available prior to the committee meeting. These were sent to Members by email on 19 September 2018 and have also been published on the [CONT website](#). It is proposed that the discussion is structured following this order of interventions:

- brief presentation by the Secretary General on the replies and follow-up of the administration;
- statement and oral questions by the Rapporteur;
- reply by the Secretary General to the Rapporteur;
- questions by other Members;
- replies by the Secretary General and closing remarks by the Rapporteur.

The Follow-up Report to 2016 Discharge European Parliament resolution is available on the [CONT website](#).



*** ELECTRONIC VOTING ***

4. 2016 DISCHARGE: EU GENERAL BUDGET - COUNCIL AND EUROPEAN COUNCIL

CONT/8/13571



Adoption of 2nd draft report

Rapporteur: [Marco Valli](#) (EFDD)

Administrators: Tereza Pinto De Rezende

Shadow Rapporteurs: José Ignacio Salafranca Neyra (EPP), Arndt Kohn (S&D), Ryszard Czarnecki (ECR), Wolf Klinz (ALDE), Benedek Javor (Greens/ALE), Dennis de Jong (GUE/NGL), Jean-François Jalkh (ENF).

The Rapporteur presented his draft second report on 11 July 2018. Fourteen amendments were tabled within the deadline of 10 September, of which, four proposing to refuse discharge and the remaining ones proposing mainly formal changes and updates, including a call for an agreement to be reached on the CONT latest proposal to the Council on the discharge procedure.

The refusal of the Council and European Council's discharge for the financial year 2016 continues to be considered despite the ongoing negotiations for the future organisation of the discharge procedure with the Council.

The Rapporteur's draft report and amendments tabled are available on the [CONT website](#).

CONT Timetable:

Event	Body	Date
Adoption in CONT	CONT	27 September
Adoption in Plenary	Plenary	October II

5. 2016 DISCHARGE: EUROPEAN ASYLUM SUPPORT OFFICE (EASO)

CONT/8/13572



Adoption of 2nd draft report

CONT Rapporteur: [Bart Staes](#) (Greens/EFA)

Administrator: Cécile Bourgault

Shadow Rapporteurs: Petri Sarvamaa (EPP), Bogusław Liberadzki (S&D), Nedzhmi Ali (ALDE), Dennis de Jong (GUE/GNL), Marco Valli (EFDD), Barbara Kappel (ENF)

On 18 April 2018, the Parliament decided to postpone the discharge on EASO. The second draft report concerning the 2016 discharge on EASO was presented by the Rapporteur to the CONT Committee on 3 September 2018. It focuses on the approved roadmap and actions undertaken by the ad interim Executive Director, Mr Jamil Addou, in order to prepare the way forward in the context of the ongoing investigation by the European Anti-Fraud Office (OLAF).

Committee on Budgetary Control

The Rapporteur is in favour of granting the discharge to EASO. The amendments were sent to Members on 11 September 2018 in mixed language versions. The final voting list was circulated on 24 September.

The draft report, amendments and LIBE opinion are published on the [CONT website](#)

The Court of Auditors' reports and other relevant information (including annual reports, final accounts, etc.) can be found on the [CONT website](#) (discharge section).

CONT Timetable:

Event	Body	Date
Adoption in CONT	CONT	27 September
Adoption in Plenary	Plenary	October II

6. PROTECTION OF THE EU'S FINANCIAL INTERESTS - RECOVERY OF MONEY AND ASSETS FROM THIRD-COUNTRIES IN FRAUD CASES

CONT/8/12077 - [2018/2006\(INI\)](#)

Adoption of draft report



Rapporteur: [Cătălin Sorin Ivan](#) (S&D)
Administrator: Michal Czaplicki

Shadow Rapporteurs: Julia Pitera (EPP), Nedzhmi Ali (ALDE), Benedek Javor (Verts/ALE), Luke Ming Flanagan (GUE/NGL), Jean-François Jalkh (ENF)

The aim of the report is to highlight the problem of EU funds lost due to fraudulent cases in which funds are transferred to third countries. The Rapporteur underlines that currently the EU has concluded agreements on mutual legal assistance with only a few third States, such as Japan, the United States, Norway and Lichtenstein. However, Mr Ivan regrets that many Member States must rely on bilateral agreements, as there is no EU approach to this issue. Thirty amendments were received by the deadline of 5 September 2018; these strengthen the report and add more supportive data.

