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**Detailed replies to the specific requests made by the European Parliament
complementing the report from the Commission on the follow-up to the discharge for
the 2018 financial year, COM(2020)311 final**

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INTRODUCTION

This document complements the Report from the Commission to the European Parliament and the Council on the follow-up to the discharge for the financial year 2018¹, which formed part of the Integrated Financial and Accountability Reporting 2019. It presents in detail the replies to 288 specific requests made by the European Parliament in its resolution forming an integral part of its decisions on the discharge for the financial year 2018.

¹ COM(2020)311 final

Political priorities

1. (§ 2, in connection with § 376 - 2018/PAR/0450) The European Parliament underlines that the creation of the European Public Prosecutor's Office (EPPO) marks a fundamental development in the protection of the Union's financial interests; criticises the underfinancing and understaffing of the EPPO during the build-up-phase and the underestimation of its needs by the Commission; emphasises that EPPO has to process up to 3 000 cases per year; emphasises that EPPO is in need of at least 76 additional posts and EUR 8 million if it is to become fully operational, as foreseen, by the end of 2020; strongly encourages the Commission to present a draft amending budget; repeats that the Parliament absolutely opposes the reduction, by 45 posts, of the staff of European Anti-Fraud Office (OLAF).

Commission's response:

An amending budget for 2020 was adopted by the budgetary authority on 16 April 2020 allocating an additional 3.3 million euro for EPPO and bringing the total EPPO budget for 2020 to 11.7 million euro. The extra funds will enable the EPPO to recruit more quickly qualified staff and increase security and services as soon as possible in 2020.

A part of OLAF's resources will indeed be used in order to set up the European Public Prosecutor's Office. This is meant to grasp the benefit from OLAF experience in the conduct of administrative investigations and to avoid the duplication of administrative and criminal investigations.

2. (§ 3 - 2018/PAR/0451) The European Parliament recalls that Article 61 of the Financial Regulation, which entered into force on 2 August 2018, has enlarged the definition of conflicts of interests; calls on the Commission, as 'Guardian of the Treaties', to fight all forms of conflict of interests and to evaluate on a regular basis the preventive measures taken by the Member States to avoid them; calls on the Commission to propose common guidelines for the avoidance of conflicts of interest affecting high-profile politicians.

Commission's response:

The Financial Regulation 2018 has strengthened the provisions and applicable measures concerning the avoidance of conflicts of interest which were extended to shared management, in addition to direct and indirect management. Rules cover Member States' authorities and holders of public office (including members of government) and any other person involved in implementing the EU budget.

The Commission prepared a guidance note on avoidance of conflicts of interest under Article 61 of the Financial Regulation, which applies to all persons involved in budget implementation at any level. The note aims to promote a uniform interpretation and application of the rules on avoidance of conflicts of interest under direct, indirect and shared management, and provides guidance and

practical examples. It is currently being consulted with Member States and has been also shared with the European Parliament in August 2020 for information. The Commission aims to publish its final version by the end of 2020.

As regards the preventive measures taken by the Member States, the Commission monitors and audits their management and control systems, to verify that those systems comply with the Financial Regulation (including the requirement to have effective internal controls avoiding conflicts of interest) and with fund-specific rules and that those systems function effectively during the implementation of programmes.

3. (§ 5 - 2018/PAR/0452) The European Parliament calls on the Commission to work closely with Member States to guarantee comprehensive, precise and reliable data keeping in mind the goal of full implementation of the Single Audit Scheme; calls on the Commission to ensure that a transparent methodology and consistent terminology is used and to streamline its reporting, in particular, with regard to error rates in order to avoid confusion and non-transparency.

Commission's response:

The methodology used by the Commission to determine the estimated level of error is harmonised and thus consistent across all its departments, while allowing the specificities of management modes and sectoral programmes to be taken into account.

The terminology used, estimated risk at payment, future corrections, risk at closure, is coherent across all DGs. Any more tailored terms used in specific management and control systems (e.g. in shared management) are explained in the AMPR.

In shared management, the first level of control is carried out at Member State level. The Commission performs its own audits and controls in full respect of the single audit approach, in view of ensuring that the EU funds are spent in a legal and regular manner.

4. (§ 7, first indent - 2018/PAR/0453) The European Parliament calls on the Commission to:

- improve the alignment between high-level general objectives, specific policy objectives and programmes.

Commission's response:

The Commission accepts the discharge request in so far as it falls under the Commission's control. The Commission is committed to promoting a high degree of alignment between the Union's policies and financial programmes so as to

maximise their contribution to the Union's priorities. Full alignment of objectives and indicators in the performance framework of the Commission services with those defined in the legal bases of programmes would however not be appropriate, both because the responsibilities of Directorates-General are broader than budget execution and programme management, and because responsibility for the delivery of programme objectives is shared with many other actors, including in particular the Member States. Nonetheless, the Commission services are invited to make reference to programme statements when describing their activities in relation to the programmes. This helps to limit duplication of information, ensures consistency and comparability of data and brings out the complementarity between the performance frameworks. These links will be highlighted more systematically in the Commission's future reporting. This discharge requests will be implemented with the adoption of the 2021-2027 Multiannual Financial Framework.

5. (§ 7, *second indent* - 2018/PAR/0454) The European Parliament calls on the Commission to:

- define stronger key performance indicators (KPIs) that reflect the impact and the achievements of Union spending programmes and policies rather than the performance of the authorities implementing them.

Commission's response:

The Commission accepts the recommendation. The Commission is required pursuant to the Financial Regulation to report in the Programme Statements on all indicators set out in the legal bases of the spending programmes as agreed by the European Parliament and the Council based on proposals made by the Commission.

Indicators are designed to measure progress on programmes' objectives based on the actions implemented under these objectives. The Commission considers that an appropriate balance between types of indicators is necessary to monitor and evaluate performance and this balance should reflect the specificities of individual programmes.

The Commission has done an important work to improve the selection of indicators for the spending programmes of the period 2021-2027, as reflected in the legal proposals. This work included streamlining the indicators, as well as improving the balance between output, result and impact indicators. It is important that the negotiations of the legal bases of the spending programmes for the period 2021-2027 maintains the same line of work.

6. (§ 7, *third indent* - 2018/PAR/0455) The European Parliament calls on the Commission to:

- use up-to date information on performance so that objectives and indicators can be adapted in a timely manner.

Commission's response:

The Commission accepts the discharge request in so far it falls under the Commission's control. The Commission always presents the latest available data in its performance reports. In a performance system as complex as that of the EU budget, and with the current legal framework, it is challenging to have fully up-to-date data. The Commission is aiming to improve on presenting as up-to-date information as possible in its reporting, while again noting that this depends in large part on timely and reliable data provision by Member States and other third parties. The Commission also points out that any reporting will always be a snapshot of a situation at a certain point in time, as underlying data are rarely static. This discharge request will be implemented with the adoption of the 2021-2027 Multiannual Financial Framework.

7. (§ 7, fourth indent - 2018/PAR/0456) The European Parliament calls on the Commission to:

- put more emphasis on the results and added value of Union funding, going beyond mere outputs.

Commission's response:

The Commission accepts the recommendation. Proposals for spending programmes are generally accompanied by impact assessments, which, according to the Better Regulation guidelines, assess the EU added value of the proposals by analysing subsidiarity aspects. Ex-post evaluations analyse the EU added value of programmes. The Commission reports annually on the performance of all financial programmes in the Programme Statements and the Annual Management and Performance Report. Whenever possible and appropriate, result indicators as well as output indicators are selected to report on performance. The availability of information on results depends on the stage of implementation of the programme in question and on the reporting from the Member States and beneficiaries.

8. (§ 11 - 2018/PAR/0457) The European Parliament urges the Commission to review, together with the Member States, how customs' duties can be more effectively collected and any amounts the payment of which was avoided fraudulently can be recovered; as well as to consider the improvements that can be made in the recovery of custom revenue.

Commission's response:

Member States are responsible for collecting and recovering customs duties that are traditional own resources (TOR) and to establish a control strategy to detect non-compliance with the customs and TOR regulations. For this, they have an incentive as only a part of the collected duties is transferred to the EU budget while the other part constitutes national income. This put a significant responsibility on Member States as errors in timely establishing, collecting and recovering TOR that are attributable to them and caused losses of duties need to be compensated by them. Ultimately, such an approach leads to a better management of TOR and avoids that diligent customs administrations have to pay for the errors made by less diligent administrations via higher GNI contributions. The Commission supports the Member States in their role of collector via fraud/irregularity alerts (mutual assistance communications and Risk Information Forms), by exchanging best practices during the Advisory Committee on Own Resources, and via various guidelines such as the customs audit guide and the compendium for writing off irrecoverable amounts. The Commission will continue this way and will explore in the future how to provide information to Member States on unusual patterns in trade flows across the EU with a view to help them reacting more swiftly to fraud and this way improve the collection and recovery of customs duties.

9. (§ 12 - 2018/PAR/0458) The European Parliament is concerned about the risk of undervaluation of supplies of e-commerce goods from third countries and calls on the Commission to carry out sufficient control and monitoring activities in the Member States to ensure better cooperation.

Commission's response:

The Commission is considering the impact of e-commerce in the design of the customs action plan. In the meantime, in 2019, the Commission has designed and enacted a new type of customs declaration for the consignments typically involved in e-commerce (consignments of low-value) and is in the process of adapting the Commission's Surveillance system so as to collect certain data from those declarations. The whole process of declaration and collection of data is foreseen to be in place by mid 2021 and will contribute to a better monitoring of the risk of undervaluation involved in e-commerce both by the Commission and the Member States because it will gather information on transactions which are at the moment not subject to formal reporting.

The Commission will carefully consider the issue of e-commerce when establishing its future annual traditional own resources' inspection programmes. Meanwhile, Member States have been recommended to enforce their control strategy on e-commerce in the 30th Annual Report on the Protection of the EU's financial interests - Fight against fraud 2018.

10. (§ 14 - 2018/PAR/0459) The European Parliament calls on the Commission to pay greater attention to the geographic distribution of research funds with a view to contributing to the spreading of research at the highest level of excellence in the whole of the Union and to the creation of a level playing field for growth and jobs.

Commission's response:

Both Horizon 2020 and its successor Horizon Europe are competitive programmes where evaluation and selection of proposals are based on excellence and impact without any pre-allocated geographical envelopes.

The Horizon 2020 funding going to EU13 (EE, LT, LV, PL, CZ, SK, SI, HR, RO, HU BG, MT, CY) countries has been gradually growing over time since the Seventh Programme for Research, Technological Development and Demonstration Activities (2007-2013).

In Horizon 2020, EUR 900 million are devoted to 'widening measures' like Teaming, Twinning, European Research Area Chairs and 50% of European Cooperation in Science and Technology (COST) in order to help the widening countries increase their Research & Innovation (R&I) performance.

For Horizon Europe, the co-legislators have agreed in their common understanding to increase the share for this area of intervention to 3.3% of the budget as compared to about 1% in Horizon 2020. This will enable a stronger impact of planned measures and better contribute to fostering excellence across the EU.

Depending on the final agreement on Horizon Europe and on its budget, such increased budget for widening measures will not only allow for continuity of the fine-tuned core actions. It will also be coupled with additional measures that aim at fostering brain circulation of researchers, improving the quality of proposals from legal entities from low R&I performing countries, boosting activities of National Contact Points, establishing match-making services, promoting initiatives on excellence. A special measure will allow new partners from widening countries to join ongoing collaborative research and innovation projects (the so called "hop on").

Efforts for further simplification and synergies with, notably, the European Regional Development Fund and the European Social Fund+ will continue, as well as paying particular attention to improving research and innovation management skills in EU13 countries.

See also recommendation 2018/PAR/0504.

11. (§ 15 - 2018/PAR/0460) The European Parliament reiterates its concern over the high level of outstanding commitments mainly due to the late start to the financing of the projects and programmes of the 2014 - 2020 financial perspective and due to the slow implementation of European Structural and Investment Funds (ESI Funds); calls on the respective Member States to speed up the delivery of cohesion policy programmes and related payments, without easing the necessary controls, as well as

to increase the transparency for applicants and to reduce complexity with a view to reducing the length of the implementation period; encourages the Commission to propose a return to the n+2-rule; calls on the Commission to closely monitor the implementation by Member States in the case of under-implementation and low absorption rates.

Commission's response:

A close dialogue is in place with the concerned Member States to improve the situation. The Commission monitors closely programmes considered at risk to help prevent under-absorption and potential de-commitments and provides substantial support to Member States including technical assistance and advisory services. The Commission deploys continuous efforts at all levels to address the blocking issues in the slow implementation of the current programming period and to push Member States reach the performance targets of their performance frameworks.

The lessons from the current programming period have been fully drawn by the Commission. It has formalised a legislative proposal for post-2020, which should ensure radical simplification and smooth transition between periods for the next generation of programmes. The return to the n+2 rule is part of the proposal for post-2020.

12. (§ 17 - 2018/PAR/0461) The European Parliament invites the Commission to increase the technical support (training sessions, communication etc.) with national, regional or local authorities in order to get better absorption rates.

Commission's response:

The Commission accepts the recommendation.

The Commission acknowledges that involving stakeholders at national, regional and local level, including civil society organisations and citizens, is key to better implementation of cohesion policy. This requires the creation of well-designed processes for meaningful exchange and participation, but also capacity building of programme authorities, beneficiaries and partners to enhance ownership and manage these processes effectively.

In shared management, the Commission continuously organises capacity building actions at the level of all programme authorities and develops and makes available capacity building tools, which contribute to the smooth implementation of programmes as well as the assurance process. Capacity building of regional and local authorities falls under the responsibility of the programme authorities in the Member States and the Commission is supporting the Member States on this. As from 2021 one additional type of technical assistance will be available for Member States for this purpose, i.e. 'financing not linked to costs technical assistance'. It is specifically targeted at reinforcement of the capacity of Member State authorities, beneficiaries and partners and there is no financial ceiling for it.

Beside providing extensive guidance to programme authorities (usually judged to be too complex with more than 5.000 pages of guidance), DG REGIO has used its technical assistance allocations to constantly widen the tool box to help Member States to increase knowledge and share good practices, to develop innovative solutions and approaches and to build capacity of the bodies involved in the implementation of the funds.

A dedicated unit provides horizontal support to all geographical units to provide the right tools and professional support to programme authorities. The support includes

- Preventive actions

- Administrative capacity building actions, incl. training sessions for programme authorities

- Exchange tools.

13. (§ 18 - 2018/PAR/0462) The European Parliament notes that, in accordance with Union law, the beneficiaries entitled to the common agricultural policy (CAP) direct payments are those who farm the land; calls on the Commission to ensure that rules are adopted with a view to avoiding a situation in which Union subsidies are distributed to recipients who have acquired the land in question by illegal or fraudulent means, as has been observed in some Member States; taking into consideration cases such as those reported by OLAF in Slovakia and Italy, underlines that the Commission should come up with proposals clearly indicating that lease or ownership contracts of land are based on the rule of law and that national legislation regarding workers' rights, including rights concerning the incomes of farm workers, are followed; asks the Commission in cooperation with national agencies to come up with a standardised and publicly accessible format (respecting the relevant decision of the Court of Justice) for disclosing the end beneficiaries of the CAP.

Commission's response:

The system of property ownership is a competence of the Member States (article 345 TFEU). No direct mechanism is provided for in the Treaties for the Commission or other EU institutions to intervene, beyond an extreme option in cases of serious threats to the rule of law (Article 7 TFEU). The situation can be improved if the Commission proposal on Rule of law from May 2018 is adopted by the co-legislators.

Member States must guarantee the rule of law, which includes the protection of private property and workers' rights. If the land for which a claim is introduced is obtained unlawfully or by political influence, then there is a rule of law issue and the judicial system of the Member State should act. The Commission can assist the Member State, if necessary.

CAP beneficiaries are already publicly disclosed in accordance with the transparency provisions of the current CAP legislation as laid down by the Council and the European Parliament. Whereas previously proposed CAP

transparency provisions have been contested by Member States in national courts, the current provisions have been upheld and remain in force.

14. (§ 19 in connection with § 46 - 2018/PAR/0463) The European Parliament is deeply concerned by recent investigations by the Italian authorities revealing fraud worth EUR 5,5 million and several mafia structures misusing Union agricultural subsidies for their criminal purposes, threatening honest farmers who participate in auctions of state-owned land and ignoring national labour law; believes that the Union's financial interests and taxpayers' money across the Union risk being undermined by organised crime and calls the Commission to take the necessary measures to prevent criminal networks from obtaining Union money; underlines the needs for better exchange of information at national level, as well as between the national and Union levels, in order to quickly identify criminal organisations that are seeking to make illegal profits; calls on the Commission to reinforce the control systems in order to avoid that such a situation repeats itself; calls the Commission to keep the discharge authority informed about any new developments.

Commission's response:

The Common Agricultural Policy (CAP) is implemented in shared management. It is the responsibility of the Member States to prevent and detect fraud, as well as to recover undue amounts from the final CAP beneficiaries. The recent investigations of the Italian authorities are part of the fight against fraud and of the enforcement of the rule of law. The Commission cannot intervene in the judicial process instrumented by the Italian authorities, but is monitoring the situation and will take the necessary measures to protect the EU budget. The discharge authority will be kept informed.

In order to prevent fraud against the EU's financial interests, the Commission fosters the exchange of information between administrative and judicial authorities at national level and between the national and EU level. For instance, the cooperation between the European Anti-Fraud Office (OLAF) and the Italian Guardia di Finanza has facilitated the development of a specific IT tool called Anti-Fraud Information System (Sistema Informativo Anti-Frode - SIAF) which allows cross-checking of data from several national data bases. Moreover, the Italian project "Piattaforma Integrata Anti-Frode" (PIAF), promoted by the Guardia di Finanza and funded under the Commission's Hercule III programme, will make available, to all national authorities that manage EU funds, aggregate data from heterogeneous national and European sources.

With a specific focus on organised crime, OLAF has also signed an administrative arrangement with the Italian Direzione Nazionale Antimafia (DNA). As regards agricultural funds, the analysis carried out by OLAF confirms that the decoupled approach - linking the disbursement of subsidies to the verifiable availability of eligible land parcels and to the verifiable eligibility of the applicant – may have made typical methods (falsification of supporting documents, claims for ineligible parcels and from ineligible claimants) less relevant. Wrongdoers must resort to

other malpractices, such as extortion, threats, violence which are the typical tools of the organised crime.

15. (§ 20, in connection with § 469 - 2018/PAR/0464) The European Parliament calls on the Commission to promote a better gender balance and gender budgeting approach in the allocated funds.

Commission's response:

The Commission's Gender Equality Strategy is laid down in the Communication from the Commission: 'A Union of Equality: Gender Equality Strategy 2020-2025' (COM(2020) 152 final, https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en). This document indicates that: "In line with repeated calls by several Member States and the European Parliament, the Commission will look at the gender impact of its activities and at how to measure expenditure related to gender equality at programme level in the 2021-2027 MFF. The outcome of the recently launched audit by the European Court of Auditors on gender mainstreaming in the EU budget to promote equality will contribute to this process. This will improve gender mainstreaming in the Commission's budget process, further increasing the contribution made by policy design and resource allocation to gender equality objectives."

Gender mainstreaming, given its anchor in the Treaty, is expected to be continued in the spending programmes to be set-up under the next Multiannual Financial Framework. It will therefore help to integrate and focus on gender equality throughout the EU budget.

The Commission is currently exploring how to develop a methodology to measure gender equality related expenditure in the Union budget at programme level, as announced in the Gender Equality Strategy. This methodology is expected to identify the gender equality-related impact of spending programmes and contribute to an assessment of the EU budget's contribution to gender equality at programme level. The Commission will keep the Parliament and the Council duly informed of the outcome of this work, which is expected to be completed at the latest by the time of the adoption of the Draft Budget 2022.

16. (§ 22 - 2018/PAR/0465) The European Parliament calls on the Commission to pursue the administrative simplification in order to attract small structures such as SMEs to participate in the Union programmes and public procurements.

Commission's response:

Simplification and timely processing of grants and contracts has been an ongoing priority in the current MFF for all COSME related actions. EASME, that is entrusted with the implementation of COSME actions, closely monitors and

reports for example that payments made within legal deadlines improved to 99.4% in 2018.

The Commission pursues administrative simplification and actively seeks to reduce unnecessary burden. In its efforts, the Commission pays particular attention to small businesses, which can be disproportionately affected by the burden of implementing EU rules. In line with the Think Small First principle, the Commission aims at making administrative rules and procedures simple, easy to understand, and to apply. This helps to make sure that the Commission's activities, which include the management of funding programmes, deliver results effectively, efficiently and at minimum cost.

The Commission has proposed 80 simplification measures in cohesion policy 2021-2027. For businesses and entrepreneurs benefiting from EU support, the new framework offers less red tape, with simpler ways to claim payments using simplified cost options. To facilitate synergies, a single rulebook now covers 7 EU funds implemented in partnership with Member States ("shared management"). The Commission also proposes lighter controls for programmes with good track record, with an increased reliance on national systems and the extension of the "single audit" principle, to avoid duplication of checks.

For more info see:
https://ec.europa.eu/regional_policy/en/information/publications/factsheets/2018/simplification-handbook-80-simplification-measures-in-cohesion-policy-2021-2027

Moreover, the Commission makes use of intermediaries to implement COSME actions as they can easily reach out to SMEs without any administrative burden; for example the Enterprise Europe Network partners provide free of charge services to about 250.000 SMEs per year for information, advisory and partnering services in all regions of the EU. Network partners also encourage SMEs to participate in EU programmes and provide practical information and guidance and help SME find partners for Horizon 2020 collaboration projects.

Intermediaries close to SMEs are also involved and entrusted with the awarding of small grants to entrepreneurs as part of their COSME financed grants. This is for example the case for Erasmus for Young Entrepreneurs where small grants are provided by intermediaries to new entrepreneurs in an easy way and avoiding complex procedures (by using lump sums).

Last but not least, in the area of financial instruments, the Commission has proposed bundling all successors to the current financial instruments for SMEs which are being implemented under different operational programmes under the single roof of InvestEU in order to address fragmentation, low visibility and to ensure a harmonised rule set. Furthermore, information about the financial products for SMEs, once they are implemented, will be available through one single portal.

17. (§ 23 - 2018/PAR/0466) The European Parliament insists that the Commission propose a specific complaint mechanism at Union level to support farmers or beneficiaries confronted, for example, with land-grabbing malpractices, misconduct of national authorities, pressure from criminal structures or organised crime, or

persons who are subject to forced or slave labour, giving them the opportunity to swiftly lodge a complaint with the Commission, which the Commission should check as a matter of urgency.

Commission's response:

The CAP is implemented in shared management. It is the Member States authorities that have the necessary resources (information, staff) to deal with complaints from individual beneficiaries, other than those related to the infringement of EU law.

Under the CAP shared management rules, the Commission services ensure that Member States manage CAP funds in full respect of EU law and the general principles of union law, through, e.g., accreditation of paying agencies and audits of the Member States' management systems.

Operation of criminal organisations, trafficking of human beings, forced labour or corruption of civil servants constitute criminal offences to be investigated by the Member States under their competence.

18. (§ 25 (concerning CAP) - 2018/PAR/0467) The European Parliament calls on the Commission to table a proposal modifying the CAP rules in order to bring about a fairer allocation of Union funds and thereby avoiding a skewed distribution where a small minority of beneficiaries (both natural and legal persons) receives the vast majority of Union subsidies in both areas; deems it necessary to change MFF rules to avoid a situation in which one natural person owning several companies has the possibility of receiving Union subsidies in CAP amounting to three-digit million during one MFF.

Commission's response:

CAP Direct Payments are generally granted per hectare, so the amounts paid to a farm correlate to the area it declared. As mentioned in the DG AGRI AAR, about 72% of aid is paid to farms between 5 and 250 hectares, which are clearly family-type farms. Also, very small beneficiaries (with less than 5 hectares) represent 50% of all beneficiaries. This shows the very inclusive system of support, but it also weighs a lot on the distribution of direct payments.

The 2013 CAP reform already introduced instruments such as a compulsory degressivity of the basic payment, a possible capping and a redistributive payment. The CAP post-2020 proposal aims to further improve it through degressivity as of EUR 60 000 and capping of all direct payments at EUR 100 000 after deduction of labour costs. Furthermore, under the future CAP, Member States will have to implement a mandatory redistributive income support.

The capping and degressivity are applied at CAP beneficiary level, while the CAP rules provide that no advantage shall be granted in favour of a natural or legal person in respect of whom it is established that the conditions required for

obtaining such advantages were created artificially, contrary to the objectives of the legislation.

Following the European Council of 17-21 July 2020, in its conclusions, the European Council rendered the capping of direct payments after deduction of labour costs only applicable to the Basic Income Support for Sustainability, on voluntary basis at the level of EUR 100 000. The Commission calls upon the co-legislators, to pay due attention to the rules regarding the distribution of direct payments in the trilogue process.

Indeed, improving the distribution and targeting of direct payments is a key priority of the CAP post 2020 reform. This is explicit in the Communication from the Commission. The future of food and farming, which sets the orientation “to improve the fairness and targeting of direct payments so that they can fulfil more effectively and efficiently their purpose”. Direct payments should indeed be further better targeted to farmers who need it most and deliver more for CAP objectives.

In the legal proposal, it is reflected in the provisions of the genuine farmer provision, the reduction of payments and capping, the redistributive payment and the internal convergence (in particular the fact that these are compulsory elements for Member States in the Commission proposal). This is also translated in several result and impact indicators (R.6, R.7, R.8, I.4, I.5 and I.24), with certain of them covering not only direct payments but also other income support tools in rural development.

19. (§ 25 (concerning cohesion) - 2018/PAR/0468) The European Parliament calls on the Commission to table a proposal modifying the cohesion rules in order to bring about a fairer allocation of Union funds and thereby avoiding a skewed distribution where a small minority of beneficiaries (both natural and legal persons) receives the vast majority of Union subsidies in both areas; deems it necessary to change MFF rules to avoid a situation in which one natural person owning several companies has the possibility of receiving Union subsidies in cohesion amounting to three-digit million during one MFF.

Commission's response:

The Commission reminds that under the current rules of Cohesion Policy, the Member States must keep and publish data on projects, groups of projects and beneficiaries, not on beneficial owners. The Commission, currently under negotiation, proposal does not contain the required details that would make it possible to carry out the corresponding checks. However, the Commission envisages to propose improvements to the information currently collected by the Member States on beneficiaries of certain funds (including information on beneficial owners of the beneficiaries/recipients) and the way such information is analysed and used for control and audit purposes by the Member States and for supervision by the Commission. The Commission is also envisaging to make the use of a single data mining tool compulsory, in order to enhance such control

mechanisms. This is also in line with the conclusions of the European Council of 17-21 July 2020. The measures concerned will not shift responsibilities or competences between Member States and the Commission under shared management, but will improve the ability of Member States to exert efficient controls while allowing the Commission to better exercise its supervisory function.

20. (§ 26, in connection with § 28 - 2018/PAR/0469) The European Parliament notes the transparency requirements for cohesion policy and the CAP, which oblige the responsible authorities of the Member States, under the rules of shared management, to maintain a publicly available list of final beneficiaries; calls on Member States to publish such data in a uniform manner and ensure the interoperability of the information; calls on the Commission to collect and aggregate the data and publish lists of the largest 50 beneficiaries from each fund in each Member State as well as the 50 largest beneficiaries of CAP and Cohesion (natural and legal persons) across all Member States to receive a precise overview of the distribution of Union subsidies.

Commission's response:

The Commission, in cooperation with the Member States, is working on compiling the list of the largest 50 beneficiaries of CAP and Cohesion Policy, with a view to share the information with the European Parliament.

The Commission highlights that a substantial part of CAP and Cohesion Policy supports public investment. The largest beneficiaries for the Cohesion Policy are the public entities responsible for that public investment, while for the CAP some of the largest beneficiaries are the Member States authorities benefitting from Technical Assistance, state-owned forestry associations, as well as municipalities.

The Commission recalls that under shared management it is the responsibility of Member States to publish the information on beneficiaries.

Member States shall ensure annual ex-post publication of the beneficiaries of the Common Agricultural Policy funds on a single website per Member State (cf. articles 111-114 and 117 of Regulation (EU) No 1306/2013). All the websites are available through links on europa.eu: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/financing-cap/controls-and-transparency/beneficiaries_en.

For Cohesion Policy Member States must maintain a list of operations by operational programme and by Fund in a single website in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet, for instance in CSV or XML format. Access to lists of beneficiaries is available through links on europa.eu: https://ec.europa.eu/regional_policy/en/atlas/beneficiaries/, including an inventory of beneficiaries lists.

The Commission is currently developing a pilot project where information on operations and beneficiaries from all Member States will be gradually made available. (<https://kohesio.eu/>)

21. (§ 27 - 2018/PAR/0470) The European Parliament calls on the Commission in full acceptance of the principle of shared management to:

- establish a uniform and standardised information system for Member States to report information on the final beneficiaries of Union funds in the area of agriculture and cohesion; emphasises that information on final beneficiaries should include specification on the beneficial owners of companies (natural and legal persons);

- propose a regulation for the establishment of an IT system that allows for uniform and standardised reporting in real-time by the Member States' authorities ensuring interoperability with the systems in the Member States, to guarantee better transparency and cooperation between Commission and Member States and to improve further accountability of the payments, and particularly to contribute to an earlier detection of systemic errors and misuse;

- assist Member States in adapting or developing Member States' IT systems to a new reporting system;

- monitor the quality and the completeness of the data provided by the Member States;

- ensure more effectiveness, timeliness and less bureaucratic burden with the help of modern digitalised systems.

Commission's response:

The Commission highlights that under shared management it is the responsibility of Member States to collect and store data on each operation/beneficiary (the minimum data to be collected is part of the legislative framework for shared management). For example, in the current period, under the Common Provisions Regulation for the Cohesion Policy, the minimum data encompasses 113 fields that can be used for monitoring, evaluation, financial management, verifications and audits, by Member States, the Commission and the European Court of Auditors. For the Common Agricultural Policy (CAP), in accordance with Article 31 of Regulation (EU) No 908/2014, Member States receive yearly technical specifications for the data to be collected and transmitted to the Commission. Moreover, Member States are required to publish data about the CAP beneficiaries on a single website per Member State, in accordance with the rules provided for in Articles 111-114 of Regulation (EU) No 1306/2014. Similar rules are proposed for the next CAP.

In addition, for the Cohesion Policy for the next MFF the Commission reinforced the Member States' responsibilities to publish the information on beneficiaries on a website in open, machine-readable, accessible, findable and re-usable formats as set out in Article 5(1) of the Directive (EU) 2019/1024 of the European Parliament and of the Council, which allows data to be sorted, searched, extracted, compared and reused.

The Commission envisages to propose improvements to the information currently collected by the Member States on beneficiaries of certain funds (including information on beneficial owners of the beneficiaries/recipients) and the way such information is analysed and used for control and audit purposes by the Member States and for supervision by the Commission; and to make compulsory the use of the ARACHNE system or a similar single data mining tool to enhance such control mechanisms. This is also in line with the European Council conclusions of July 2020.

22. (§ 28, in connection with § 26 - 2018/PAR/0471) The European Parliament acknowledges that the creation and establishment of such an IT system will take time to be realised; fully acknowledges that the provision of information on beneficiaries under shared management is the responsibility of the Member States; at the same time asks for a quicker, more transparent exchange of information and data related to Union-subsidies in the area of Cohesion and CAP; calls on the Commission to provide the discharge authority with a list of the 50 largest individual recipients (natural persons as beneficial owners of a company or of several companies) per Member State as well as a list of the 50 largest recipients (natural persons and legal persons as well as natural persons as owners of several companies) of Union-subsidies aggregated across all Member States; asks the Commission to provide this information to the discharge authority on an annual basis.

Commission's response:

The Commission reminds that under the current rules of Cohesion Policy and CAP, Member States must keep and publish data on projects, groups of projects and beneficiaries, not on beneficial owners. The Commission will consider for the next MFF and in cooperation with the Member States, to find suitable IT solutions that would allow compiling, on a systematic basis, (for further transmission to the EP in the context of the discharge procedure) the list of the 50 largest individual recipients per Member State as well as a list of the 50 largest recipients aggregated across all Member States.

23. (§ 29 - 2018/PAR/0472) The European Parliament calls on the Commission to evaluate the CAP proposals currently on the table and propose amendments to bring the future regime in line with the European Green Deal.

Commission's response:

In reply to the European Parliament's request, the Commission published an Analysis of links between CAP Reform and Green Deal (SWD (2020) 93) on 20th May 2020. The analysis concludes that the 2018 Commission proposal on the future CAP are compatible with the Green Deal ambition provided that key elements outlined therein (e.g. no backsliding principle; an ambitious system of conditionality maintaining key standards; eco-schemes mandatory for Member States; 30% ring-fencing for environment and climate under rural development excluding payments for areas with natural constraints, as well as the ring-fencing of the sectorial interventions; an appropriate monitoring system) are maintained by the co-legislators in the final legislation. The Commission is committed to working with the European Parliament and the Council in this direction and is, in this context, open to considering further improvements (e.g. minimum ring-fenced spending for eco-schemes, additional indications concerning agricultural practices that could be supported by eco-schemes). Finally, the published analysis also indicates that the Commission will reinforce its support for Member States in the preparation of the national CAP strategic plans with a view to ensuring implementation of the future CAP helps to achieve the ambition of the Green Deal.

24. (§ 30 - 2018/PAR/0473) The European Parliament calls on the Commission to take on board, in its proposals on the MFF and the European Green Deal, the critical conclusions of the Court as to the lack of efficiency and effectiveness of the greening of the CAP regime.

Commission's response:

In its proposal for a future CAP, the Commission has taken on board the Court recommendations regarding the greening of direct payments. The greening requirements have been included in a streamlined form into the scope of a new enhanced conditionality. A new CAP instrument, the eco-schemes will allow Member States to use part of the budget for direct payments to support practices beneficial for the environment and climate that they will design on the basis of needs.

25. (§ 31 - 2018/PAR/0474) The European Parliament is particularly concerned by the alarming information provided by the press and NGOs as to the dramatic situation of the most vulnerable migrants in the hotspots, in particular, child migrants and refugee women; calls on the Commission to take specific measures in cooperation with the Members States' authorities in order to prevent the misuse of Union funds and avoid abuse and trafficking, and to ensure that Union funds are used to protect fundamental rights.

Commission's response:

Funding under the national programmes of the Asylum, Migration and Integration Fund (AMIF) and Internal Security Fund (ISF) can be used by Member States to implement actions aimed at preventing abuse and trafficking of vulnerable migrants. Specific actions targeting the protection of vulnerable persons in the reception centres were also implemented in the past. For instance, in Greece, AMIF emergency funding supported shelters for unaccompanied minors. Such funding also covered protection activities in the Regional Identification Centres (RICs) in Greece. Furthermore, AMIF funding also supports the relocation of vulnerable migrants. The Commission receives regular reports on the on the ground activities of the implementing partners (international and non-governmental organisations) that benefit from EU funding, including as regards the most vulnerable migrants in the hotspots. The Commission carries out regular visits to monitor the implementation of the EU-funded actions and participates regularly in technical meetings to monitor the progress of the implementation of the agreed strategies with the national authorities.

Under shared management (national programmes), the Commission carries out audits to control whether Member States have effectively detected irregularities and corrected ineligible expenditure. In case of ineligibility, the Commission has the obligation to recover misspent EU resources. For the funds implemented under direct management, the Commission carries out ex post audits as part of its standard control strategy. The results of the audit activity can be found on the website of the Commission in the Annual Activity Report of Directorate General Migration and Home Affairs.

26. (§ 32 - 2018/PAR/0475) The European Parliament highlights that the increasing use of financial instruments and trust funds to deliver Union policies in third countries, alongside the Union budget, risks undermining the level of accountability and transparency of Union action; insists that the Commission ensure that the delivery of external aid is subject to the rule of law and respect for human rights in recipient countries; stresses, in particular, the need to guarantee that no Union funds support any form of forced or child labour; is concerned about recent press reports from projects in Eritrea containing allegations; urges the Commission to quickly follow up on those allegations and report back to the discharge authority in a timely manner.

Commission's response:

The Commission does not share the concerns related to the use of EU Trust Funds. Satisfactory measures are already in place to ensure transparency and accountability of the instruments. Taking the EUTF Africa as an example, a user-friendly website that provides complete information on programmes, financial contributions, results achieved so far, and the major strategic decisions taken by the Board, has been set up. The annual report on the activities of the EUTF, also publicly available online, is approved by the Operational Committee and shared with the Board, including donors, partner countries, regional organizations and

the European Parliament. In 2019, accountability and transparency were further improved through increased communication, regular updating of the website, posts on social media and through organising communication events and presentations with a wide number of stakeholders including the European Parliament, the Council, and civil society organizations.

During implementation of its aid, the Commission aims at close coordination in the assessment and monitoring of fundamental values, referring to the analysis and priorities of the Human Rights and Democracy country strategy and feeding this analysis into its political dialogue with the partner country. External aid is a powerful tool to promote the rule of law and respect of human rights and more broadly, the objectives of the Agenda 2030. EU development cooperation abides to a zero-tolerance policy on forced labour, including child labour, as it is a violation of customary international law. In this regard, the EU strongly supports ILO through EU funding to promote and enforce International Labour Standards in partner countries, including the respect of the ILO 29 Convention ('Forced Labour Convention'), the ILO 138 Convention ('Minimum age Convention') as well as ILO 182 Convention ('Worst Forms of Child Labour Convention'). The Commission ensures the respect of those values through a set of contractual clauses. All types of contracts, agreements, tender and grants include a code of conduct laying down ethical clauses as a contractual obligation for the respect of human rights and labour standards, such as the elimination of forced and compulsory labour and the abolition of child labour. Failure to comply with these ethical clauses may lead to termination of contracts, sanctions or exclusions from tender or grant. In addition to these legal requirements, the Commission strives to improve efforts to guarantee that EU funding are 100% child labour free through other mechanisms. EU trade policies (Free Trade Agreements and Generalised Systems of Preference+) stipulate strong conditions regarding forced labour and child labour under the sustainable development chapter.