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

CONT Timetable:

Event	Body	Date
Adoption in CONT	CONT	27 September 2018
Adoption in Plenary	Plenary	October II 2018

7. PROTECTION OF PERSONS REPORTING ON BREACHES OF UNION LAW

CONT/8/12903 - [2018/0106\(COD\)](#)



Adoption of draft opinion to JURI

Rapporteur: [Dennis De Jong](#) (GUE/NGL)
Administrator: Tereza Pinto de Rezende

Shadow Rapporteurs: Tomáš Zdechovský (EPP), Gilles Pargneaux (S&D), Nedzhmi Ali (ALDE), Benedek Jávor (Verts/ALE)

The Rapporteur proposed 85 amendments to the Commission proposal. His opinion in the form of amendments aims to clarify parts of the legislative text and introduces several issues that were included in the EP resolution of 14 February 2017 on the role of whistle-blowers in the protection of EU's financial interests (2016/2055 INI). It also

amends the proposal in order to ensure same kind of protection to EU staff members and eliminate restrictions to reporting.

CONT Members tabled 136 amendments that mainly enlarge the scope of the directive to ensure broader support to whistle-blowers and that the reporting system is transparent and applies to everyone involved in the reporting of breaches of Union law. The Rapporteur has submitted a few compromise amendments to the shadows for negotiation.

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

CONT Timetable:

Event	Body	Date
Adoption in CONT	CONT	27 September
Adoption in Plenary	Plenary	October II

8. GENERAL BUDGET OF THE EUROPEAN UNION FOR THE FINANCIAL YEAR 2019 - ALL SECTIONS

CONT/8/12648



Adoption of draft opinion to BUDG

Rapporteur: [Joachim Zeller](#) (EPP)
Administrator: Philippe Godts

Shadow Rapporteurs: Derek Vaughan (S&D), Martina Dlabajová (ALDE), Indrek Tarand (Verts/ALE), Luke Ming Flanagan (GUE/NGL)

In his draft, report Joachim Zeller welcomes the programme statements of operational expenditures accompanying the budget 2019 but notes with concern that the Commission uses two sets of objectives and indicators to measure the performance of the financial management with hardly any cross-references.

Committee on Budgetary Control

Mr Zeller stresses the unsustainable structure of CAP expenditure and calls on the Commission to carefully analyse the causes of the overall decline in farmer income since 2013. He 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.

Mr Zeller calls on the Commission and the Member States to build stronger coordination between cohesion, economic governance and the European semester. He calls on DG HOME to consider defining, in cooperation with DG DEVCO and DG NEAR, a key performance indicator related to the elimination of the underlying root causes of irregular migration.

The Rapporteur regrets that in 2016, 6, 7% of total payments to the financial engineering instruments (EUR 900 million) went into management costs and fees. He 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. He insists that the European Public Prosecutor Office (EPPO) must be adequately financed and staffed and disapproves that only 35 staff posts are foreseen for 2019, which implies that after deduction of the posts of 23 Deputy Prosecutors, only 12 posts are expected for administrative tasks.

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

CONT Timetable:

Event	Body	Date
Vote	CONT	27 September 2018
Adoption	Plenary	October II

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



9, 10. DISCHARGE 2016 AND 2017: EU GENERAL BUDGET - COMMISSION

CONT/8/10601

CONT/8/14083



Exchange of views with Commissioner *Günther Oettinger*

Rapporteurs: [Joachim Zeller](#) (EPP) (2016 Discharge)
[Inés Ayala Sender](#) (S&D) (2017 Discharge)

Administrators: Christian Ehlers / Philippe Godts

Shadow Rapporteurs for 2017: Ingeborg Gräßle (EPP),
 Martina Dlabajová (ALDE), Bart Staes (Verts/ALE), Luke Ming
 Flanagan (GUE/NGL), Marco Valli (EFDD), Jean-François Jalkh
 (ENF)

Exchange of views with the EU Commissioner responsible for Budget and Human Resources, Günther Oettinger, and in presence of Manfred Kraff, Director-General of the European Commission's internal Audit Service, on the basis of the following documents:

- the follow-up to the discharge for the 2016 financial year (Article 262 of the Financial Regulation);
- the 2017 Annual Management and Performance Report for the EU Budget;
- the Annual Report to the Discharge Authority on internal audits carried out in 2017 (Article 118(4) of the Financial Regulation).

The Communication of the Commission on the follow-up to the discharge for the 2016 financial year explains the measures taken by the Commission in light of Parliament's resolution.

The 2017 Annual Management and Performance Report for the EU Budget, drafted pursuant to Article 318 of the Treaty on the Functioning of the European Union and in accordance with the Article 247(1)(b) of the Financial Regulation, depicts in section one performance and results, and in section two internal control, and financial management achievements. Bringing together information on the performance and management of the EU budget, the Annual Management and Performance Report endeavours to provide a comprehensive overview of how the EU budget supports the Union's political priorities.