Concerning allegations in some media about projects in Eritrea, the Commission has ensured close reporting to the Parliament about the implementation of the 'Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea' project. The Commission shared a dedicated non-paper with BUDG and DEVE committees on 28 January 2020, detailing the activities and monitoring and safeguard measures in place. The Commission also intervened in DEVE Committee in February (together with UNOPS as implementing partner) and June 2020, and has kept DEVE and BUDG fully updated on EU ongoing policies towards Eritrea through communications from the DG DEVCO Director General. The Commission welcomes and supports a mission to Eritrea by BUDG and DEVE Committees in Q4 2020. The Commission closely follows implementation of activities and is ready to take corrective measures – including suspension of activities – should issues arise within the realm of the EU-funded activities.

27. (§ 38 - 2018/PAR/0476) The European Parliament regrets that for the 26th year in a row payments are materially affected by error because the supervisory and control systems are only partially effective; stresses the fact that Member States had

sufficient information available to prevent, detect and correct a significant proportion of errors prior to declaring the expenditure to the Commission and that had this information been used the estimated error rate would have been considerably lower; calls on the Commission to put in place the necessary instruments to further improve error detection by Member States' authorities.

Commission's response:

The Commission is already providing in the AARs (see p. 26 of the 2019 AAR for DG REGIO and see p. 41 of the 2019 AAR for DG EMPL) an overall analysis by comparing the main error types identified by the audit authorities and by the Commission auditors. The vast majority of the findings (public procurement irregularities, ineligible expenditure and projects, inadequate audit trail) show that management verifications, the first line of defence against errors, still needs to be strengthened. The Commission is taking action to enhance the administrative capacity to those authorities.

Furthermore, at the level of audit authorities, a discussion on discrepancies of the Commission findings and the audit authority's findings are a permanent point in the Annual Coordination Meetings since 2018. A more structured discussion with the concerned audit authorities will as from 2020 include a detailed analysis of the additional errors found by EU audits, with recorded actions by the audit authorities to address the non-detection of these errors.

A study on DG REGIO audit findings from the periods 2007-2013 and 2014-2020 is also planned for publication in autumn 2020. It will allow for a more general dialogue with programme authorities on the types of irregularities found in Commission audits not detected by programmes' management verifications and audits.

As regards the Common Agricultural Policy and the error rates reported by DG AGRI, the risk at payment for EAGF has been below materiality for the past three years (see DG AGRI AAR p.105). EAFRD remains an area which merits closer scrutiny. Several initiatives aiming at reducing the error rate are described on p.170 of the Annex of the DG AGRI AAR; seminars on error rate in rural development, and activities under the umbrella of the European Network for Rural Development. The estimated risk at payment for the CAP has been steadily decreasing in view of the effective management and controls systems and corrective actions taken, notably following Action Plans by Member States agreed with the Commission, and thus for 2019 DG AGRI reported an overall risk at payment below materiality i.e. 1.89 %.

DG AGRI has thoroughly examined all relevant available information, notably the Certification Bodies' opinions on legality and regularity of the expenditure, and used its professional judgement to identify as precisely as possible the amounts at risk for the EU budget. In line with the further increased reliance on the certification bodies' work in 2019, most of DG AGRI's adjustments are based on the certification bodies' findings subject to the professional judgement of DG AGRI.

28. (§ 49 - 2018/PAR/0477) The European Parliament points out, however, that the impact of eligibility errors was less important than in 2017 (2018: 68 %, 2017: 93 %); regrets that in 2018 the Court found a higher number of errors in relation to public procurement, state aid rules and grant award procedures; calls on the Commission to pay close attention to these categories of errors and assess whether they present a risk to the free competition or even point to possible cases of corruption; in the latter case, the Commission should not hesitate to take corrective measures and inform the EPPO.

Commission's response:

The most frequent types of errors identified by audits show that the first line of defence against errors, management verifications, still have to be strengthened to prevent these errors occurring.

The Commission has taken several measures in that respect:

- it has organised different seminars aiming to strengthen the capacity of Member States authorities to deal with the provisions of the programming period 2014-2020 were organised (management and control rules, public procurement and simplified cost options).*
- Both national and EC audits are now conducted and reported in accordance with a jointly agreed typology of errors. These typologies are communicated to managing authorities, which allows them to adapt their risk-assessments, to better target their management verifications and to take further steps to train their staff in the risky areas identified to better prevent such errors in the future.*
- It closely works with all authorities in the audit community to ensure that they work up to expected standards, through targeted technical support and continuous re-assessment of their work.*
- It promotes effective and proportionate anti-fraud/corruption measures to increase the awareness of risks and greater acceptance that preventive measures are possible. A stock-taking study on anti-fraud measures has assessed whether the measures put in place by Member States to mitigate risks of fraud and corruption were proportionate to their self-assessment of risks.*
- It has put in place Pilot Integrity Pacts in cooperation with Transparency International to help governments, businesses and civil society fighting corruption in public contracting. The experiences and lessons learned from these pilots are being disseminated and will be applied to other EU co-financed projects in the future.*
- A dedicated Commission action plan on public procurement for strengthening capacity in that field is ongoing and regularly updated, with a particular emphasis now on actions helping Member States to further professionalise procurers.*
- A State aid action plan designed in close cooperation with DG Competition aims at increasing awareness and understanding of state aid rules, at improving the co-*

operation between the various actors involved and providing pro-active support to the EU Member States and regions in the correct application of those rules.

The Commission note however that audit authorities had identified the vast majority of public procurement errors in the transactions examined by the Court. It shows the improved capacity of audit authorities to detect this type of errors, thanks to joint efforts in this area over the last years.

Regarding the possible case of corruption, the Commission systematically transmits any suspicion of fraud or corruption to OLAF and closely follows-up OLAF final case reports. Their recommendations are systematically transmitted to competent national authorities with a view to financial corrections, withdrawals of expenditure or deduction at closure. In parallel, the Commission continues its consistent efforts to promote the use of Arachne which is a voluntary preventive risk-scoring and detection tool provided to Member States cost-free. It is also considering making the use of Arachne compulsory in the next programming period.

29. (§ 50 - 2018/PAR/0478) The European Parliament calls on the Commission to streamline and simplify the strategic frameworks governing the implementation of the Union budget, thereby reinforcing accountability for results and increasing clarity and transparency for all stakeholders.

Commission's response:

The Commission accepts this discharge request in so far as it falls under the Commission's control. The Commission confirms that the approach to the implementation of the EU budget should be as coherent and streamlined as possible and that clarity and transparency as regards the achievement of results are essential. The discharge request will be implemented through the Multiannual Financial Framework proposals (2021 - 2027) and the associated sectoral programmes, which constitute a coherent strategic framework for the future EU budget. These proposals, now reinforced by NextGenerationEU, represent a significant simplification and streamlining of the EU budget, fully aligned with the Union's strategic priorities.

Annual management and performance report: management achievements

30. (§ 55, in connection with §§ 52, 53, 54, 60, 69 - 2018/PAR/0479) The European Parliament requests the Commission to make sure that the AMPR is fully reliable and not based on projections.

Commission's response:

This recommendation is in contradiction with recommendations 2018/PAR/4481 and 2018/PAR/0482.

In accordance with article 247 of the Financial Regulation, as required the AMPR includes "an estimate of future corrections" which is duly used to determine the estimated risk at closure.

This has been the case for the Commission's previous AMPRs, including the 2019 edition.

31. (§ 74 - 2018/PAR/0480) The European Parliament repeats its request that the Commission and the Member States put in place sound procedures to confirm the timing, origin and amount of corrective measures and to provide information reconciling, as far as possible, the year in which payments is 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's response:

Due to the multi-annual nature of EU spending, along with the complexity of the systems in place, financial corrections usually occur several years after the original disbursement from the EU budget. Furthermore, it is not always possible to link a financial correction to a single transaction, as auditors can apply globalised (flat-rate) corrections covering several years of payments or parts of programs.

This occurs when the Commission services detect serious deficiencies in specific areas of the Member States' management and control system during their audits and the amount of financial damage caused to the EU budget cannot be identified precisely with proportionate effort. To protect the EU budget from expenditure incurred in breach of law, the Commission may apply flat-rate corrections based on the nature and gravity of the infringements identified and the corresponding risk of financial damage caused to the Union's budget. The flat-rate corrections are applied to address system weaknesses and the associated risks they generate for the EU budget. While they are a strong incentive for the Member States to improve their management and control systems, it is not possible to establish a link with a project for these cases.

For all these reasons, it is simply not feasible, also given the cost-benefit constraints, to link the financial corrections to the original year of payment.

Detailed information on financial corrections and recoveries is presented in the annex of the 2019 AMPR (Annex 5 “The multiannual control cycle protecting the EU budget”). The Annex 5 includes a dedicated chapter on the cumulative (multi-annual) financial corrections, thereby providing the reader with this more relevant information.

32. (§ 77 - 2018/PAR/0481) The European Parliament calls on the Commission to simplify and harmonise the practices and methods of the DGs in order to be able to fully respect the requirements of Article 247 of the Financial Regulation and, in particular, paragraph 1b thereof which stipulates that: “... the annual management and performance report includes information on key governance arrangements in the Commission as well as: (i) an estimation of the level of error in Union expenditure based on a consistent methodology and an estimate of future corrections; ...”.

Commission's response:

The Commission's AMPR is fully in line with article 247 of the Financial Regulation.

As in 2018, the 2019 edition of the AMPR includes sections on governance arrangements (section 2.1.2) and on the estimated level of error and related future corrections (section 2.3.1 and annex 3).

The information on governance in the AMPR is complemented by detailed description of the Commission's governance arrangements in the Communication C(2020)4240.

The methodology used to determine the estimated level of error is consistent over time and harmonised across the Commission, while taking into account the specificities of management modes and sectoral programmes.

33. (§ 78 - 2018/PAR/0482) The European Parliament calls on the Commission, in accordance with Article 247 of the Financial Regulation, to align quickly its methodology to the one used by the Court and to provide the budgetary control authority with only one error rate corresponding to the risk at payment (error rate at payment); calls on the Commission to disclose separately an estimate of the future corrections (residual error rate); urges the Commission to apply a coherent terminology across all DGs when reporting on these two estimates; calls for the progress in the matter in question to be provided to the Parliament until 30 June 2021.

Commission's response:

Article 247 of the Financial Regulation does not require the Commission to align its methodology to the one used by the Court, nor does it limit the estimation of the level of error to the disclosure of only one error rate corresponding to the risk at payment.

The Commission's AMPR is fully in line with article 247 of the Financial Regulation. The Commission's risk at payment is acknowledged as being in line with the ECA's estimated level of error.

The Commission and the Court of Auditors play different roles in the control chain of the EU budget and therefore it is logical that their approaches and methodologies differ.

The Commission is the manager of the EU budget and the ECA is the external auditor. Through its multi-annual management and control approach, the Commission carries out a granular and detailed assessment (per Member State, programme, segment of expenditure, etc – which can all have different risk profiles depending on the types of transactions and/or beneficiaries). This way the Commission can identify where the weaknesses are in order to determine precisely the root causes of errors and the most appropriate corrective and remedial measures. The ECA has as objective to give an overall audit opinion on the legality and regularity of the budget as a whole but its samples taken do not allow such a granular and detailed view.

Nevertheless, the Commission's and ECA's main conclusions are not so different. Furthermore, the apparent differences are not large in terms of percentage points nor error ranges. The error levels have decreased and are getting closer to the 2% materiality threshold in the recent years, except in some specific policy areas (such as cohesion). Both the Commission's and the ECA's conclusions confirm this trend and both institutions usually estimate the level of errors to be in the same range.

AMPR section 2.2.2 and Annex 3 provide a detailed explanation of the similarities and differences between the Commission's management approach and the ECA's audit approach.

As in 2018, also the 2019 edition of the AMPR includes a dedicated section presenting separately the risk at payment, the estimated future corrections and the risk at closure (see section 2.3.1 and Annex 3).

The general terminology used for those three concepts is coherent across all DGs. Any more tailored terms used in specific management and control systems (e.g. in shared management) are explained in the AMPR.

34. (§ 79, in connection with § 80 - 2018/PAR/0483) The European Parliament calls on the Commission to take the necessary measures to obtain reliable data from the Member States concerning the error rate at payment; calls on the Commission to make appropriate adjustments in a timely manner if deficiencies are detected in Member States' controls.

Commission's response:

The Commission continuously monitors and re-assesses the work done by the Audit Authorities on a risk basis but ensuring also coverage over time, in order to ensure that they perform in accordance with the required high standards and provide fully reliable audit results.

In order to confirm the reported error rates by those authorities, the Commission carries out a thorough desk-review and assessment for each programme and then the assessment is completed by fact-finding missions or request for additional information, and, on a risk basis by on-the-spot compliance audits for programmes considered at higher risk. Details of audits performed in the 2019 year are available in the respective AARs, showing in particular a specific focus on compliance audits.

Audit conclusions are reported to programme authorities and complemented by concrete, targeted audit recommendations to correct deficiencies, to improve systems or procedures or to correct irregularities. Audit reports are followed-up and programme authorities report on the actions carried out to implement recommendations. The Commission services follow-up their recommendations, requesting evidence of improved procedures or systems, until they can close a recommendation.

On the suggestion of the High Level Group on simplification, the Commission is now compiling most frequent audit findings from the last years to share them with programme authorities in an anonymous way, thus allowing them to learn from the mistakes from others. In addition, for three years now, audit authorities report errors they have detected during their audits following an agreed typology with the Commission. Typologies of errors are therefore communicated to managing authorities so that they can adapt their risk-assessments, better target their management verifications and take further steps to train their staff in the risky areas identified to better prevent such errors in the future. This pedagogical effect of audits benefit therefore the whole system.

With regard to agricultural expenditure, the Paying Agencies report the errors found as a result of their own controls. Where the Commission finds deficiencies in their control systems (meaning that the Paying Agencies may not be finding all the errors), the Commission makes adjustments to the reported error rates.

The adjustments or top-ups are determined on the basis of the opinions of the Certification bodies on legality and regularity of expenditure, the Commission's own audits and other available information from operational units, and findings by the European Court of Auditors.

Adjusted error rates are the basis for the Commission to discuss necessary reservations and the respective action plans to be put in place by Member States to strengthen their management and control systems.

Budgetary and financial management

35. (§ 88 - 2018/PAR/0484) The European Parliament is worried by the fact that outstanding commitments (RAL) have continued to grow in 2018 reaching a new record; this represents a serious risk; calls on the Commission, in order to reduce current and prevent further outstanding commitments, to improve its financial forecasts and, where necessary, to assist countries to find eligible projects, especially those with clear European added-value.

Commission's response:

The Commission is constantly monitoring the evolution of payment needs in view of improving budget predictability and managing the related budgetary risks. In particular, the Commission publishes annually a forecast of future inflows and outflows of the EU budget covering the next five years (as required under the Financial Regulation revision, entered into force in 2018).

Moreover, in its proposal for the 2021-2027 Multiannual Financial Framework Regulation, as revised in May 2020, the Commission has included the payments expected over the next 7 years for honouring commitments made in the current and previous periods in the level of the payment ceilings. The revised proposal takes into account the estimated future payments in relation to the reinforcements proposed in 2020 as part of the EU coronavirus response.

36. (§ 97 - 2018/PAR/0485) The European Parliament recalls that at present, EIB Group operations that are not financed by the Union budget but which serve the same Union objectives do not come under the Court audit mandate; points out that this means that the Court is unable to provide a full picture of the links between EIB Group operations and the Union budget; in particular, supports the Court's request to audit the EIB's non-Union budget related operations; calls for the renewal of the tripartite agreement between the Commission, the EIB and the Court, due in 2020, to include provisions giving the Court greater access to EIB operations' auditing with the view to improving external scrutiny.

Commission's response:

The European Commission is working together with the European Court of Auditors (ECA) and the European Investment Bank (EIB) on a renewed tripartite agreement. The purpose of the ongoing revision of the tripartite agreement is to renew the agreement concluded on 26 September 2016 on cooperation between the Commission, the ECA and the EIB and on the rules under which the Court is to carry out its audits on Union expenditure and revenue managed by the Bank. This revision will also revisit the clauses for the ECA's access to documentation in relation to operations supported by the EU budget within the provisions of the Treaty.

Such revision shall however be done within the boundaries set by the Treaty on the Functioning of the EU (TFUE). In accordance with the third subparagraph of Article 287(3) TFEU, the Agreement covers both the financing operations under the mandates conferred by the European Union on the Bank and the operations managed by the Bank and guaranteed by the general budget of the European Union. This Agreement does not modify or supersede any Union law, in particular the provisions of Articles 285 and 287(3) TFEU, which is the legal basis of this agreement and which confers the Court the mandate to audit the Union expenditure and revenue managed by the Bank.

37. (§ 99 - 2018/PAR/0486) The European Parliament calls on the Commission to take measures to avoid undue pressure on the level of payment appropriations in the first years of the MFF for the programming period 2021 to 2027; requests that such measures include:

(a) improving the accuracy of forecasts of payment needs;

(b) inviting the budgetary authority to:

(i) provide for an orderly balance between the budgeted commitment and payment appropriations for the next MFF by increasing payment appropriations, changing the commitment rules or decreasing commitment appropriations;

(ii) in doing so, take into account the possibility of a high amount of payment claims in 2021 and 2022 and the fact that unused payment appropriations cannot be transferred to the next MFF;

(c) facilitating the timely adoption of legal frameworks and promoting early planning of programmes by Member States.

Commission's response:

Since 2015, the Commission presents annually a long-term forecast for the EU budget payments to the budgetary authority. The Commission prepares its forecast based on a wide range of available data (the execution of the previous years' budgets, the implementation and latest developments of the actual budget and the future needs presented in the draft budget for the following year). In addition, the Commission takes into account Member States' forecast for the implementation of the European Structural and Investment funds - the main driver behind the overall payment estimations.

In its proposal for the Multiannual Financial Framework - MFF 2021-2027, as revised in May 2020, the Commission has presented a payment ceiling corresponding to the expected payment needs in relation to the new spending programmes and in relation to outstanding commitments. The expected impact of

the reinforcements in response to the coronavirus pandemic has also been fully taken into account.

Furthermore, the Commission has proposed a number of qualitative changes in the relevant implementation modalities which accelerate implementation compared to 2014-2020 (e.g. return to the previous-period decommitment rule of $n+2$ as well as lower pre-financing in cohesion funds). Actual needs, will depend also on these implementation modalities for the new generation of spending programmes (in particular the cohesion policy funds) which, are still under negotiation.

In order to facilitate the start of the new generation of programmes, the Commission is working in close collaboration with the European Parliament and the rotating Presidencies of the Council to take the negotiations forward.

As regards cohesion policy, the delays in the 2014-2020 programmes stemmed from the process of designation of authorities and the late adoption of the necessary delegated and implementing acts. These shortcomings are tackled in the Commission proposals for 2021-2027. The legislative framework is designed to ensure continuity across periods – there will be no new designation process and the partnership agreements will focus on strategic policy choices and coordination. The templates relevant for programming are in the annexes to the CPR and fund-specific regulation, so Member States can prepare in advance to start the new programmes.

In the context of the coronavirus pandemic, and in order to make much needed funding available already in 2020, the Commission has proposed to adjust the current 2014-2020 long-term budget.

As to early planning of programmes by Member States, the Commission is actively engaged in the legislative process for the new generation of spending programmes. In close cooperation with the Member States and all national stakeholders, the Commission accompanies the programming efforts at the earliest moment possible and provides first advice on an informal basis. This will help programmes, and in particular the CAP Strategic Plans, to be already very advanced when the basic regulations are adopted by the co-legislators.

38. (§ 100 - 2018/PAR/0487) The European Parliament calls on the Commission to ensure, as soon as the common provisioning fund is established, effective management and up-to-date monitoring of the Union budget's exposure to the related guarantees; in this context, asks the Commission to base its calculation of the effective provisioning rate on a prudent methodology based on recognised good practice.

Commission's response:

The European Commission will base its calculation of the effective provisioning rate on a prudent methodology based on recognised good practice, in particular basing its approach on diversification principles. This will be reflected in a proposal for a delegated act to establish the effective provisioning rate to be

applied to the assets held in the Common Provisioning Fund. The delegated act will be adopted in line with usual legislative procedure and notified within the agreed timelines to the European Parliament and to the Council.

39. (§ 101 - 2018/PAR/0488) The European Parliament calls on the Commission to present annually to the budgetary authority the overall amount and the breakdown of funds transferred from the Union budget for financial instruments managed by the EIB Group, as well as to present information on the level of implementation of these funds.

Commission's response:

The Commission provides each year the “Working Document X on Financial Instruments attached to the Draft Budget N+1 (as per Article 41(4) of the Financial Regulation” (aka : the “41.4 FR report”)) to the budget authority with an annual detailed report on all financial instruments. Following the previous recommendations, the report produced in 2020 and attached to the Draft Budget 2021, also includes the overall amount and the breakdown of the funds transferred to the financial instruments managed by the EIB Group, including a division between EIB and EIF. This comprehensive reporting ensures transparency and allows proper scrutiny.

The level of the implementation of the funds can be seen as well in the same Working Document X attached to the Draft Budget N+1 where every financial instruments presents its operational performance with data on the actual implementation and the target to be reached, especially in terms of EU contribution committed, financing provided by financial intermediaries to final recipients and investments made by final recipients due to the received financing.

Getting results from the Union budget

40. (§ 113 - 2018/PAR/0489) The European Parliament calls on the Commission to promote the inclusion in the programme statements of indicators that:
- (a) through a better balance between inputs, outputs, results and impacts, provide more relevant information on the achievements of Union spending programmes;
 - (b) have a clear link with the actions financed by Union spending programmes;
 - (c) reflect the achievements of Union spending programmes rather than the performance of the Commission and other bodies implementing them; and
 - (d) cover the programme objectives.

Commission's response:

The Commission accepts the recommendation. The Commission is required pursuant to the Financial Regulation to report in the Programme Statements on all indicators set out in the legal bases of the spending programmes as agreed by the European Parliament and the Council based on proposals made by the Commission.

Indicators are designed to measure progress on programmes' objectives based on the actions implemented under these objectives. The Commission considers that an appropriate balance between types of indicators is necessary to monitor and evaluate performance and this balance should reflect the specificities of individual programmes.

The Commission has done an important work to improve the selection of indicators for the spending programmes of the period 2021-2027, as reflected in the legal proposals. This work included streamlining the indicators, as well as improving the balance between output, result and impact indicators. It is important that the negotiations of the legal bases of the spending programmes for the period 2021-2027 maintains the same line of work.

41. (§ 114 - 2018/PAR/0490) The European Parliament insists that to be able to calculate progress towards the target from the baseline, the Commission propose performance frameworks for all programmes with the characteristics listed below for performance indicators and that if the Commission deems this not to be meaningful for a specific indicator, it should explain its choice in the programme statements:
- (a) quantitative baselines, stipulating the year for the baseline;

(b) quantitative milestones;

(c) quantitative targets, stipulating the year of the target;

(d) data with the required level of quality so that progress towards the target from the baseline can easily be calculated.

Commission's response:

The Commission accepts this recommendation. The Commission notes that it will be necessary to use a limited number of indicators for which it is not meaningful to define quantitative baselines, milestones or targets.

The Commission notes that it has to take account of feasibility and cost considerations as well as the fact that it requires corresponding commitment of, in particular, Member States and beneficiaries, to submitting high quality data on time.

42. (§ 115 - 2018/PAR/0491) The European Parliament calls on the Commission to seek to receive in a timely manner performance information for all performance indicators, for instance by introducing new reporting tools on internet platforms.

Commission's response:

The Commission accepts the recommendation. The Commission notes that it has to take account of feasibility and cost considerations as well as the fact that it requires a corresponding commitment of, in particular, Member States and beneficiaries, to submitting high quality data on time.

43. (§ 116 - 2018/PAR/0492) The European Parliament calls on the Commission to document the target programmes' objectives and targets, including benchmarks, so that the budgetary authority can assess their level of ambition and the results in achieving the targets.

Commission's response:

The Commission accepts the recommendation. The Commission documents the indicator data as well as indicator baselines, milestones and targets that measure progress on programmes' general and specific objectives in the annual Programme Statements.

44. (§ 117 - 2018/PAR/0493) The European Parliament stress the importance of strictly monitoring, in the case of large-scale infrastructure projects, possible risk of

corruption and fraud; calls on the Commission to carry out careful and independent ex-ante and ex post assessments with regard to the project to be financed.

Commission's response:

The Commission partially accepts the recommendation as it considers that important steps were already taken in that direction since 2018 and that further measures should remain proportionate.

The Commission applies zero tolerance towards fraud and corruption and is continuously improving the related measures to achieve a high level of protection of the EU-financial interests in the management and control systems.

On the one hand, the Commission, the co-legislators and the Member States are continuously refining the regulatory framework through which the European Union budget is protected. On the other hand, the Commission has implemented robust management and control systems for the management of EU budget, including extensive fraud prevention and detection measures throughout all management modes. Finally, procedures are in place ensure an adequate follow up once a case of fraud is detected.

The Commission believes that the already existing framework provides for adequate, effective and proportionate means of protecting EU budget. In particular, in shared management

Article 125.4c CPR set out for the first time an obligation for Member States to put in place proportionate and effective anti-fraud measures, which are risk-based.

Member States competent authorities are responsible to put in place and to monitor the anti-fraud measures at the level of the individual project. Therefore, introducing additional assessments at the project level by the Commission would be disproportionate.

Under Direct Management, the Commission has put in place controls at the level of project selection, contracting process, grant management and payment process and maintains a degree of ex-post financial controls that is consistent with the principle of sound management. As regards infrastructure projects funder under the CEF programme, INEA maintains a strong control strategy and dedicated antifraud measures.

In particular, preventive measures include a yearly risk-assessment exercise including the consideration of possible areas at fraud-risk, limitations to the grant award in line with Article 136 of the Financial Regulation, a regularly updated ex ante control strategy.

Detective controls include risk-based ex post audits and specific consideration of the risks related to beneficiaries and Implementing bodies, including the risk of fraud and irregularities.

These processes are further reinforced by the adoption in 2018 of a revised internal control framework and by measures taken in the framework of the Commission's Common antifraud strategy (COM(2019) 196 final) adopted in April 2019 , that provides for an increased corporate oversight, a better use of data

analysis and improved coordination, including a better integration with the risk management processes.

45. (§ 118 (a) - 2018/PAR/0494) The European Parliament calls on the Commission to further improve the PPO, especially by:

(a) using one method for calculating progress towards the target from the baseline and if the Commission deems this not to be feasible for a specific indicator, it should explain its approach in the PPO.

Commission's response:

The Commission accepts the recommendation. The Commission has updated the calculation and graphical representation of progress to target in the Programme Performance Overview (PPO) to take into account the distance from the baseline to the target for all indicators in the PPO (where applicable).

46. (§ 118 (b) - 2018/PAR/0495) The European Parliament calls on the Commission to further improve the PPO, especially by:

(b) explaining the rationale used to select performance indicators for each programme.

Commission's response:

The Commission accepts the recommendation. The Programme Performance Overview (PPO) is intended to provide an easy-to-read and concise overview over a programme's background and its performance. The indicators displayed in the PPO are therefore selected to provide a balanced overview over a programme's performance as much as possible. The PPOs are based on the Programme Statements, which in turn provide a full, in depth insight into programmes' core performance indicators and performance.

47. (§ 119 - 2018/PAR/0496) The European Parliament calls on the Commission to continue supporting Member States with a view to ensuring that both the quality and number of controls are improved, and to share best practice in the fight against fraud.

Commission's response:

The Commission continuously supports public administrations managing EU funds to strengthen their capacity to efficiently and effectively plan, implement

and evaluate high quality programmes. The overall aim is to ensure that funds are spent well, on time, without material errors, reported accurately and managed according to the principles of good governance.

The Commission offers the necessary guidance and tools to national authorities and encourages them to better share existing expertise and good practices. In order to improve the quality of controls the Commission provides advisory, guidance and capacity building actions at the level of audit authorities, but also managing and certifying authorities, which contribute to preventing and correcting errors and therefore contribute to the assurance process. This includes publishing various guidance notes and Q&A documents, elaboration of audit methodologies, sharing of the full set of Commission's checklists for the on-the-spot audit work with the audit authorities, elaboration and sharing of the "Charter on good practices promoted by the Audit Community under Cohesion policy EMFF and FEAD" or regular Coordination Meetings and Homologues Group meetings.

The Commission will also continue sharing best practice in the fight against fraud. In particular, the following actions were undertaken so far:

- A stock-taking study of implementation of CPR art. 125(4)(c) in Member States was presented in October 2018: "Preventing fraud and corruption in the European Structural and Investment Funds – taking stock of practices in the EU Member States". In annex to the report is a collection of anti-fraud practices identified in Member States.*
- An e-learning platform and tool box on anti-fraud and corruption is under development and is expected to be ready in 2021 in several EU languages. Building on the stock-taking study, it will amongst others provide case studies and good practices to support practitioners in Member States in their work to prevent and detect fraud and corruption in ESI funded projects.*
- The study "Single bidding and non-competitive tendering" was published in May 2019 to address this topic in more depth.*
- Practical guidance material on fraud risk assessment and risk mitigation, "red flags" (fraud indicators), conflicts of interest in public procurement, developing anti-fraud strategies, etc. are available to Member States.*
- A training module on "Identifying and preventing fraud and corruption in ESI funds 2014-2020" is offered for national and regional authorities responsible for the management of ESI funds several times a year.*

Revenue

48. (§ 135 - 2018/PAR/0497) The European Parliament calls on the Commission to implement a more structured and documented risk assessment for its TOR inspection planning, including an analysis of each Member State's level of risk and of risks in relation to the drawing up of the A and B accounts.

Commission's response:

The Commission considers changes in its risk assessment and the way it is documented along the lines recommended by the Court of Auditors. The Commission already made changes in its risk assessment for the 2020 TOR inspection programme, and the way it is documented. The documentation of the process of selecting the customs and the accounting topics for the inspection plan 2020 was improved, including appropriate documentation of the evaluation of 11 risk criteria used and completing a questionnaire based on which the ranking of inspection topics is done. Reflections to further improve risk assessment and the way it is documented is ongoing.

49. (§ 136 - 2018/PAR/0498) The European Parliament calls on the Commission to reinforce the scope of its monthly and quarterly checks of TOR A and B account statements by carrying out a deeper analysis of the unusual changes in order to ensure a prompt reaction to potential anomalies.

Commission's response:

Additional measures were already included for the Commission's 2020 TOR inspection plan that has as main inspection topic the reliability of the TOR accounting in all Member States. All Member States will be asked to submit the total B account at national level (customs duties established but not recovered yet), i.e. not restricted any longer to the local/regional customs offices to be inspected. The Commission will verify the reliability of the TOR accounting by checking, on the basis of underlying entries in the accounts and Member States' systems, that the statements of A and B accounts are reliable (complete, accurate and truthful). This will be verified by establishing bottom-up and top-down audit trails as well as verification of complete account statements. Also, the Commission will examine how reinforced desk checks focussing on unusual changes in the TOR statements could generate effective and efficient value added in detecting errors. Provided the results during the testing phase, which will have to be prolonged due to COVID-19, are positive, existing internal instructions would be adapted in line with the recommendation.

50. (§ 144, in connection with the Court's Special Report No 12/2019 "E-commerce: many of the challenges of collecting VAT and customs duties remain to be

resolved" - 2018/PAR/0499) The European Parliament urges the Commission to carry out sufficient control and monitoring activities in the Member States.

Commission's response:

The Commission accepts this recommendation and will address it as follows:

- *Updates of the electronic forms for administrative cooperation in the field of VAT related to MOSS and distance selling are being discussed with the Member States and will be adopted by the Commission in 2020. The IT implementation of these changes in the central application for electronic forms will start in the 4th quarter of 2020. All actions in this respect are planned to be implemented by the end of 2021.*
- *As regards Authorised Economic Operators (AEO), the Commission together with MS is currently implementing a comprehensive action plan to further step up the Authorised Economic Operators (AEO) programme. It includes fact-finding visits to all Member States resulting in recommendations where necessary. In this context, also the topic of low value consignments is addressed. In addition, the Commission started organising workshops on the Member States' monitoring practices.*

51. (*§ 147, in connection with the Court's Special Report No 12/2019 "E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved" - 2018/PAR/0500)* The European Parliament invites OLAF to inform Parliament on the outcome of its investigations related to e-commerce import of low value garments and to suspected import via e-commerce transactions of potentially sensitive goods by air transport.

Commission's response:

The European Anti-Fraud Office (OLAF) has already completed a number of cases concerning the import of low value garments and is willing to report upon them to the Committee on Budgetary Control of the European Parliament to the extent possible (i.e. taking into consideration the need to respect the principles of confidentiality of OLAF's investigation and to not jeopardise the follow up of such cases by national authorities by disclosing information covered by judicial secrecy). OLAF's investigations into the suspected import via e-commerce transactions of potentially sensitive goods by air transport are ongoing, therefore the Office cannot issue any further comment at this stage. This is in order to protect the confidentiality of ongoing investigations and possible subsequent judicial proceedings, as well as of personal data and procedural rights of the persons and entities concerned. Due to the level of complexity of such cases, the completion of OLAF's investigations is expected in 2021.

Competitiveness for growth and jobs

52. (§ 181, second indent - 2018/PAR/0501) The European Parliament calls on the DG R&I to:

- implement the 26 open recommendations of the Internal Audit Service as swiftly as possible.

Commission's response:

The Commission is monitoring the implementation of the Internal Audit Service recommendations.

In this respect, during 2019, DG Research and Innovation closed 18 recommendations issued by the Internal Audit Service. The state of play of the implementation of IAS recommendations is also presented in Annex 10 of its Annual Activity Report.

Compared to the previous reporting period of 2018, DG Research and Innovation managed to decrease the number of open recommendations by 50% (13 at the end of 2019 compared to 26 at the end of 2018) and also of the overdue 'very important' recommendations by 67% (3 at the end of 2019 as opposed to 9 at the end of 2018).

By 30 June 2020, DG RTD had submitted all 26 recommendations for review by the IAS. To date, the IAS has already followed up 8 recommendations (2 very important and 6 important), closing 6 (2 very important and 4 important) and keeping open 2 (important). Out of the remaining 18 recommendations, 7 are currently being followed up and 11 will be followed up in Q4 2020).

53. (§ 181, third indent - 2018/PAR/0502) The European Parliament calls on the DG R&I to:

- pay greater attention to and be more ambitious in fostering climate actions (a KPI).

Commission's response:

The Commission is committed to achieve the ambitious KPIs on climate action in all the MFF programmes.

Research and innovation play an important role in achieving the EU climate objectives. The target for climate-related spending in the Horizon 2020 budget was set at 35 %, the highest for any EU programme. This implies spending more than €26 billion from Horizon 2020 on climate over the 2014-2020 programme period.

At the end of 2019, climate-related spending from Horizon 2020 had reached 30 % in commitments for climate action, also noting that additional efforts were

ongoing. The final results on climate actions will be visible only in 2021, when all the Horizon 2020 grant agreements will be signed.

For the period 2018-2020, DG Research and Innovation designed an action plan to address the progress towards the climate objective, proposing measures such as climate-related considerations in project proposal templates and award criteria, as well as a reinforced budgetary allocation to climate action under the new European Green Deal Call.

54. (§ 181, fourth indent - 2018/PAR/0503) The European Parliament calls on the DG R&I to:

- be particularly vigilant with regard to the adherence to the Horizon 2020 Rules for Participation and Dissemination.

Commission's response:

The Commission is committed with a successful implementation of the Framework Program H2020. In this regard, beneficiaries are required to submit a draft plan for the dissemination and exploitation of the research results at proposal submission and to carry out dissemination and exploitation activities during (and after) the project's completion.

In this context, the Commission has set up a Strategy for a common dissemination and exploitation of R&I data and results for the period 2018 – 2020, which has been recently updated. As a result, project officers are engaged on monitoring of dissemination obligations and reporting requirements by beneficiaries. Then, the Commission follows up the exploitation activities even after the end of the project and the beneficiaries are encouraged to continue post implementation reporting on their peer-reviewed publications and patents.

55. (§ 181, fifth indent - 2018/PAR/0504) The European Parliament calls on the DG R&I to:

- encourage a more balanced allocation of resources among Member States within Horizon 2020 and further assist Member States and researchers in particular in their application for funding.

Commission's response:

Both Horizon 2020 and its successor Horizon Europe are competitive programmes where evaluation and selection of proposals are based on excellence and impact without any pre-allocated geographical envelopes.

The Horizon 2020 funding going to EU13 (EE, LT, LV, PL, CZ, SK, SI, HR, RO, HU BG, MT, CY) countries has been gradually growing over time since the Seventh Programme for Research, Technological Development and Demonstration Activities (2007-2013).