The exchange of views gives the Commission an opportunity to present its integrated financial reporting package 2017 which is available at the Commission website: http://ec.europa.eu/budget/biblio/media/2018package_en.cfm

The Annual Report to the Discharge Authority on internal audits, carried out in 2017, is based on the audit and consulting work by the Internal Audit Services in 2017 in the Commission Directorates-General and Executive Agencies. It includes information on significant risk exposure, control issues and governance aspects. These documents are available on the [CONT website](#).

The discussion could be organised in the following way:

- Commissioner Oettinger could introduce the follow-up to Parliament's 2016 Commission discharge and the Annual Management and Performance Report;
- the Rapporteurs of the 2016 and 2017 discharge reply before the floor is given to other CONT Members;
- in a second round, the Commission Internal Auditor could present the Annual Report to the Discharge Authority on internal audits carried out in 2016 ;
- the floor is given to other CONT Members;
- replies by the Commissioner and the Internal Auditor;
- closing remarks by the Rapporteurs.

CONT Timetable:

Event	Body	Date
Consideration of draft report	CONT	21-22 January 2019
Deadline for amendments	CONT	30 January 2019
Adoption in CONT	CONT	20-21 February 2019
Adoption in Plenary	Plenary	March 11 2019

11. ANNUAL REPORT 2017 ON THE PROTECTION OF THE EUROPEAN UNION'S FINANCIAL INTERESTS- FIGHT AGAINST FRAUD

CONT/8/13882



Exchange of views with Commissioner Günther Oettinger, EU Commissioner responsible for Budget and Human Resources

Rapporteur: [Marian-Jean Marinescu](#) (EPP)

Administrator: Michal Czaplicki

Shadow Rapporteurs: Peter Niedermueller (S&D), Nedzhmi Ali (ALDE), Dennis de Jong (GUE/NGL), Benedek Jávor (VERTS/ALE)

Commissioner Günther Oettinger will present the Annual Report from the Commission to the European Parliament and the Council on the Protection of the European Union's financial interests - Fight against fraud - Annual Report 2017 ([COM\(2018\)553](#)).

The Commission presents, in cooperation with the Member States, the Annual Report under Article 325 of the Treaty on the Functioning of the European Union. The purpose of the report is both to assess to what extent the EU funds or revenue of the EU budget are at risk of misuse due to fraudulent or non-fraudulent irregularities and to describe the actions taken to address the issue. It presents the anti-fraud measures at EU level and by the Member States, with a focus on the PIF directive, the EPPO and the role of OLAF.

In 2017, a total of 15 213 fraudulent and non-fraudulent irregularities were reported to the Commission, 20.8% fewer than in 2016. They involved approximatively EUR 2.58 billion, 8.6% down from previous year.

THURSDAY, 27 SEPTEMBER 2018

14.30 - 17.45

PUBLIC MEETING

12. INTERIM REPORT ON THE MULTIANNUAL FINANCIAL FRAMEWORK 2021-2027 –

PARLIAMENT'S POSITION WITH A VIEW TO AN AGREEMENT

CONT/8/14399- [2018/0166\(APP\)](#)



Consideration of draft opinion to BUDG

Co-rapporteurs: [Inés Ayala Sender](#) (S&D)
[Gerben-Jan Gerbrandy](#) (ALDE)

Administrators: Philippe Godts/Tereza Pinto de Rezende

Shadow rapporteurs: Tomáš Zdechovský (EPP), Georgi Pirinski (S&D), Younous Omarjee (GUE/NGL)

As to the proposal for MFF 2021-2027, the co-rapporteurs take note of the numbers presented by the European Court of Auditors. They point out, in particular, that the

Commission proposes a 15% cut for the CAP as a whole (11% cut in direct payments and 27% for the rural development programmes), an increase by 2 % of the ERDF, a 45% cut for the Cohesion Fund and a 7 % cut for the ESF.

They point out that the Europe 2020 strategy will end before the start of the new MFF period and that no new set of strategic EU goals has been decided yet. They regret that the new MFF proposal has become a vehicle for shaping the EU's political objectives after 2020 rather than simply reflecting them.

They point out that the Member States and the Commission should be able to present well-justified needs for Union funding and define the aims and the results to be achieved before any spending is set with the corresponding indicators to be measured.

They welcome the Commission proposal to reduce the number of spending programmes by a third and to make rules more coherent. They recall that the Commission uses two sets of objectives and indicators to measure the performance of the financial management and that the current performance framework of the programmes reported in the programme statements includes 716 indicators of different type measuring the performance against 61 general and 228 specific objectives. They ask the Commission to streamline and better balance performance reporting by clearly presenting information on the main EU challenges still to be achieved.

They welcome the fact that the Commission recognizes the need to align the MFF to political and institutional cycles and consider that the organisation of a mid-term review at the latest at the end of 2023 shall be a step forward in the way to progressively synchronise the duration of the MFF with the 5 year political cycle of the EU Institution.

They welcome the proposals of the Commission to improve the EU budget's capacity to respond to changing circumstances by increasing overall flexibility and ensuring sufficient appropriations to cover unforeseen events without reducing the monitoring and control.

Committee on Budgetary Control

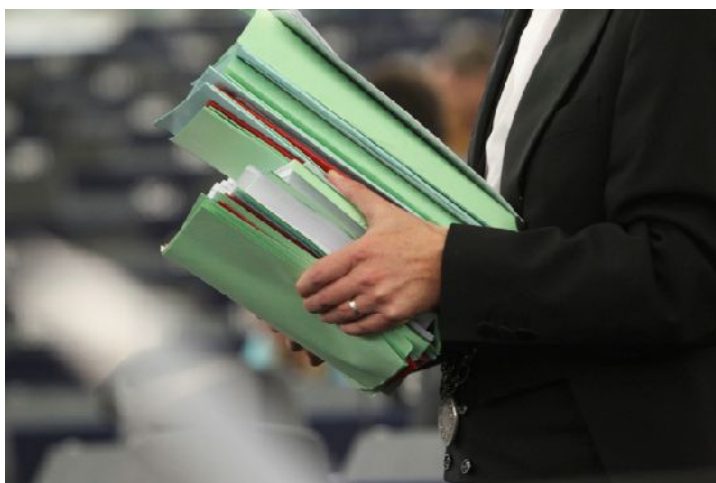
They further welcome the proposal of the Commission to incorporate the EDF into the EU Budget. They insist that public audit mandates should be established for all types of financing of EU policies at EU and national level and that the ECA should be appointed as the auditor of bodies set up to implement EU policies.

The co-rapporteurs embrace the Commission proposals on own resources, particularly the new ones that will contribute to achieving in the future a self-sustainable EU budget. VAT should be kept as EU own resource and go through a genuine simplification. The logic behind conditionality involves incentives and outcomes' achievement without misuse of EU funds. The principle that future revenues from EU policies flow to the EU budget is very welcomed. Finally, a critical remark to the Council for not yet have agreed on the common consolidated corporate tax base (CCCTB), and a request to the Commission to clarify the calculation and the collection of the national contribution based on the amount of non-recycled plastic packaging waste in Member States.

The draft opinion is available on the [CONT website](#)

CONT Timetable:

Event	Body	Date
Consideration of draft opinion	CONT	27/09/2018
Deadline amendments	CONT	03/10/2018
Vote	CONT	10-11/10/2018



13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 LAYING DOWN COMMON PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND, THE COHESION FUND, THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT AND THE EUROPEAN MARITIME AND FISHERIES FUND AND LAYING DOWN GENERAL PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND, THE COHESION FUND AND THE EUROPEAN MARITIME AND FISHERIES FUND AND REPEALING COUNCIL REGULATION (EC) No 1083/2006 AS REGARDS SUPPORT TO STRUCTURAL REFORMS IN MEMBER STATES

CONT/8/11804 - [2017/0336\(COD\)](#)

Consideration of draft opinion to REGI



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

Shadow Rapporteurs: Nedzhmi Ali (ALDE), Younous Omarjee (GUE/NGL)

On the one hand, Member States authorities set out their plans on how to use funding from the European Structural and Investment Funds between 2014 and 2020 in the Partnership Agreements, with subsequent approval by the European Commission. It is the Member States' responsibility to propose concrete programmes and projects on which European Structural and Investment Funds will be spent. On the other hand the European Semester aims at enabling Member States to coordinate their economic policies by:

- ensuring sound public finances (avoiding excessive government debt)
- preventing excessive macroeconomic imbalances in the EU
- supporting structural reforms, to create more jobs and growth, and by
- boosting investment

The performance reserve, as a regional policy instrument, aims at facilitating the focus on performance and attainment of the objectives of the Union strategy for smart, sustainable and inclusive growth, and consists of 6 % of the total allocation for the Investment for growth and jobs goal, as well as for the EARDF and for measures financed under shared management for the EMFF Regulation, established for each Member State.