In Horizon 2020, EUR 900 million are devoted to ‘widening measures’ like Teaming, Twinning, European Research Area Chairs and 50% of European Cooperation in Science and Technology (COST) in order to help the widening countries increase their Research & Innovation (R&I) performance.

For Horizon Europe, the co-legislators have agreed in their common understanding to increase the share for this area of intervention to 3.3% of the budget as compared to about 1% in Horizon 2020. This will enable a stronger impact of planned measures and better contribute to fostering excellence across the EU.

Depending on the final agreement on Horizon Europe and on its budget, such increased budget for widening measures will not only allow for continuity of the fine-tuned core actions. It will also be coupled with additional measures that aim at fostering brain circulation of researchers, improving the quality of proposals from legal entities from low R&I performing countries, boosting activities of National Contact Points, establishing match-making services, promoting initiatives on excellence. A special measure will allow new partners from widening countries to join ongoing collaborative research and innovation projects (the so called “hop on”).

Efforts for further simplification and synergies with, notably, the European Regional Development Fund and the European Social Fund+ funds will continue, as well as paying particular attention to improving research and innovation management skills in EU13 countries.

See reply to recommendation 2018/PAR/0459.

56. (§ 181, sixth indent - 2018/PAR/0505) The European Parliament calls on the DG R&I to:

- publish all its proposals for country-specific recommendations under the European Semester exercise in its AAR.

Commission's response:

The Annual Activity Report (AAR) is a management report of the Director-General to the College of Commissioners. It is the main instrument of management accountability within the Commission and comprises the key results and progress towards the achievement of the objectives, the most relevant Key Performance Indicators and the main conclusions on financial management and internal control. Therefore, all the information reported in the AAR refers to the scope of the Direction General's set of responsibilities. The report is published in the Commission's internet site.

In the context of the European Semester, the Commission presents its proposals for country-specific recommendations in May of each year, having assessed the National Reforms Programme issued by Member States' governments in April and duly taking account both the priorities identified at EU level in particular in the Annual Sustainable Growth Survey and the diagnosis of the situation of each country made in the Country Reports.

These proposals for recommendations are discussed among the governments in the Council and further endorsed by EU leaders at a summit in June. Finally, they are formally adopted by the national finance ministers in July. Therefore, these recommendations are settled outside the sphere of responsibility of the Director Generals and consequently are not part of their AAR.

57. (§ 181, seventh indent - 2018/PAR/0506) The European Parliament calls on the DG R&I to:

- rethink the way that the ex ante verification for large research infrastructure are done with the view of making them more efficient and effective.

Commission's response:

The European Parliament took on board the observation reported by the Court of Auditors in their Annual Report related to the Declaration of Assurance. This referred to the eligibility of the costs of large research infrastructures in Horizon 2020 projects. The Commission would like to clarify that there is a system in place to allow the eligibility of these costs within a project. Under this system, the entities concerned have to obtain a positive ex-ante assessment of their costing methodology from the Commission.

In the above context, in two cases sampled by the Court where this system was applied, the auditors found significant over claims due to the incorrect application of their own methodology. Therefore, the beneficiary did not properly apply the costing methodology previously accepted by the Commission.

In conclusion, this aspect of the management of Horizon 2020 does not reflect any weaknesses on the ex-ante control set up by the Commission but on the way the beneficiaries implement their own methodology.

The mechanism for large research infrastructure does not appear in the Commission's proposal for Horizon Europe. Consequently, this system may not be in place for the next Framework Programme. Nevertheless, this proposal is under discussion by the co-legislators and if required, the current system may be adapted accordingly.

58. (§ 181, eight indent - 2018/PAR/0507) The European Parliament calls on the DG R&I to:

- together with the EACEA, report to Parliament's responsible committee, by July 2020, on the reforms introduced to remedy the situation.

Commission's response:

A full overview on the implementation of the action plans addressing the IAS recommendations is provided hereafter. For additional details concerning the assessment of EACEA internal control system, please see EACEA'S AAR 2019 (https://ec.europa.eu/info/sites/info/files/eacea-aar-2019_en.pdf).

a) Audit on Erasmus+ and Creative Europe – Grant Management phase I (from the call to the signature of contracts)

The IAS concluded positively on the implementation of the corresponding action plan and closed the 10 recommendations with no remarks in March 2019.

b) Audit on Erasmus+ and Creative Europe – Grant Management phase II (from project monitoring to payment)

IAS assessed the implementation, closed the originally critical recommendation related to internal control and AOSD assurance building process and downgraded two 'Very Important' recommendations to 'Important' as they had been implemented in most aspects. EACEA has set the end of September 2020 as new completion date for the remaining three 'Important' recommendations (the two downgraded and an additional ongoing) for which some action still needs to be taken to fully implement them.

To be noted that the above positive results have been achieved in parallel with the transformation and re-organisation process of the Agency (please see further details in the EACEA AAR 2019).

c) Further elements: conclusion of the IAS on the state of internal control and EACEA 2019 AAR reservation

Based on all work undertaken by the IAS in the period 2017-2019, the IAS has concluded that internal control systems in place for the audited processes are effective.

In line with this conclusion, EACEA lifted in its AAR 2019 the reservation on the internal control system.

59. (§ 181, ninth indent - 2018/PAR/0508) The European Parliament calls on the DG R&I to:

- pay particular attention to the distribution of funds by the project coordinator to the beneficiary.

Commission's response:

According to the Grant Agreement between the Commission and the beneficiaries within a consortium, Commission's payments are made to the coordinator, as the beneficiaries are not paid individually. In addition, the Annotated Model Grant Agreement states out that, "the coordinator must distribute the amounts received to the beneficiaries without delay (see Article 21.7 of the Grant Agreement)". Moreover, "how and when the payments are distributed is in principle an internal matter for the consortium".

In this respect, the consortium agreement may set out, for instance, specific periods for the distribution of payments or that the distribution will be carried out in instalments (and these will not be considered 'unjustified delays', if the arrangements set out in the consortium agreement are complied with). However, in any case, all participants are automatically notified once a payment is made to the coordinator

Nevertheless, if the coordinator does not comply with its obligations, this is in principle an issue to be resolved within the consortium. It is only if the coordinator is terminated that the Commission will intervene (see Article 50 of the Grant Agreement).

In the above context, the Commission has reminded coordinators of their obligation to transfer funds promptly and when a case of delayed distribution of funds is detected, or there is a complaint on this issue, the Commission's standard practice is to follow up with the project coordinator on the reason for this delay.

60. (§ 181, ten indent, in connection with § 173 and § 174 - 2018/PAR/0509) The European Parliament calls on the DG R&I to:

- invest in measuring performance and Union added value.

Commission's response:

The performance of the Horizon 2020 programme is measured through a series of Key Performance Indicators (KPI) set in the legal base of the programme. They are all monitored and reported in the Horizon 2020 Programme Statement. To reinforce and facilitate knowledge sharing and evidence-based policy making, DG R&I has developed a dashboard that provides reporting on Horizon 2020 (KPI). It allows to gauge exactly how well Horizon 2020 is performing. Part of the Horizon dashboard is open to all. It answers to the need for more transparency in the spending of the EU research and innovation budget.

The cross-cutting indicators of Horizon 2020 that are in the legal base are monitored and reported in the annual monitoring report on Horizon 2020. Information on the implementation of the programme such as stakeholder participation, country participation are also available on the Dashboard.

As regards the Union added value, benefits of the programme are presented in the interim evaluation of Horizon 2020 (e.g. more than 80% of projects would not have gone ahead without EU funding).

Economic, social and territorial cohesion

61. (§ 192 - 2018/PAR/0510) The European Parliament asks the Commission to inform the discharge authority who benefits from the interest accrued on the EUR 1,6 billion not yet paid to beneficiaries and to include this information in its annual reporting from now on.

Commission's response:

The Commission agrees with the recommendation.

The interest and gains attributable to ESI Funds (EUR 37 million as reported at the end of 2018 by Member States) should be used in line with Article 43 CPR, i.e. for the same purpose: to support investments which are expected to be financially viable and do not give rise to sufficient funding from market sources in line with the objectives of a given programme and to pay for management costs and fees. This should be done either within the same financial instrument, or following the winding up of the financial instrument, in other financial instruments or forms of support in accordance with the specific objectives set out under a priority, until the end of the eligibility period. The managing authority should ensure that adequate records of the use of interest and other gains are maintained.

62. (§ 205 - 2018/PAR/0511) The European Parliament calls on the Commission to arrange for a genuine simplification of the procedure, including in the documentation required in order to gain access to funding, without neglecting the principles of audit and monitoring.

Commission's response:

The Commission accepts the recommendation.

Significant simplification measures were proposed by the Commission in its proposal for 2021-2027 cohesion policy in May 2018.

Here are the key elements of the proposals:

- *Modernisation: Emphasis on priorities that will help Europe remain competitive and adjust to globalisation and technological change, such as research and innovation, industrial transformation, climate change mitigation, and low-carbon economy. The allocation method provides a balanced and fair distribution of funds so that support goes where it is most needed.*
- *Enhanced flexibility based on broader priorities that will bring greater room for manoeuvre at programme level, and on thematic concentration at national level, so Member States and regions can select the most appropriate investment. Mid-term review in 2025 will allow programmes to be adjusted.*
- *Enabling conditions: The proposal introduces fewer and more tangible "enabling conditions" in replacement of ex-ante conditionalities. Besides, macroeconomic conditionality will be maintained. Yet post-2020 these criteria will*

need to be fulfilled before projects are selected and remain to be fulfilled throughout the period – in order to follow that, the Commission has made administration around it much simpler.

- *More operational link to the European Semester: Country-specific recommendations will be taken into account at least at the beginning of programming and during the mid-term review, and they will be more focused on investment needs.*

- *Novelties in European territorial cooperation include interregional innovative instruments, the European Cross Border Mechanism, and the possibility to have resources from the Instrument of Pre-Accession Assistance and the European Neighbourhood Instrument be implemented by Interreg programme authorities.*

- *Far-reaching simplification: Comprehensive list of measures, such as the end of the designation procedure; the single audit principle to avoid multiple and sometimes un-coordinated controls; lighter control rules for programmes with a good track record and wider possibilities for simplified cost options and financing schemes not linked to costs but to conditions. Further examples: no major project procedure, simple rules for VAT, no revenue generating provisions, significantly lighter reporting, programming and implementation. New Common Provisions Regulation will enable more synergies between the 7 shared management funds and with other EU centrally-managed instruments like Invest EU or Horizon Europe including through transfers. Ease of combination of financial instruments and grants.*

A simplification handbook has been issued, available in 23 languages, which presents the 80 items of simplification that the Commission intends to offer to beneficiaries and programme authorities through those proposals.

- *Performance-orientation The Commission is taking performance one step further by proposing a mid-term review of all programmes in 2024 to programme allocation for 2026 and 2027 based on their performance, but also on the challenges identified within the European Semester process and the socio-economic situation. This will bring us the needed flexibility not to carve in stone support for the next ten years, while still allowing for stable investment framework.*

63. (§ 208 - 2018/PAR/0512) The European Parliament regrets that the annual report 2018 on the “Financial instruments under the ESI Funds” was only published in January 2020; notes that at the end of 2018 the ESI Funds contributions committed to FIs were EUR 16,9 billion, EUR 7 billion were paid to FIs from ESI Funds (around 41 %) and EUR 3,7 billion were invested in final beneficiaries; calls on the Commission to publish the 2019 annual report by October 2020 so that its findings can be integrated in the 2019 discharge report.

Commission's response:

The Commission notes that the 2018 annual report was prepared in line with the regulatory deadline set in the CPR, and sent on 23 December 2019 to the members

of the Expert group on European Structural and Investment Funds. The subsequent transmission to the Council and the European Parliament and publication on the Commission's website indeed took place after the holiday period in January.

In order to prepare the annual summaries, the Commission needs to receive data on financial instruments from the Member States. In line with Article 25a(9) of Regulation 1303/2013 the deadline for submission of the 2019 report has been extended to 30 September 2020, due to the COVID-19 crisis. Hence, the summaries of 2019 data would be provided by 31 March 2021, in line with Article 46(4), i.e. within 6 months of the deadline for the submission of the annual implementation reports. In the subsequent years, the summaries would be provided by the end of November every year.

See also recommendation 2018/PAR/0533.

64. (§ 209 - 2018/PAR/0513) The European Parliament Reminds of its request to 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 [footnote: Paragraph 204 of the Resolution on the 2016 Commission Discharge].

Commission's response:

The legislative proposal for post 2020 cohesion policy, adopted on 29 May 2018 envisages the following mechanisms in the CPR, related to the management, audit and monitoring of financial instruments:

1. Management verifications and audits of financial instruments

The managing authority shall carry out on-the-spot management verifications at the level of bodies implementing the financial instrument and, in the context of guarantee funds, at the level of bodies delivering the underlying new loans. The audit authority shall carry out system audits and audits of operations at the level of bodies implementing the financial instrument and, in the context of guarantee funds, at the level of bodies delivering the underlying new loans.

Neither the managing authority nor the audit authority shall carry out on-the-spot verifications/audits at the level of the EIB or other international financial institutions in which a Member State is a shareholder. However, the EIB or other internationally financial institutions in which a Member State is a shareholder shall provide control reports supporting the payment applications to the managing authority and an annual audit report drawn up by their external auditors to the audit authority.

2. Monitoring and reporting of the implementation of the financial instruments

The managing authority shall electronically transmit to the Commission cumulative data for each programme. For financial instruments data shall also be provided on the following:

- (a) eligible expenditure by type of financial product;*
- b) amount of management costs and fees declared as eligible expenditure;*
- (c) the amount, by type of financial product, of private and public resources mobilised in addition to the Funds;*
- (d) interest and other gains generated by support from the Funds.*

3. Obligatory elements for audit trail for financial instruments, which include:

- 1. documents on the establishment of the financial instrument, such as funding agreements;*
- 2. documents identifying the amounts contributed by each programme and under each priority to the financial instrument, the expenditure that is eligible under each programme and the interest and other gains generated by support from the Funds and re-use of resources attributable to the Funds;*
- 3. documents on the functioning of the financial instrument, including those related to monitoring, reporting and verifications;*
- 4. documents concerning exits of programme contributions and the winding-up of the financial instrument;*
- 5. documents on the management costs and fees;*
- 6. application forms, or equivalent, submitted by final recipients with supporting documents, including business plans and, when relevant, previous annual accounts;*
- 7. checklists and reports from the bodies implementing the financial instrument;*
- 8. declarations made in connection with de minimis aid;*
- 9. agreements signed in connection with the support provided by the financial instrument, including for equity, loans, guarantees or other forms of investment provided to final recipients;*
- 10. evidence that the support provided through the financial instrument is to be/was used for its intended purpose;*
- 11. records of the financial flows between the managing authority and the financial instrument, and within the financial instrument at all levels, down to the final recipients, and, for guarantees, proof that underlying loans were disbursed;*
- 12. separate records or accounting codes for a programme contribution paid or a guarantee committed by the financial instrument for the benefit of the final recipient.*

65. (§ 210 - 2018/PAR/0514) The European Parliament stresses that more transparency, improved accountability and better reporting on performance and sustainably are necessary for financial instruments implemented within and outside the Union; calls on the Commission to ensure that its counterparts implementing financial instruments supported by the Union budget are ensuring utmost transparency and accountability.

Commission's response:

In addition to the annual summaries, extensive data on financial instruments have been made available on the Open Data platform, <https://cohesiondata.ec.europa.eu/stories/s/dtw6-5akv>. Additional information, including specific case studies and analytical information, is available on the fi-compass website <https://www.fi-compass.eu/>

66. (§ 216 - 2018/PAR/0515) The European Parliament notes that the DG REGIO final audit report on the Czech Republic was leaked to the media without authorisation; was informed that the Commission carried out comprehensive audits regarding the application of Union and national law, thoroughly checking not just the regularity of operations but also the compliance with the Union and national legislation on the conflict of interests; notes that the Commission informed Parliament's responsible committee in an in camera meeting in December 2019 about the progress of the audits carried out by DG REGIO and DG EMPL; calls on the Commission to keep the discharge authority and Parliament's responsible committee(s) informed about any new developments without undue delay and to ensure appropriate follow-up to the findings.

Commission's response:

As regards the REGIO and EMPL audit, the Commission is currently analysing the Member State reply to assess if the actions taken in response to audit findings referred to by the Parliament are sufficient. Meanwhile, the EU budget is protected, as no expenditure in relation to operations potentially affected by these audit findings has been declared by the certifying authority to the Commission.

Concerning the evolution of the file for the Czech Republic, Commissioners Oettinger and Hahn have already informed the CONT Committee in the "in camera" sessions of the European Parliament in April and December 2019, and July 2020. Moreover, the Commission services have briefed the CONT members in preparation for their fact-finding mission to the Czech Republic (February 2020).

The Commission stands ready to continue informing the Parliament about the further developments of this case, in particular once its analysis is finalised.

67. (§ 217 - 2018/PAR/0516) The European Parliament deplores initial indications that the auditors detected, in the area of regional and cohesion funds, serious deficiencies

in the functioning of the management and control systems and therefore suggested a financial correction of almost 20 %; calls on the Commission to critically assess whether these cases represent cases of systemic misuse of Union funds; expects the Commission to adopt an appropriate mechanism to avoid future deficiencies.

Commission's response:

The Commission is committed to address weaknesses related to suspicions of conflict of interest. The updated Financial Regulation has further clarified the concept of conflict of interests in shared management (Article 61). It now makes Member States authorities expressly responsible for the prevention of any conflict of interests (even of its perception). The obligation applies at any level, including at political level, in as much as the representatives are involved in the preparation and implementation of the EU budget.

The Commission is now monitoring the appropriate implementation of the strengthened legal framework on the ground. This includes specific audits to check the robustness of national management and control systems in tackling risks of a conflict of interests, when specific risks are detected, as well as the elaboration of further guidelines to Member States on the prevention and handling of conflicts of interests.

On the particular case of the Czech Republic to which it is referred in this resolution, the Commission is currently analysing the Member State reply to assess if the actions taken in response to audit findings referred to by the Parliament are sufficient. Meanwhile, the EU budget is protected, as no expenditure in relation to operations potentially affected by these audit findings has been declared by the certifying authority to the Commission.

In parallel, a guidance explaining the new concept and providing examples of mitigating actions is currently being consulted with the Member States.

68. (§ 218 - 2018/PAR/0517) The European Parliament deplores initial indications that the Commission auditors detected very serious cases of conflict of interests related to the Czech government; understands, however, that the Czech national law on conflicts of interests did not before February 2017 penalise the granting of public funds to public officials; notes that no expenditure has been declared so far for 2018; expects the Commission to do its utmost to complete the process efficiently and in a timely manner and to carry out fully all the necessary corrective measures; in the light of reports about the serious concerns over conflict of interests related to the Czech government found in the audits carried out by the Commission; urges the Commission to fully inform the Parliament and the European Council about the situation.