The Rapporteur is of the opinion that the Commission proposal should be rejected because the performance reserve is an integral part of the European Regional and Development Fund assistance, and it is not linked to the European Semester exercise.

The draft opinion is available on the [CONT website](#)

CONT Timetable:

Event	Body	Date
Consideration of draft opinion	CONT	27/09/2018
Deadline amendments	CONT	01/10/2018 at 14:00
Vote	CONT	04/10/2018 (STR)

Presentation of recently published ECA Special Reports

14. ECA SPECIAL REPORT 22/2018 (DISCHARGE 2017): MOBILITY UNDER ERASMUS+: MILLIONS OF PARTICIPANTS AND MULTI-FACETED EUROPEAN ADDED VALUE, HOWEVER PERFORMANCE MEASUREMENT NEEDS TO BE FURTHER IMPROVED

CONT/8/14599



Presentation of the Special Report by *Rimantas Šadžius*, ECA Member responsible

Rapporteur: [Caterina Chinnici](#) (S&D)
Administrator: Tereza Pinto de Rezende

Shadow Rapporteurs: Tomáš Zdechovský (EPP), Martina Dlabajová (ALDE), Miguel Viegas (GUE/NGL)

The Erasmus+ Programme objective is to provide learners and staff with the opportunity to gain skills and undergo personal, socio-educational and professional development through study, training, work experience or volunteering abroad. It also aims to improve quality and foster innovation, excellence and internationalisation in educational organisations.

The auditors assessed the performance and European added value of Erasmus+ Mobility, a key action of the Programme in the area of education and training, which accounts for over €16.45 billion budget.

Student mobility under Erasmus+ Programme generates many forms of European added value and has a positive effect on participants' attitudes towards the EU. However, the Court found that indicators used to measure the Programme's performance should be better aligned with its objectives. The Court added that application and reporting processes are still too complex, despite some simplification already implemented. Moreover, the innovative Student Loan Guarantee Facility has not produced its expected results.

For future Erasmus+ programme, the auditors recommend that the Commission should:

- suggest additional European added value elements, which should be prioritised at the project appraisal stage, monitored and reported on;
- improve the measurement of objectives achieved and prioritise performance when allocating funds;
- simplify the scheme further to reduce administrative burdens, with improved IT tools;
- include school students in Erasmus+ Mobility and consider more flexibility for PhD students;
- assess the possibility of reintroducing funding for traditional classroom language teaching;
- include doctoral and undergraduate mobility under the Student Loan Guarantee facility.

The Commission generally agreed with the recommendations but points out that there is a limit to simplification. It does not accept the recommendation to allocate funds based on results and impacts.

The Rapporteur shares the assessment by the Court of Auditors and stresses the value added of the Erasmus+ Programme to the European citizens. This Programme should be kept in the top list of the Commission's priorities for the coming years.

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

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

15. ECA SPECIAL REPORT 19/2018 (DISCHARGE 2017): A EUROPEAN HIGH-SPEED RAIL NETWORK: NOT A REALITY BUT AN INEFFECTIVE PATCHWORK

CONT/8/13913



Presentation of the Special Report by *Oskar Herics*, ECA Member responsible

Rapporteur: [Joachim Zeller](#) (EPP)
Administrator: Christian Ehlers

Shadow Rapporteurs: Inés Ayala Sender (S&D), Nedzhmi Ali (ALDE), Luke Ming Flanagan (GUE/NGL)

Since 2000, the EU has provided €23.7 billion of co-funding to support investments in high-speed rail lines. The auditors visited six Member States (France, Spain, Italy, Germany, Portugal and Austria) and analysed spending on more than 5,000 km of high-speed lines, covering around 50% of the EU total. They found that although the length of national high-speed rail networks is growing, the EU target of tripling the length of high-speed rail lines (to 30,000 km) by 2030 will not be reached.

The decision to build high-speed lines is often based on political considerations, and cost-benefit analyses are not generally used to support cost-efficient decision-making. High-speed rail infrastructure is expensive: on average, the lines audited cost €25 million per km. Four of the ten lines will cost more than €100 million per minute of saved travel time. The highest figure is on the Stuttgart to Munich line, which will cost €369 million per minute saved. On the other hand, giving due consideration to the alternative solution of upgrading existing conventional lines could save billions of euros.

Cost overruns and delays were the norm instead of the exception. The cost overruns for high speed rail investments do not affect the EU budget as the co-financing is capped and these are borne by national budgets. Aggregate cost overruns for the examined projects and lines were €5.7 billion at project level, and €25.1 billion at line level. Eight of the thirty projects we examined had been delayed for at least one year, and five out of ten lines had experienced delays of more than a decade.

In 2010, the auditors already called for urgent action to lift technical, administrative and other barriers to rail interoperability. However, they found that these barriers still persist in 2018, which prevents truly seamless and competitive EU-cross-border high speed rail operations.

The auditors recommend that the European Commission should:

- carry out realistic long-term planning;
- agree with Member States which key strategic stretches to implement first, with an assessment of the need for very high speed lines, close monitoring and enforceable powers to ensure that commitments to complete the core EU high-speed rail network are respected;
- link EU co-funding to earmarked strategic priority projects, effective on-track competition and achievement of results;

- simplify cross-border tendering procedures, use “one-stop-shops” for the various formalities, and lift all remaining administrative and regulatory barriers to interoperability;
- improve seamless high-speed rail operations for passengers, by, for example, e-ticketing and simplification of track access charges.

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

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

16. ANNUAL REPORT 2017 ON THE CONTROL OF THE FINANCIAL ACTIVITIES OF THE EIB

CONT/8/13880

Presentation of the EIB Annual Report 2017 by Vice-President of the European Investment Bank, Alexander Stubb



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

Administrator: Olivier Sautière

Shadow Rapporteurs: Nedzhmi Ali (ALDE), Indrek Tarand (Verts/ALE), Luke Ming Flanagan (GUE/NGL)

The EIB Vice-President has been invited to this CONT meeting to present the 2017 Annual Report of the EIB and to have an exchange of views with CONT Members.

The exchange of views will enable a thorough discussion on the main achievements and impact of the European Investment Bank Group's financing for 2017, at a time when the EIB is stimulating the mobilization of new and private funding for the real economy with a view to fostering long-term strategic and sustainable investments across the Union.

In this context, the EIB is a key player in helping to revitalize the EU economy by reducing investment gaps in several sectors, through:

- the funding of numerous initiatives dedicated to *inter alia* cohesion, youth employment, innovation, Small and Medium-sized Enterprises or climate and sustainable growth patterns inside the EU;
- the implementation of the European Fund for Strategic Investments; and
- the contribution to address main global challenges such as the migration flows and sustainable development.



This exchange of views will also launch the drafting process of the Parliament's report on 'the control of the financial activities of the EIB for 2017', for which Mr Pirinski is the rapporteur ([2018/2151\(INI\)](#)).

In accordance with the new agreement concluded with ECON and BUDG in 2016, CONT will draft an annual own-initiative report on 'Control of the financial activities of the EIB focusing on results'. All language versions of the EIB reports are available on the EIB website and on the CONT website:

[EIB Activity Report 2017](#)

[Report on the EIB operations inside the European Union 2017](#)

[EIB Group 2017 Sustainability Report](#)

[EIB Financial Report 2017](#)

CONT Timetable:

Event	Body	Date
Presentation Annual Report	CONT	27/09/2018
Consideration draft report	CONT	19/11/2018
Deadline amendments	CONT	26/11/2018
Vote	CONT	13/12/2018 (STR)
Adoption	Plenary	January 2019

17. ECA SPECIAL REPORT 20/2018 (DISCHARGE 2017): THE AFRICAN PEACE AND SECURITY ARCHITECTURE: NEED TO REFOCUS EU SUPPORT

CONT/8/14616



Presentation of the Special Report by Juhan Parts, ECA Member responsible

Rapporteur: [Benedek Jávor](#) (VERTS/ALE)
Administrator: Olivier Sautière

Shadow Rapporteurs: Claudia Schmidt (EPP), Iris Hoffmann (S&D), Martina Dlabajová (ALDE), Younous Omarjee (GUE/NGL)

The African Peace and Security Architecture (APSA) was established by the Member States of the African Union (AU) in 2002 as a long-term response to the peace and security challenges on the African continent. Through the APSA, the African Union and regional level organisations have access to tools, which help them prevent, manage and resolve conflicts.

The Court examined the EU support for the APSA by reviewing contracts concluded by the European Commission over the period from 2014 to 2016, whose total value exceeded €100 million.

The Court reported that EU support for the APSA has had a poor effect and needed refocusing. Although a broad strategic framework is in place, the Court found that EU support had mainly been focusing on contributing to APSA's basic operational costs. Due to shortfalls in contributions by the African Union member states, the APSA has been heavily dependent on donor support for many years.