Commission's response:

As regard the REGIO and EMPL audit, the Commission is currently analysing the Member State reply to assess if the actions taken in response to audit findings

referred to by the Parliament are sufficient. Meanwhile, the EU budget is protected, as no expenditure in relation to operations potentially affected by these audit findings has been declared by the certifying authority to the Commission.

Concerning the evolution of the file for the Czech Republic, Commissioners Oettinger and Hahn have already informed the CONT Committee in the “in camera” sessions of the European Parliament in April and December 2019, and July 2020. Moreover, the Commission services have briefed the CONT members in preparation for their fact-finding mission to the Czech Republic (February 2020).

The Commission stands ready to continue informing the Parliament and the European Council about the further developments of this case, in particular once its analysis is finalised.

69. (§ 220, in connection with § 219 - 2018/PAR/0518) The European Parliament acknowledges the excellent audit work by the Commission in detecting systemic risks and sources of error; welcomes the financial corrections imposed; notes with concern the substantial time required to recover irregularly paid out funds; calls on the Commission to inform the discharge authority about its findings on systemic risks and oligarch structures in greater detail.

Commission's response:

The Commission accepts this recommendation and stands ready to continue informing the discharge authority about its findings, as and when requested by the discharge authority.

70. (§ 226, § 227 and § 228 - 2018/PAR/0519) The European Parliament notes with concern that the level of irregularities point to the fact that there is a systemic problem in Hungary's operational programmes dating back to 2007; calls on the Commission to inform the Parliament and the general public on the Commission's own assessment of reasons behind this level of irregularities; points out that the 10 % lump-sum fine for mismanagement of operational programmes is not a long-term solution to the high level of detected irregularities and that, without improved and adequate control and monitoring mechanisms, this level cannot decrease.

Commission's response:

Robust management verifications by managing authorities continue to be key to detect and correct public procurement related irregularities. For that reason, in addition to imposing financial corrections, the Commission also requires programme authorities to reinforce their management verifications with a view to avoiding the recurrence of irregularities. The Commission requires authorities to adequately address its recommendations prior to accepting payment claims for the affected programmes.

On the preventive side, the Commission continues to implement its Action Plan on Public Procurement aimed at helping Member States to improve the performance of both administrations and beneficiaries in applying public procurement for EU investments during the 2014-2020 programming period. Under that plan, the key actions include in particular a guide to support public officials across the EU to avoid the most frequent errors and adopt best practices, targeted support to specific Member States and exchange of good practices, e - library of good practices in public procurement in the context of ESI funds, and integrity Pacts between public administrations and stakeholders.

The Commission also uses part of its own technical assistance funding under the ESIF for measures supporting institutional strengthening and administrative capacity building for the effective management of the funds.

The Commission will continue to monitor that adequate control arrangements are in place. Audits specifically addressing the risky area of public procurement are included in the audit plan of DG REGIO for Hungary.

71. (§ 230, first indent - 2018/PAR/0520) The European Parliament calls on the Commission to:

- expand reporting on the impact and sustainability of Union investments to show the Union added value of Union funding.

Commission's response:

The Commission monitors the outputs generated by the co-financed investments and reports about these, in particular in its Annual Activity Reports.

The coverage, consistency and robustness of the Commission's performance reporting improved considerably compared to the 2007-2013 programming period. This was based on lessons learnt from the 2000-2006 and 2007-2013 periods.

The improvements are based on the following elements and reforms:

- *ERDF/ESF/CF common indicators have a legal basis in the 2014-2020 period;*
- *Common indicators have a higher budgetary coverage than the core indicators had in the 2007-2013 period, and an even higher coverage for the 2021-2027 period is expected;*
- *Information on common indicator targets and annual achievements is made publicly available on the Open Data Platform.*

In the performance reporting about cohesion policy, the Commission always reports the latest available information based on data transmitted by Member States and on evaluation results.

Indicator achievements reflect outputs delivered by the operational programmes on an annual basis. Programmes also report result indicators in their annual reporting exercise, however these are programme specific indicators for

ERDF/CF, therefore their aggregation at EU level is not possible except for ESF where common results are reported and as such they are of limited use for the Commission in its own annual performance reporting.

To disentangle the impact of the co-financed operations from external factors on these trends is a task for impact evaluation. Evaluation results typically become available only towards the end of the programming period, or even after it in the form of ex-post evaluations. Since the 2000-2006 period, an important part of the ex-post evaluation has focussed on thematic evaluations which allow the Commission to report on achievements under the general and specific objectives of cohesion policy.

In the Commission performance reports on the 2014-2020 programming period information on outputs dominate over evaluation results. The reason for this is that achievements are reported by programmes on an annual basis, whereas evaluation results (especially those assessing impacts) are scarce in the first half of the programming period, for the simple reason that not enough evidence accumulates that would form a robust basis for evaluation.

The impact of Union funding on the results is to be assessed through an evaluation of each fund which the Commission will carry out by 31 December 2024.

72. (§ 230, second indent - 2018/PAR/0521) The European Parliament calls on the Commission to:

- reinforce its efforts to improve the current control and assurance frameworks with the view to establishing a single audit chain.

Commission's response:

The Commission continuously builds up on the single audit strategy. This requires a continuous monitoring of audit authorities - which is in place through desk-reviews and audits on the spot - to ensure that they continue to work up to required standards. It also requires a robust and coordinated control and audit framework between the Commission and the Member States as well as with the ECA.

See also recommendation 2018/PAR/0483.

73. (§ 230, third indent - 2018/PAR/0522) The European Parliament calls the Commission to:

- present in its AMPR a figure for the level of error at payment (before being corrected at national level) and estimate of future correction.

Commission's response:

The AMPR presents the situation at Commission level. Given that the corrections made at Member State level intervene before the Commission's payments, these corrections are of a preventive nature and do not affect the Commission's payments. It is therefore normal that the risk at payment takes into account the corrections made at Member State level.

However, the level of error before corrections at Member State level is also disclosed, per operational programme, in the AARs of the shared management departments of the Commission.

The amount of corrections applied by the Member State may be found in Annex 5 of the AMPR.

74. (§ 230, fourth indent - 2018/PAR/0523) The European Parliament calls the Commission to:

- continue its cooperation with the Court in order to further align audit methodologies and interpretation of legal texts.

Commission's response:

The Commission highlights that the current approach followed by the ECA for its Statement of Assurance for cohesion policy allows a better alignment of audit methodologies at all levels to the extent possible while taking into account the different roles of both institutions.

The Commission has always been supportive of the new approach of the Court's statement of assurance; making greater use of the audits already done at national and EU levels can only lead to synergies and efficiencies and avoid duplication of audits, in line with the single audit principle. The new approach of the Court must however be compatible with the Commission's governance arrangements and should respect both the Court's objective to provide an annual audit opinion as independent external auditor and the Commission's responsibility as manager of the EU budget to provide management assurance for each operational programme.

Based on the lessons learned and progress achieved, the Commission continues its cooperation with the Court in order to further align, to the extent possible, audit methodologies and interpretation of legal texts so that all stakeholders, and in particular programme authorities, benefit from a consistent and stable interpretation of the legal and audit framework. This is achieved in particular through monthly meetings on the progress of ECA audits, early warning on points of interpretation needed and early exchange of views on official legal interpretation by the Commission so that ECA audits can take these into account, without prejudice to their independent views. On methodology, ECA auditors are invited to participate to joint working groups between the Commission's and Member States' auditors, so that their views can be taken into account in the development of joint audit approaches. Ultimately the objective is to provide

predictable and reliable interpretations and methodology support to the common stakeholders and in particular to Member States management and audit authorities.

75. (§ 230, *fifth indent* - 2018/PAR/0524) The European Parliament calls the Commission to:

- publish all its proposals for country-specific recommendations under the European Semester exercise.

Commission's response:

The Commission proposal in the context of the European Semester is prepared by the various Directorates General and services. In 2018, the European Semester cycle was of a particular nature for the DGs of the Cohesion policy family, owing to a reinforced attention to investment needs in the Member States in view of the negotiation of the 2021-2027 programmes. As a result an 'investment' Country Specific Recommendation has been proposed by the Commission for each Member State, identifying its investment gaps. These gaps are of a broad nature, they may go beyond the specific Cohesion policy objectives and priorities, and therefore may be addressed through private, public or EU financing. Based in particular on those contributions, the Commission services have presented the country specific investment priorities of Cohesion policy in the investment guidance (Annex D) of the country reports (Staff Working Documents) published in February 2019. This will be the basis for the Commission to engage in the programming exercise with Member States for the 2021-2027 programming period.

However, this is important to stress that the country specific recommendations are proposed by the Commission College to the Council for endorsement, and they are ultimately adopted by the Council. They are not the products of the Commission services, therefore the individual Directorates General of the Commission cannot report on these in their Annual Activity Reports.

76. (§ 230, *sixth indent* - 2018/PAR/0525) The European Parliament calls the Commission to:

– pay increased attention, and allocate increased technical support, to Member States, whose management and control systems are only partially reliable, or not reliable, where there is an increased risk of fraud and corruption related to funds and especially those Member States who did not join to the EPPO.

Commission's response:

The Commission is committed to supporting the Member States in building capacity to better prevent and detect errors leading to irregularities, fraud or corruption. Guidance and training is provided by the Commission to Member States to strengthen their capacity to prevent and detect fraud and corruption. For example, a practical guide has been prepared on how to carry out a fraud risk assessment and which measures can be put in place to mitigate the most common risks. Other guidelines deal with such topics as "red flags" (fraud indicators), conflicts of interest in public procurement, developing anti-fraud strategies, etc.

Beside providing extensive guidance to programme authorities the Commission has directed its technical assistance allocations to constantly widen the tool box to help Member States to increase knowledge and share good practices, to develop innovative solutions and approaches and to build capacity of the bodies involved in the implementation of funds.

In particular, the Commission works to provide a toolbox and e-learning modules on fight against fraud to Member States authorities. This on-line tool will be delivered in 2021 and will contain best practices about fraud prevention and detection from which Member States can inspire themselves.

The Commission also offers to Member States a risk-scoring / data mining tool 'Arachne' for free to help authorities to better prevent and detect fraudulent operations, contracts and contractors.

The ESI Funds have recently updated their joint anti-fraud strategy (December 2019) to include new measures to increase the prevention and detection capacity of Member States in the current period and to prepare the authorities for the next programming period. The action plan accompanying the anti-fraud strategy covers the years 2020-2025 and has been presented to Member States at the EGESIF of 11 February 2020 and at the technical meeting with Audit Authorities.

77. (§ 230, seventh indent - 2018/PAR/0526) The European Parliament calls the Commission to:

- strongly encourage Member States to join EPPO.

Commission's response:

The Commission strongly encourages Member States that decided not to participate in the European Public Prosecutor's Office at this stage to join in the future.

78. (§ 230, eight indent - 2018/PAR/0527) The European Parliament calls the Commission to:

- pay particular attention to framework agreements awarded through public procurement procedures, as fraud and corruption related to them represent an increased risk for the financial interests of the Union.

Commission's response:

The Commission has addressed the source of irregularities related to public procurement through a dedicated Public Procurement Action Plan, elaborated in 2014. The current update (4th version) of the Action Plan 2020 includes a revised state of play of the actions as well as a series of new initiatives to help administrators and beneficiaries of EU funds improve their public procurement practices. It focuses on three strands of action:

(i) ensuring the compliance with EU Directives on public procurement;

(ii) ensuring a level playing field;

(iii) encouraging the use of procurement as a strategic policy instrument (to pursue green, social and innovation goals).

Since its elaboration, more than 40 actions were initiated in the framework of this Action Plan. Currently, the Action Plan contains 19 on-going actions, out of which 14 are new ones (remaining 22 actions are completed).

79. (§ 230, *ninth indent* - 2018/PAR/0528) The European Parliament calls the Commission to:

- reduce the backlog in commitments as swiftly as possible.

Commission's response:

The Commission agrees with the recommendation.

It acknowledges that main reasons for the delay are stemming from overlap between programming periods, late adoption of the legislative framework, delay in designation of authorities, extension of the automatic decommitment period from two to three years and high level of pre-financing. The Commission, therefore, has proposed changes in procedures for the next programming period aiming at avoiding delays in the implementation (i.e. change in procedure in designation, going back to N+2 rule, lower level of pre-financing).

80. (§ 230, *tenth indent* - 2018/PAR/0529) The European Parliament calls the Commission to:

- reduce the automatic decommitment for the programming period 2021 to 2027 from n+3 years to n+2 years in order to push Member States to swiftly implement the programmes.

Commission's response:

Article 99 of the Common Provisions Regulation proposal for 2021-2027 (COM (2018) 375) reduced the period after which decommitment takes place from n+3 in 2014-2020 to n+2 with a gradual phasing in. Therefore, the Commission implemented this recommendation already through the content of its proposal tabled. The Commission regrets that both the European Parliament in its position and the Member States in the conclusions of the European Council of July 2020 opted to maintain the current n+3 rule. It strongly encourages the co-legislations to reconsider this in the negotiations.

81. (§ 230, *eleventh indent* - 2018/PAR/0530) The European Parliament calls the Commission to:

- impose financial corrections for the errors identified by the Court in accordance with the relevant legal provisions.

Commission's response:

The Commission is committed to follow up all errors reported by the ECA and it will apply the necessary financial corrections where appropriate and legally possible, following the adversarial procedure with the Member State authorities.

Where necessary, financial corrections, which have not yet been implemented, will be applied accordingly for the programmes identified in the 2019 AARs (and reported in the 2020 AARs.)

In addition, with regard to previous accounting years, the Commission reports in the AARs in full transparency the financial corrections applied or launched / to be launched after acceptance of the accounts, in full respect of the applicable legal procedures for thorough contradictory procedures (see respective 2019 REGIO and EMPL AARs, pp. 32 and 45).

82. (§ 230, *Twelfth indent* - 2018/PAR/0531) The European Parliament calls the Commission to:

- specify in the AARs how the amounts effected by ex post financial corrections imposed by Member States and by the Commission were reused, particularly in those cases where fraud, corruption or other criminal activity was involved.

Commission's response:

All amounts declared as eligible by Member States are checked and certified according to the whole assurance cycle and therefore go through the different required controls put in place at both Member State and Commission level before they can be reimbursed.

Under the 2014-2020 programmes, financial corrections are part of the annual accounts which are reviewed and assessed by the audit authorities before submission to the Commission, with an audit opinion. The risk of having a material level of error (above 2%) in the certified programme accounts on a yearly basis is thus significantly reduced. Moreover, timely identification of deficiencies and reporting of reliable error rates is in the Member States' best interest since the European Commission shall make net financial corrections in case Member States have not appropriately addressed serious deficiencies in their management and control systems and did not do the necessary corrections before submitting their annual accounts. When it detects problems or deficiencies in the management and control systems, the Commission has all powers and tools to implement the necessary additional corrections. Member States shall make the financial corrections required in connection with individual or systemic irregularities detected in operations or operational programmes. Financial corrections shall consist of cancelling all or part of the public contribution to an operation or operational programme. According to Article 143 of CPR, the contribution from the funds cancelled may be reused by the Member State within the operational programme concerned but may not be reused for any operation that was the subject of the correction or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic irregularity. Any amounts from irregularities and/or fraud re-used for other operations are subject to the above described control cycle including several levels of control (national and EU) of their legality and regularity, including the compliance with the above mentioned Article 143. It does ensure that the re-used amounts are legal and regular as they have to follow all applicable rules. In addition, the controls performed at national level and those performed at EU level result, among others, in a specific reporting of all financial corrections imposed by both Member States and the Commission in the AARs.

The Commission also operates a strict and rigorous policy on interruptions and suspensions of its payments, to minimise the risk to the EU budget. Payments are resumed only when problems are fixed, through the implementation of the required remedial actions as necessary.

The Commission has zero tolerance for fraud and corruption. It regularly transmits to OLAF cases in which audits have yielded suspicions of fraud and corruption, resulting in corrections or withdrawals from the EU budget.

83. (§ 230, thirteenth indent - 2018/PAR/0532) The European Parliament calls the Commission to:

- specify in the AARs if and in what way were the ex post financial corrections imposed by Member States and by the Commission re-used by member states concerned.

Commission's response:

See recommendation 2018/PAR/0531.

84. (§ 230, *fourteenth indent* - 2018/PAR/0533) The European Parliament calls the Commission to:

- publish the 2020 annual report on the “Financial instruments under the ESI Funds” without delay.

Commission's response:

In line with Article 25a(9) of Regulation 1303/2013, the deadline for submission of the 2019 annual implementation reports by management authorities has been extended to 30 September 2020, due to the COVID-19 crisis. Hence, the summaries of the data on the progress made in financing and implementing the financial instruments 2019 data would be provided by 31 March 2021, in line with Article 46(4) of the Common Provisions Regulation for ESI Funds, i.e. within 6 months of the deadline for the submission of the annual implementation reports. Those summaries shall be transmitted to the European Parliament and the Council and shall be made public.

In the subsequent years, the summaries of data on financial instruments would be provided by the end of November every year.

See also recommendation 2018/PAR/0512.

85. (§ 230, *fifteenth indent* - 2018/PAR/0534) The European Parliament calls the Commission to:

- increase transparency by allowing search for winning bidders on TED, the Union’s electronic public procurement website.

Commission's response:

The recommendation is in line with the strategic objective of the Publications Office to provide for an easy and user-friendly access to reliable, accurate and complete public procurement data and to enable the extraction of statistical data. The search and display of results will therefore be enhanced for the TED website.

The project is part of the implementation of Regulation (EU) 2019/1780 (eForms Regulation). The expected completion date is the end of 2023.

86. (§ 230, *sixteenth indent* - 2018/PAR/0535) The European Parliament calls the Commission to:

- Make the utilisation of ARACHNE IT programme a pre-condition for Member States to use Union Funds; explore the possibility of using the data of ARACHNE and the judicial decisions from Member States and Court of Justice of the European Union to create an “EU black list” of companies and their beneficial owners or individuals who have been convicted in relation of fraud or corruption or other criminal activities related to use of Union funds, possibly banning them from applying for Union funding for a period of five years, and to scrutinise carefully all their ongoing projects involving the payment of Union Funds.

Commission's response:

The Commission is currently exploring the possibility to make ARACHNE or a similar single data mining tool mandatory for the 2021-2027 programming period. In the meanwhile, the European Commission efforts to urge Member States to use ARACHNE are done on continuous basis. In accordance with the “Joint Anti-Fraud Strategy 2020-2025” of DG EMPL, REGIO and MARE and the related action in the 2019 Commission Anti-Fraud Strategy’s action plan, Whenever the opportunity arises, the Commission makes presentations on the benefits of the updated version of Arachne to Member States. Moreover, the Commission is exploring alternative ways to increase the use of data analytics, e.g. by creating a specific legal requirements to urge member states to participate in the project . Currently 20 countries are using Arachne: IT,PT,CZ,RO,HR,BE,AT,LV,LT,LU,BG,HU,ES,FR,SK,UK,MT,NL,SI and IE . Greece is in a ‘pilot’ phase, two MS have not yet provided feedback (CY,EE), and five Member States decided not to use Arachne (DE,SE,FI,DK,PL). Training and presentations from the Commission are carried out throughout the year. In 2019, approximately 33 trainings or presentations took place in various Member States; including some presented to Commission officials. Although, some Member States have already informed the Commission that they are not interested, the Commission investigates the reasons why.

87. (§ 230, *seventeenth indent* - 2018/PAR/0536) The European Parliament calls the Commission to:

- provide further support and guidance to Member States through its different mechanisms including technical assistance at its disposal and dedicated Task force for strengthening administrative capacity for absorption of Union funds and for smooth transition from the current to the next programming period.

Commission's response:

Besides providing extensive guidance to programme authorities (more than 5.000 pages of guidance), the Commission has used and will continue to use its technical assistance allocations to support Member States. It has widened the available 'tool box' to help Member States to increase their knowledge, to share good practices, to develop innovative solutions and approaches and to build capacity of the bodies involved in the implementation of our funds.

The actions that the Commission is developing comprise:

- Preventive actions :

Pilot action on frontloading administrative capacity building for the post-2020 programming period, launched in 2018 to help managing authorities to enhance their administrative capacity and apply the concepts of good governance as part of their preparations for the upcoming programming period. The key findings of the pilot action are captured in a synthesis report drafted by OECD on the lessons learnt (published in January 2020), as well as recommendations to managing authorities, national authorities and the European Commission.

Practical Toolkit - Roadmaps for Administrative capacity building: designed to help Member State administrations facilitate their programme implementation.

Study on technical assistance (TA): provides a better understanding of the use of TA in 2014-2020 and presents cases of TA-funded capacity building measures.

Anti-fraud and anti-corruption: Guidance and training is provided to strengthen Member States' capacity to prevent and detect fraud and corruption. An e-learning platform and tool box is under development to provide case studies and good practices to support practitioners in Member States.

Integrity Pacts: This pilot project launched in 2016 with Transparency International explores the benefits of civil control mechanisms in public procurement for 18 EU co-funded projects spread across different sectors in 11 Member States.

- Administrative capacity building actions:

Public Procurement Action Plan (since 2014): The present update (4th version) of the Action Plan includes a revised state of play of the actions as well as a series of new initiatives to help administrators and beneficiaries of EU funds improve their public procurement practices. It focuses on three strands of action: (i) ensuring the compliance with EU Directives on public procurement; (ii) ensuring a level playing field; (iii) encouraging the use of procurement as a strategic policy instrument (to pursue green, social and innovation goals).

State Aid Action Plan: The main strands of the plan for 2018-2022 are: (i) Identification and dissemination of good practices; (ii) Training programme for ESIF stakeholders, including targeted training to more complex areas; (iii) Dissemination of relevant State aid information to ESIF stakeholders.

- Exchange tools:

TAIEX-REGIO PEER 2 PEER instrument: It provides support and expertise for peer-learning between authorities managing and implementing programmes in the form of study visits, expert missions and workshops. These exchanges help Member States increase the quality and the legality of spending and accelerate the absorption of Funds, by learning from each other and exchanging operational, well-tested solutions to common problems.

Commission's Community of Practitioners: It offers a space to cohesion policy practitioners from all Member States to share ideas and co-create solutions to common challenges linked to the management of funds.

In addition, Member States also have at their disposal technical assistance available for administrative capacity of beneficiaries of cohesion policy (local authorities, administrations and bodies implementing the funds, relevant partners) in the programming period 2021-2027.

88. (§ 230, *eighteenth indent* - 2018/PAR/0537) The European Parliament calls the Commission to:

- align the accounting periods of the structural funds with the ones of the Court.

Commission's response:

The Commission made its proposal on the Common Provisions Regulation on 29 May (COM (2018) 375). In the proposal, the accounting period was defined to correspond to the period from 1 July to 30 June the following year (Article 2(29)). The respective positions of the co-legislators did not alter this element of the Commission proposal and the Commission will not table a revised proposal in this regard. Therefore, the Commission cannot accept this recommendation.

89. (§ 230, *nineteenth indent* - 2018/PAR/0538) The European Parliament calls the Commission to:

- ensure that the 10 % retention on interim payments is preserved during the programming period 2021 to 2027 and the amounts retained should be released only once all verifications are completed and the necessary improvements or corrective measures are implemented.

Commission's response:

The Commission proposal on the Common Provisions Regulation on 29 May 2018 (COM (2018) 375) envisaged a 10% retention on interim payments and the release of the amount only when it is established that the accounts are complete accurate and true (cf. Article 87, 92-94). While the Commission in practice accepted this recommendation through the Commission proposal, the co-legislators may move

in another direction in the legislative negotiations. The Commission regrets that both the European Parliament in its position and the Member States in the conclusions of the European Council of July 2020 opted to lower the retention to 5%. It strongly encourages the co-legislations to reconsider this in the negotiations.

90. (§ 230, *twentieth indent* - 2018/PAR/0539) The European Parliament calls the Commission to:

- develop common guidelines for conflicts of interest of high-level politicians; develop together with the Member States effective legal instruments to avoid fostering oligarch structures drawing on Union cohesion funds.

Commission's response:

The Commission prepared a guidance note on avoidance of conflicts of interest under Article 61 of the Financial Regulation, which applies to all persons involved in budget implementation at any level. The note aims to promote a uniform interpretation and application of the rules on avoidance of conflicts of interest under direct, indirect and shared management, and provides guidance and practical examples. It is currently being consulted with Member States and has been also shared with the European Parliament in August 2020 for information. The Commission aims to publish its final version by the end of 2020.

91. (§ 230, *twenty first indent* - 2018/PAR/0540) The European Parliament calls the Commission to:

- consider the introducing direct management instead of shared management in case of intentional misuse of funds for the new MFF.

Commission's response:

The Commission does not accept the recommendation. The misuse of funds cannot determine the implementation mode which is determined at the beginning of the programming period. There are other safeguards in the proposal to address the misuse of funds, including 10% retention on interim payments, financial corrections and suspension. In the wider MFF context the Rule of Law proposal also provides for safeguards when it comes to breaching key Union principles and values.

Natural resources

92. (§ 245, first indent - 2018/PAR/0541) The European Parliament recommends that:

- the Commission assess the effectiveness of the Member States' actions to address the underlying causes of errors and issue further guidance where necessary.

Commission's response:

The existing assurance model with the work of paying agencies as the basic layer of controls allows for high level of assurance on CAP expenditure. The error rate for CAP is low and very close to the materiality threshold – as confirmed by the Court of Auditors.

The Commission is addressing the root causes of errors through different initiatives:

- Simplification of legislation and Omnibus

The Commission has proposed, during 2016 and 2017, several legal simplification initiatives. The major simplification initiative was proposed through the Omnibus Regulation, whereas the agricultural part of the Omnibus Regulation was adopted in 2017.

- Conferences, workshops and networking with the Member States

Fostering capacity building and exchanging best practices with the Member States' authorities is done through the European Network for Rural Development, the Conferences with the Heads of the paying agencies and the meetings with the representatives of the Learning Network.

In rural development, ten seminars on error rate have been organized since 2013 (the latest on 9 June 2020), centered around the lessons learnt from the audit work, sharing good practices with the implementation of the programmes and providing guidance.

For Direct Payments, several guidance documents have been developed, in particular concerning: principles of the Land Parcel Identification System (LPIS) and the layer identifying the ecological focus areas, on-the-spot checks and area measurement, aid applications by farmers, the "active farmer" provision and the definition and implementation of permanent grassland.

The Member States are encouraged to use less error-prone approaches such as simplified cost options. Recently, the Arachne IT tool has been made available to Member States authorities responsible for CAP to help them in carrying out controls on the eligibility conditions.

-Action Plans

During audits, best practices are shared, also in the form of recommendations given to improve the management and control systems. Where serious deficiencies are identified, Member States are requested to implement Action Plans. The

Commission follows up by ensuring that the Action Plans properly address the causes of the errors and by monitoring their completeness and prompt implementation. It should be kept in mind however that some action plans, because of their scope, may take a few years to be completed.

As regards Land Parcel Identification System (LPIS), which is the main pillar ensuring correct claims and payments for area based payments, the regulatory quality assessment (QA) which Member States must carry out is actively followed-up by the Commission: Land Parcel Identification System (LPIS) QA advisory missions to the Member States and assessments of its correct application during the conformity clearance procedure.

The error rate has been decreasing in the last few years, which proves that remedial actions have effect.

In light of the above the Commission considers the recommendation to be implemented.

93. (§ 245, second indent - 2018/PAR/0542) The European Parliament recommends that:

- the certification bodies improve their procedures so that the Commission can fully use their work as its primary source of assurance on the regularity of CAP spending.

Commission's response:

Since the introduction of the certification bodies' reporting on legality and regularity in 2015, their work has continued to improve. Every year, the Commission is seeing a positive trend in their work and is taking increasing level of assurance from their reporting. The Commission guidelines for certification bodies were amended in 2017 to take into account the lessons learnt from the first years of the legality and regularity reporting. By the end of 2019, the Commission had visited all certification bodies to review their work on legality and regularity and to assist them in improving their work if necessary.

2019 is the fifth year of application of the reporting requirements on legality and regularity and the first year of application by all certification bodies of the Commission revised guidelines. Due to the increased number of findings and due to the good quality work submitted by the majority of the certification bodies, increased assurance was obtained from the certification bodies' opinions on legality and regularity, as compared to the previous years. In addition, their work has been taken into account to a very large extent for the CAP adjusted error rate. Thus, 2019 marked a significant increase in the assurance obtained from the work of the certification bodies. The Commission stresses the significant progress towards the full implementation of the single audit approach, with the Certification Bodies' work as the starting point for obtaining assurance on the CAP spending.

In light of the above, the Commission considers the recommendation to be implemented.

94. (§ 245, *third indent* - 2018/PAR/0543) The European Parliament recommends that:

- the Commission address the weaknesses detected by the Court regarding the common monitoring and evaluation framework in the context of its proposal for the new CAP.

Commission's response:

In the Commission's proposal for a regulation establishing rules for support for a new strategic plan to be drawn up by Member States under the Common Agricultural Policy (COM(2018) 392), Annex I defines the common impact, output and result indicators of the CAP. The proposed result indicators should serve (i) to establish operational targets for the implementation of relevant interventions included in the CAP Strategic Plans and (ii) to monitor progress towards achieving those targets. In this respect, result indicators play a fundamental role in policy planning and monitoring of implementation. The Commission proposal is currently being negotiated with the co-legislators. The Commission will endeavour to ensure that the result indicators reflect the intended effects of interventions.

95. (§ 247 - 2018/PAR/0544) The European Parliament notes with deep concern that as in previous years, according to the DG AGRI's AAR for 2018, "the agricultural factor income per full time work unit has recovered in real terms but income generally lagging behind salaries in the whole economy"; calls on the Commission to approach this situation with utmost seriousness, having in mind the consequences of farmers salaries generally lagging behind, especially in less developed rural area.

Commission's response:

Supporting competitiveness of farms and farm income is one of the key objectives of the current and future Common Agricultural Policy. This issue is addressed to a range of measures which includes direct income support and additional income support for farmers farming in areas with natural constraints.

96. (§ 254 - 2018/PAR/0545) The European Parliament calls the Commission to ensure that CAP funding is in line with the goals of European Green Deal and the Paris Agreement.

Commission's response:

The task of ensuring that CAP funding is in line with the goals of the European Green Deal and the Paris Agreement will essentially involve ensuring that Member States' future CAP Strategic Plans – as provided for by the Commission's draft CAP reform proposal (see especially COM(2018) 392 final) – are in line with these goals.

Targets agreed within the Paris Agreement have been integrated into EU legislation on climate change. Under the Commission's CAP reform proposal, Member States' CAP Strategic Plans will have to make a contribution to achieving the national targets arising from this legislation. The Commission will check that this is the case when assessing CAP Strategic Plans.

With regard to CAP Strategic Plans and the Green Deal, Commission Staff Working Document SWD(2020) 93 final sets out key elements of the Commission's approach. Apart from assessing the draft CAP Strategic Plans in light of the Green Deal when they are presented, the Commission will (among other things):

- argue for maintaining key environment- and climate-related provisions from its CAP reform proposal in the legal texts finally agreed by the co-legislators (in particular the proposed safeguards, such as maintaining the proposed scope and ambition of conditionality; mandatory eco-schemes for Member States; the ring-fencing requirement for rural development, while not counting support for areas with natural constraints; ring-fencing requirements in the sectorial programmes in Pillar I and the no-backsliding principle);*
- while the co-legislators agree these legal texts, comment as appropriate on potential improvements that could be made to the original proposal;*
- launch a “structured dialogue” with Member States – including “recommendations” which provide orientation on issues that require specific action in the Member States' CAP SP from an EU perspective and the Green Deal (to be taken into account by the Commission when approving the CAP Strategic Plans) – to assist Member States in preparing their CAP Strategic Plans.*

97. (§ 258 - 2018/PAR/0546) The European Parliament insists that larger farm incomes do not necessarily need the same degree of support for stabilising farm incomes as smaller farms in time of income volatility crisis since they may benefit of potential economies of scale, which are likely to be resilient; believes that the Commission should take steps to ensure that CAP funds are distributed in a weighted manner, such that the payments per hectare are on a reducing scale relative to the size of the holding/farm.

Commission's response:

A main priority of the post 2020 CAP reform proposal of 1 June 2018 is to improve the fairness and targeting of direct payments. The Communication from the Commission “The future of food and farming” sets the orientation to improve

the fairness and targeting of direct payments so that they can fulfil more effectively and efficiently their purpose. In the Commission legal proposal, this is reflected in particular in the provisions of the genuine farmer, the reduction of payments and capping and the redistributive payment (in particular the fact that they are compulsory elements for Member States). The reduction of payments and capping reduces progressively the total amount of direct payments received by beneficiary to ensure fairer distribution of direct payments. The product will be used to finance the redistributive income support or transferred to rural development. In view of the economies of size, the redistributive income support reinforces the support per hectare to smaller and medium farm-size.

The objective of fairer distribution is also translated in several result and impact indicators (R6, R7, R8, I4, I5 and I24), with certain of them covering not only direct payments but also other income support tools in rural development.

98. (§ 259 - 2018/PAR/0547) The European Parliament insists that in the new delivery system a specific result indicator ‘Redistribution to smaller farms’ be adopted.

Commission's response:

The CAP legislative proposals (COM(2018) 392) adopted on 01/06/2018 include the objective to support viable farm income, while taking into account the need to better target direct payments, in particular towards small and medium-sized holdings or young farmers.

In particular, a specific decoupled payment per hectare, the complementary redistributive income support for sustainability, is proposed to be established in all Member States. Besides compulsory capping at farm level (after deduction of farm labour) is also part of the proposal and a round-sum payment to small farms. To measure the effect of the direct payment implementation and its redistributive effects, a dedicated result indicator (R6) would measure how much more per hectare small farmers will get under direct payments compared to the average payment per hectare.

99. (§ 260 - 2018/PAR/0548) The European Parliament urges the Commission to ensure that the CAP is fairly allocated to active farmers and does not result in land deals that benefit a select group of political insiders often called ‘the oligarchs’; calls on the Commission to take stock of breaches, circumventions and unintended consequences of the CAP current allocation rules; notes the importance of a transparent and strong governance system and further calls on the Commission to increase efforts to prevent and detect fraud.

Commission's response:

The CAP includes a series of safeguards to make sure the money goes to those who are entitled to it and to protect the financial interests of the EU. Provisions

exist in the legislation that restrict the eligibility of CAP payments to the actual farming activities, to active farmers and limit the amount of payments per farmer. Secondly, the legislation also requires Member States to set up and maintain an efficient Integrated Administration and Control System – IACS to address the risk of double claims. Thirdly, a systematic audit of expenditure is carried out by Member States, checked by the Commission with over 100 audit missions each year. Any suspicions of fraud are transmitted to the European Anti-Fraud Office (OLAF).

The system of property ownership is a competence of the Member States (Article 345 TFEU). Member States must guarantee the rule of law, which includes the protection of private property and regulate potential conflict of interest. If the land for which a claim is introduced is obtained unlawfully or by political influence, then there is a rule of law issue and the judicial system of the Member State should act. The Commission can assist the Member State, if necessary.

These layers of safeguards have delivered positive results: in 2018, according to both the European Court of Auditors (ECA) and the Commission direct payments expenditure was free of material error for the third year in a row (error-rate below 2%). This high level of assurance is combined with a robust system of corrective actions, applied when necessary. The final amount at risk after deducting financial corrections and recoveries from beneficiaries is only 0.25%.

The Commission's efforts are focused on strengthening the fraud prevention and fraud detection structures and procedures in the Member States, providing guidance, training and encouraging the adoption of National Anti-Fraud Strategies (NAFS) in line with recent recommendations by the European Court of Auditors (Special Report 6/19 “ Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination”).

100. (§ 261 - 2018/PAR/0549) The European Parliament is concerned by recent reports of alleged cases of high-level conflicts of interest and land-grabbing in some Member States; notes that with reference to land ownership, it is first and foremost for the relevant authorities of the Member States to act and to put the necessary systems in place to prevent and avoid fraud; highlights that all allegations or suspicions concerning fraud and the misuse or mismanagement of Union funds should be addressed to OLAF and EPPO; in this regard notes the importance of a transparent and strong governance system and further calls on the Commission to increase efforts to prevent and detect fraud.

Commission's response:

Whenever there are allegations of particular malpractices in individual Member States, the Commission services look into these cases very carefully.

If there are allegations of irregularities and fraud, then the European Anti-Fraud Office (OLAF) is informed and acts in accordance with its mandate and prerogatives. Similarly, the European Public Prosecutor's Office (EPPO) is to be

informed of any matters falling under its area of competence when it becomes operational.

If the land is taken by force, then there is a rule of law issue and the judicial system of the Member State should act. The Commission can assist the Member State, as needed.

In case of deficiencies in the CAP management and control systems of the Member State concerned, the Commission can and will audit the systems or monitor the implementation of a corrective Action Plan to remedy the situation and to protect the EU budget.

The system of property ownership is a competence of the Member States (Article 345 TFEU). No direct mechanism is provided for in the Treaties for the Commission or other EU institutions to intervene, beyond an extreme option in cases of serious threats to the rule of law (Article 7 TFEU). The Commission's efforts are focused on strengthening the fraud prevention and fraud detection structures and procedures in the Member States, providing guidance, training and encouraging the adoption of National Anti-Fraud Strategies (NAFS) as recently recommended by the European Court of Auditors (Special Report 6/19 "Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination").