The Court found that the EU did not set clear priorities for its support to the APSA and the EU's strategy lacked a long-term vision. During the audited period, the EU did not focus sufficiently on the transition away from paying

salaries and towards capacity building. The EU had provided support to African Union plans for financial independence, with the aim of the AU able to take on a growing proportion of the APSA's operational costs. However, implementation of these plans was still at an early stage.

The Court also stated that implementation of EU support was affected by delays, incoherent use of financing instruments and insufficient information on results achieved. Six out of fourteen contracts audited, mainly concerning staff costs, had delivered most of their expected results by the time of the audit. Two had only partially delivered and one had not. In five cases, implementation delays meant the auditors could not assess whether the contract had delivered or not. Furthermore, delays in contracting, retroactive financing, and a lack of information on results hampered the delivery of EU support.

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

As a follow-up, a succinct working document with the recommendations of the Rapporteur will be sent to CONT Members. The Rapporteur's conclusions will be part of the 2017 discharge report.

18. ECA SPECIAL REPORT 21/2018 (DISCHARGE 2017): SELECTION AND MONITORING FOR ERDF AND ESF PROJECTS IN THE 2014-2020 PERIOD ARE STILL MAINLY OUTPUTS-ORIENTED

CONT/8/14616

Presentation of the Special Report by *Ladislav Balko*, ECA Member responsible



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

Shadow Rapporteurs: Martina Dlabajová (ALDE), Younous Omarjee (GUE/NGL)

Over the period 2014 to 2020, through its Cohesion policy, the EU has allocated almost €350 billion to support job creation, business competitiveness, economic growth, sustainable development and improvement in quality of life in the Member States. In previous reports, the Court has welcomed measures by the European Commission aimed at increasing the focus on results. However, they have also highlighted serious weaknesses in the measures' effectiveness and monitoring. For this report, the Court examined projects from seven programmes located in four Member States: the Czech Republic, France, Italy and Finland.

The procedures the Court examined were designed to support the selection of projects relevant to the programmes' objectives, but selection criteria seldom required applicants to define quantified result indicators at project level. This makes it difficult to assess whether projects have achieved their intended results. Furthermore, most projects were selected on a first-come-first-served basis, rather than being scored and ranked against each other. As a result, there is no guarantee that the best projects were funded.

The Court found that monitoring systems only started functioning at a late stage, mainly because of delays in adopting the legal framework at EU level. Weaknesses remained in some of the IT systems used, putting at risk the reliability of the monitoring data produced. Monitoring information is still mostly output-oriented: the Commission's reporting presents progress for outputs alongside spending, but there is only limited information on the actual results achieved.

The Court recommended:

- Member States should compare project applications, require beneficiaries to define at least one genuine result indicator for each project and assess the expected results and indicators for applications;
- the Commission should define common result indicators for the European Regional Development Fund and improve its reporting on performance;
- the Commission should ensure that a meaningful performance review takes place in 2019.

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

As a follow-up, a succinct working document with the recommendations of the Rapporteur will be sent to CONT Members. The Rapporteur's conclusions will be part of the 2017 discharge report.

***** ITEM POSTPONED TO 19-20 NOVEMBER 2018*****

19. ECA SPECIAL REPORT 18/2018 (DISCHARGE 2017): IS THE MAIN OBJECTIVE OF THE PREVENTIVE ARM OF THE STABILITY AND GROWTH PACT DELIVERED?

CONT/8/14617

Presentation of the Special Report by, ECA Member by Neven Mates responsible



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

Shadow Rapporteurs: Andrey Novakov (EPP), Nedzhmi Ali (ALDE), Miguel Viegas (GUE/NGL)

The Stability and Growth Pact (SGP) is a set of rules designed to ensure that EU Member States pursue sound public finances and coordinate their fiscal policies, given that a fiscal crisis in one Member State could cause problems for others. The SGP consists of two parts: (1) the well-known "corrective arm" or Excessive Deficit Procedure (EDP), which focuses on bringing the headline deficits below 3 % of GDP, and (2) a less well-known "preventive arm", which requires Member States to bring their structural budget balances (i.e. those excluding the effects of business cycles) into line with country-specific targets known as "Medium Term Objectives" (MTOs). The main aim of the preventive arm regulation is that Member States should make reasonably rapid convergence towards these MTOs. Once the MTO has been reached, this would ensure two things: (1) that Member States have room for manoeuvre during recessions and (2) that debt ratios in highly indebted Member States decrease toward the ceiling set in the Treaty.

The auditors found that allowances for structural reforms do not correspond to the actual budget costs of these reforms, and that the Commission is instead using them as an "incentive". According to the Court this practice is not supported by the preventive arm regulation. Furthermore, the investment clause does not ensure that the public investment-to-GDP ratio is increased in the year for which such an increase is Approved. It requires an increase only in nominal terms. Moreover, it allows increases in non-investment spending in the years ahead. This leads to delays of several years in meeting the MTOs.

The credibility of the preventive arm has been further eroded, in the eyes of the Court, by developments in the corrective arm, which has been implemented in such a way that its requirements can be fully met purely through

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cyclical recovery. As a result, Member States under EDP do not have to meet requirements on improving structural balances, as they would otherwise have to under the preventive arm.

Finally, the Court arrived at the conclusion that the relevant country-specific recommendations adopted by the Council do not sufficiently explain the reasons for fiscal adjustments or the risks if Member States fail to meet them.

The Court calls on the Commission:

- to address the issue of continuous deviations from the required adjustment path over several years;
- to ensure that medium-term budget objectives are reached within a reasonable period, with stricter rules for heavily indebted Member States;
- to ensure that reform allowance only covers direct costs related to reforms, and the allowance for unusual events should likewise only cover directly related costs; the investment allowance should not allow increases in non-investment spending in the following years;
- to harmonise adjustments required under the corrective and preventive arm: Adjustments required under the corrective arm should not be weaker than those required under the preventive arm.
- to ensure that country-specific recommendations contain explicit requirements, with a clearer explanation of their rationale and the risks of not implementing them.
- to ensure that Member States' SCPs include more information on revenue and expenditure measures.

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

As a follow-up, a succinct working document with the recommendations of the Rapporteur will be sent to CONT Members. The Rapporteur's conclusions will be part of the 2017 discharge report.

THURSDAY, 27 SEPTEMBER 2018

17.45 - 18.30

IN CAMERA

20. OLAF INVESTIGATIONS WITH REGARDS TO TWO HUNGARIAN PROJECTS INVOLVING EU FUNDS: ELIOS AND HEART OF BUDAPEST

CONT/8/13939

Exchange of views with DG REGIO representatives

Administrator: Christian Ehlers



In September 2017, CONT sent a fact-finding mission to Hungary. The Commission's audit findings had revealed irregularities such as breaches of public procurement rules, ineligible expenditure or overpricing of financed projects. Furthermore, in 2017, six out of the 13 operational programmes of the 2007-2013 period were under reservation. In addition, OLAF investigated a number of irregularities. As a follow-up to the mission, CONT decided it would request access to two OLAF case files: "ELIOS" and "Heart of Budapest". OLAF provided copies of these case files confidentially, under the provisions of Annex II, 2.1 of the Framework Agreement. Numerous Members consulted the reports in June. On this occasion CONT Members would like to explore what follow-up measures the Commission has taken in light of the OLAF reports.

21. ANY OTHER BUSINESS

22. NEXT MEETINGS

- 4 October 2018, 9.00 – 12.00 (Strasbourg)
- 10 October 2018, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
- 11 October 2018, 9.00 – 12.30 (Brussels)

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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

FOR FURTHER INFORMATION

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

NEWS FROM POLICY DEPARTMENT - BUDGETARY AFFAIRS

FORTHCOMING EVENTS

CONT

Workshop on “How can we better communicate the results of the EU budgetary control process to citizens? Addressing the challenges of populist discourse on EU spending” - **10 October 2018**

Workshop on “the Revision of OLAF regulation in light of the future cooperation with EPPO” - **11 October 2018**

POLICY DEPARTMENT PUBLICATIONS:

Recent publications

CONT

Proceedings of the Workshop on “[How to better combat fraud? Follow up of the Commission’s anticorruption sharing programme](#)”

In-Depth Analysis “[State Aid and EU funding: are they compatible?](#)”

Study “[Ensuring high quality job creation from EU funding programmes: how can the best practice of Horizon 2020 be better integrated into other programmes \(ESF, Youth Guarantee, Globalisation Fund\)?](#)”

In-Depth Analysis “The effectiveness and visibility of EU funding in the Western Balkan countries with a special focus on the cross-border cooperation” - not available online yet.

CONT/BUDG

Study “[Oversight and Management of the EU Trust Funds](#)”

BUDG

In-Depth Analysis “[The EU spending on fight against climate change](#)”

Study “[EU funds for migration, asylum and integration policies](#)”

Study “Potential revenue from the extension of charging fees by EU Agencies” - not yet available online

Study “Financial Implementation of European Structural and Investment Funds” - not yet available online

Forthcoming publications

CONT

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

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