101. (§ 262 - 2018/PAR/0550) The European Parliament acknowledges the Commission proposal for a new delivery model including a capping combined with a digressive mechanism to ensure that CAP funds are distributed in a weighted manner, such that the payments per hectare are on a reducing scale relative to the size of the holding/farm; is of the opinion that a capping, with the introduction of labour offset before capping is insufficient to guarantee a fairer allocation of direct payments; in addition, supports the idea of a redistribution mechanism; urges the Commission to include a proposal for a maximum amount of direct payments per natural person as beneficial owner of one or more companies; underlines that it should not be possible to receive Union-subsidies amounting in millions of euro to three-digits in one MFF-period.

Commission's response:

The Commission proposal to apply degressivity and capping is funded on the fact that larger farms benefit from economies of size meaning that the average cost per unit of production decreases as the size of the farm increases. Accordingly, as larger farms need less support per unit, their total support could be progressively reduced. However, although such a mechanism is justified on the ground of fairness, but even more in terms of budgetary efficiency, and important also for improving the public perception of the policy, the political process has not been successful in introducing it on a mandatory basis in the previous CAP reforms. It would be a first significant step to include this obligation post 2020. The proposal of the Commission to apply it to all direct payments from amounts above EUR 60 000 at direct beneficiary level (and with the subtraction of labour costs to preserve

employment) is in this context an ambitious, but balanced proposal in terms of administrative costs/benefits. Furthermore, the proposal of introducing a mandatory redistributive payment should help achieving the objective of fairer distribution of direct payments.

When natural or legal persons split their farms for the sole purpose of avoiding the effect of the reduction/capping mechanism, this should be pursued under the circumvention rule proposed under Article 60 of the Commission proposal for a horizontal Regulation.

102. (§ 265, in connection with § 264 - 2018/PAR/0551) The European Parliament calls on the Commission, in cases of non-compliance with the rules, to take appropriate measures to protect the Union budget including corrective actions for the past where this is provided for.

Commission's response:

In January 2019 DG AGRI carried out an audit mission in the Czech Republic in relation to investment measures under Rural Development, as part of a coordinated audit with DG REGIO and DG EMPL. The enquiry is ongoing following the administrative deadlines provided for in Article 34 of Regulation (EU) No 908/2014.

In case a non-compliance with the applicable rules is established, appropriate measures to protect the EU budget will be taken, including corrective actions for the past where this is foreseen.

As a precautionary measure and until the situation is clarified, for the Rural Development Fund the Commission is not reimbursing to the Czech authorities the amounts related to Agrofert projects that could be potentially affected by the alleged conflict of interest.

103. (§ 266, in connection with § 264 - 2018/PAR/0552) The European Parliament calls on the Commission to cautiously supervise the current process in the Czech Republic, paying particular attention to payments made to companies directly and indirectly owned by the Czech Prime Minister or other Members of the Czech Government.

Commission's response:

In January-February 2019 the Commission services carried out a coordinated audit mission in the Czech Republic.

As a precautionary measure and until the situation is clarified, no payments from the EU budget under the European Structural and Investment Funds are being made to companies directly and indirectly owned by Prime Minister Babiš that could be potentially affected by the alleged conflict of interest.

In relation to the Rural Development Fund, the Commission is not reimbursing to the Czech authorities the amounts related to Agrofert projects that could be potentially affected by the alleged conflict of interest.

In case a non-compliance with the applicable rules is established, appropriate measures to protect the EU budget will be taken, including corrective actions for the past where this is foreseen.

104. (§ 267, in connection with § 264 - 2018/PAR/0553) The European Parliament calls on the Commission to cautiously supervise the process of recovering misused funds in order to ensure that the Czech Republic will take legal steps to enforce remedy from those responsible for the misuse of Union funds.

Commission's response:

The Common Agricultural Policy (CAP) is implemented in shared management between the Commission and the Member States.

According to shared management principles, recovering the amounts unduly spent from the final beneficiary is the duty of the Member State. As it does in all cases, the Commission will closely monitor this process and apply financial corrections where considered necessary.

105. (§ 268, in connection with § 264 - 2018/PAR/0554) The European Parliament calls on the Commission to keep Parliament's responsible committee and the general public informed about all the findings of the audits immediately in full respect with the principles of transparency and legal certainty which are part of the rule of law principles; calls on the Commission to inform the Parliament's responsible committee if any possible conflict of interests related to the Czech government continues after the audits are officially completed or if the Czech Authorities object to implementing any corrective measures on political or other non-legal grounds.

Commission's response:

In January-February 2019 the Commission services carried out a coordinated audit mission in the Czech Republic.

The enquiries are ongoing and, in order to respect the process for the contradictory procedure with the Member State, the Commission cannot disclose details from the audit to third parties. Confidentiality is of utmost importance and the Commission must ensure that the contradictory process is fair and robust.

However, based on the inter-institutional agreement between the European Parliament and the Commission, Commissioners Oettinger and Hahn have already informed the CONT Committee about the evolution of the file in the "in camera" sessions of the European Parliament in April and December 2019 and in

July 2020. Moreover, the Commission services have briefed the CONT members in preparation for their fact-finding mission to the Czech Republic (February 2020).

The European Parliament will continue to be kept informed in a timely manner about the evolution of the file.

106. (§ 269, in connection with § 264 - 2018/PAR/0555) The European Parliament calls on the Commission to carefully scrutinise whether the political situation in Czech Republic fully respects rule-of-law principles and to take any reasonable steps to protect the rule of law as one of the key principles of the Union if it finds that this principle is indeed threatened.

Commission's response:

The rule of law is one of the fundamental values upon which the European Union is based. In its Communication on Strengthening the rule of law within the Union – a blueprint for action, published on 17 July 2019 (COM(2019)343 final), the Commission has set out concrete actions to strengthen the Union's capacity to promote and uphold the rule of law, through promotion of a common rule of law culture, prevention of rule of law problems and an effective response. In particular, the Commission has established a Rule of Law Review Cycle.

The first annual Rule of Law Report is one of the major initiatives of the Commission's Work Programme for 2020, planned for adoption in September 2020. It is part of the comprehensive European rule of law mechanism announced in the Political Guidelines of President von der Leyen, and will cover all Member States, including the Czech Republic, with objective annual reporting by the European Commission. The rule of law mechanism will act as a preventive tool, deepening dialogue and joint awareness of rule of law issues. The Report will also contribute to a better-coordinated inter-institutional approach on the rule of law.

The annual Rule of Law Report will monitor significant developments, both positive and negative, relating to the rule of law in the Czech Republic (and all other Member States). It will cover significant developments within four areas: (i) the justice systems; (ii) the anti-corruption framework; (iii) certain issues related to media pluralism; and (iv) other institutional issues related to checks and balances. Rule of law-relevant developments relating to the emergency measures will also be reflected in the Report, where relevant.

The adoption of the Report in September will allow the German Presidency to enable genuine discussions in the Council on the situation of the rule of law in all Member States, including in the Czech Republic.

The Rule of Law Report can also feed any further discussions the European Parliament, and also national parliaments might wish to initiate.

107. (§ 270 - 2018/PAR/0556) The European Parliament calls on the Commission to carefully scrutinise the replies given in August 2019 by the Slovak authorities about the legislative measures they are taking to improve the correctness and transparency

of the “Land Registry” (cadastre), the follow-up on the allegation of fraud, the recoveries as well as about a new methodology implemented by the Slovak Paying Agency (APA) for the treatment of double claims.

Commission's response:

The Commission is assessing the measures undertaken by Slovak authorities to see if they are sufficient and is committed to work with the Slovak authorities to solve the issues.

Appropriate measures to protect the EU budget will be taken if deemed necessary, in accordance with applicable regulations.

108. (§ 271 - 2018/PAR/0557) The European Parliament calls on the Commission to continue keeping Parliament informed in a timely manner about the evolution of the files in Czech Republic and in Slovakia.

Commission's response:

Concerning the evolution of the file for the Czech Republic, Commissioners Oettinger and Hahn have already informed the CONT Committee in the “in camera” sessions of the European Parliament in April, December 2019, and July 2020. Moreover, the Commission services have briefed the CONT members in preparation for their fact-finding mission to the Czech Republic (February 2020).

Regarding the situation of alleged land-grabbing in Slovakia, Commissioner Hogan has provided extensive replies to the written questions of the EP as part of the discharge hearing for 2018.

The European Parliament will continue to be kept informed in a timely manner about the evolution of the two files.

109. (§ 272, § 273, § 274 - 2018/PAR/0558) The European Parliament notes that as regards Hungary, following the results of OLAF investigations, DG AGRI audits of 2015 and 2017 found a systemic lack of verification of conflict of interest in public procurement procedures under 2007 to 2013 Rural Development Programme.

Welcomes the facts that:

- the Commission decided the application of financial corrections totalling around EUR 6,5 million;
- the Hungarian authorities committed to remedy the situation for the programming period 2014 to 2020, including appointing an audit company that would conduct the review of public procurement processes;

Calls on DG AGRI to closely monitor the situation in Hungary and to report in a timely manner on the follow-up to Parliament.

Commission's response:

The Commission continues to monitor the situation to ensure that Hungary is taking corrective actions in relation to the implementation of public procurement procedures for rural development, including by carrying out follow-up audits. If serious deficiencies in the management and control systems implemented by the Hungarian authorities are found, the Commission can request the implementation of an action plan to correct these deficiencies and can apply financial corrections to protect the EU budget for the past expenditure.

110. (§ 276 - 2018/PAR/0559) The European Parliament is deeply concerned about severe allegations of land-grabbing sometimes with the support of oligarchic structures with potential facilitation by governments and public authorities in some Member States; calls on the Commission to develop common guidelines for conflicts of interest of high-level politicians; urges the Commission together with the Member States to develop effective legal instruments to respect rule of law and avoid fostering oligarch structures drawing on Union agricultural funds; acknowledges the measures undertaken by the Commission to improve e.g. the land parcel identification system in some Member States, to improve the impartiality of the work of paying agencies as well as audit authorities.

Commission's response:

The Commission prepared a guidance note on avoidance of conflicts of interest under Article 61 of the Financial Regulation, which applies to all persons involved in budget implementation at any level. The note aims to promote a uniform interpretation and application of the rules on avoidance of conflicts of interest under direct, indirect and shared management, and provides guidance and practical examples. It is currently being consulted with Member States and has been also shared with the European Parliament in August 2020 for information. The Commission aims to publish its final version by the end of 2020.

The Commission is in constant contact with Member States on issues relating to alleged conflicts of interest and the respect of the rule of law. Where risks for the EU budget are identified it carries out audits.

The Commission adopted in April and July 2019 two Communications to reflect on how strengthening the rule of law within the Union and to propose action.

The first annual Rule of Law Report is one of the major initiatives of the Commission's Work Programme for 2020. It is part of the comprehensive European rule of law mechanism announced in the Political Guidelines of President von der Leyen, and will cover all Member States with objective annual reporting by the European Commission. The rule of law mechanism will act as a preventive tool, deepening dialogue and joint awareness of rule of law issues. The

annual Rule of Law Report will monitor significant developments, both positive and negative, relating to the rule of law in Member States. The adoption of the first annual Rule of Law Report is foreseen in September 2020.

The Commission considers of key importance the adoption of its proposal for a regulation ‘on the Protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States’ currently being discussed by the co-legislators.

111. (§ 278 - 2018/PAR/0560) The European Parliament calls on the Commission to submit a proposal to amend the CAP rules with a view to avoiding a situation in which Union funds are paid out in respect of land that has been taken by force, acquired illegally or fraudulently, or in respect of which ownership has been falsely declared, possibly without the knowledge of the true owners or, in the case of state-owned land, of the public bodies concerned.

Commission's response:

The CAP rules already foresee that an applicant declares that the information provided is true. This means that where it is found (by the Member States or the Commission) that this is not the case, action is taken to protect the EU budget, in particular through recoveries and financial corrections.

The management and control system at the Member State level (the Integrated Administrative Control System [IACS] and the Land Parcel Identification System [LPIS], respectively) enables the correctness of the disbursement, which are also verified by Commission's audits. If allegations of fraud are made, the relevant information is transmitted to the European Anti-Fraud Office (OLAF) for follow-up in line with its mandate.

The question of illegal or fraudulent acquisition of land is a rule of law issue, for which the Member States remain competent. However, in order to protect the EU budget in case of generalised deficiencies in the respect of the rule of law, the Commission presented a proposal in May 2018 on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States. The proposal, currently under negotiation by the co-legislators, provides for a mechanism to reduce or suspend EU funding in cases of deficiencies of rule of law.

At present, the CAP presupposes a functioning rule of law in the Member States.

112. (§ 279 - 2018/PAR/0561) The European Parliament calls on the Commission to set up a mechanism ensuring that the affected farmer/beneficiaries will be given the opportunity to lodge a complaint with the Commission in cases of land grabbing, and that they are able to benefit from adequate protection mechanisms.

Commission's response:

See recommendation 2018/PAR/0466.

113. (§ 280 - 2018/PAR/0562) The European Parliament calls on the Commission to thoroughly ensure that the rule of law is applied in all Member States and to ensure that the juridical system is able to work independently to guarantee independent investigations of legal cases; welcomes the application of possible stricter conditionalities in CAP funding.

Commission's response:

The rule of law is one of the fundamental values upon which the European Union is based. In its Communication on Strengthening the rule of law within the Union—a blueprint for action, published on 17 July 2019 (COM(2019)343 final), the Commission has set out concrete actions to strengthen the Union's capacity to promote and uphold the rule of law, through promotion of a common rule of law culture, prevention of rule of law problems and an effective response. In particular, the Commission has established a European Rule of Law Mechanism.

The first annual Rule of Law Report is one of the major initiatives of the Commission's Work Programme for 2020, planned for adoption in September 2020. It is part of the comprehensive European rule of law mechanism announced in the Political Guidelines of President von der Leyen, and will cover all Member States with objective annual reporting by the European Commission. The rule of law mechanism will act as a preventive tool, deepening dialogue and joint awareness of rule of law issues. The Report will also contribute to a better-coordinated inter-institutional approach on the rule of law.

The annual Rule of Law Report will monitor significant developments, both positive and negative, relating to the rule of law in all other Member States. It will cover significant developments within four areas: (i) the justice systems, including independence of the justice system; (ii) the anti-corruption framework; (iii) certain issues related to media pluralism; and (iv) other institutional issues related to checks and balances. Rule of law-relevant developments relating to the emergency measures will also be reflected in the Report, where relevant.

The adoption of the Report in September will allow the German Presidency to enable genuine discussions in the Council on the situation of the rule of law in all Member States.

The Rule of Law Report can also feed any further discussions the European Parliament and also national parliaments, might wish to initiate. In what concerns the link between the respect of rule-of-law by the Member States and EU funding, the situation can be further improved if the Commission proposal for a Regulation on the protection of the Union's budget in case of generalized deficiencies as regards the rule of law in the Member States from May 2018 is adopted by the co-legislators.

114. (§ 281 - 2018/PAR/0563) The European Parliament calls on the Commission to review and analyse Member State legislation and policies to prevent land grabbing and to formulate guidance on best practices; invites the Member States to apply good legislative practices aimed at restricting land grabs; calls on the Commission to increase efforts to prevent and detect fraud; urges Member States, together with the Commission, to develop proper Union-level legal instrument to prevent land-grabbing.

Commission's response:

The Commission was made aware of allegation of land-grabbing in a limited number of Member States and the Commission services look into these cases very carefully.

If allegations of fraud are made, the relevant information is transmitted to the European Anti-Fraud Office (OLAF) for follow-up in line with its mandate.

If the land is taken by force, then there is a rule of law issue and the judicial system of the Member State should act. The Commission can assist the Member State, as needed. Moreover, in order to protect the EU budget in case of generalised deficiencies in the respect of the rule of law, the Commission presented a proposal in May 2018 on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States. The proposal provides for a mechanism to reduce or suspend EU funding in cases of deficiencies of rule of law.

In case of deficiencies in the CAP management and control systems of the Member State concerned, the Commission can and will audit the systems or monitor the implementation of a corrective Action Plan to remedy the situation and to protect the EU budget.

115. (§ 282 - 2018/PAR/0564) The European Parliament recalls the Parliament position [footnote: European Parliament resolution of 27 April 2017 on the state of play of farmland concentration in the EU: how to facilitate the access to land for farmers (2016/2141(INI)] on farmland concentration and reinforces its call on the Commission to establish an observatory service for the collection of information and data on the level of farmland concentration and tenure throughout the Union; calls on the Commission to make use of and combine the systems and databases at its disposal in order to identify the ultimate beneficial owners in the case of agricultural holdings which form part of a larger corporate structure; notes the development of a Union-wide business register, thereby linking farm holdings with a unique business identifier at Union level, to better distinguish the final destination of CAP funds.

Commission's response:

The Commission adopted an interpretative Communication on acquisition of farmland and EU law in 2017. The communication states that the acquisition of farmland falls within the remit of EU law. Intra-EU investors enjoy the

fundamental freedoms, the free movement of capital and the freedom of establishment. These freedoms are integral parts of the internal market where goods, persons, services and capital can circulate freely. The internal market also extends to agriculture.

The EU law recognises the specific nature of agricultural land. The Treaties allow restrictions on foreign investments in farmland where they are proportionate to protect legitimate public interests such as preventing excessive land speculation, preserving agricultural communities or sustaining and developing viable agriculture.

There is no secondary European legislation addressing the acquisition of agricultural land. The Member States have jurisdiction and discretion to regulate their land markets. In doing so however, they must respect the basic Treaty principles, the fundamental freedoms and non-discrimination on grounds of nationality.

Secondary legislation on acquisition of farmland falls within the legal remit of the Member States and there is therefore no legal basis for the Commission to establish an observatory collecting data on land acquisition, land ownership and final beneficiaries of CAP-funds.

The Commission considers this recommendation as implemented.

116. (§ 285 - 2018/PAR/0565) The European Parliament Calls on the Commission to follow the recommendations issued by the Court as to the post 2020 programming period and, in particular, to adopt (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; proposes that 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;
- a definition of smart objectives, making explicit and quantifiable the expected results of the policy instruments in terms of expected generational renewal rate and contribution to the viability of the supported holdings.

Commission's response:

In the proposal for the reform of the CAP, based on a new delivery model, the Commission has proposed an intervention logic at the level of specific objectives, one of which concerns generational renewal in agriculture. The proposal includes broad types of interventions. It will be up to the Member States to design and

include in their CAP Plan interventions under both pillars of the CAP on generational renewal to deliver on this specific objective.

In their CAP Strategic Plan, each Member State must present a SWOT analysis and an assessment of needs. On this basis, Member States must establish an intervention strategy in which quantitative targets and milestones are set to achieve the specific objectives SO7 and SO8 dedicated to attract young farmers and facilitate business development in rural areas or, where relevant, the objective to promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry. The targets must be defined using all the relevant result indicators, such as the number of young farmers setting up a farm with support from the CAP.

Global Europe

117. (§ 297, *first part* - 2018/PAR/0566) The European Parliament reiterates its support for the Commission's multimedia actions, which contribute to independent media coverage of Union affairs and help promote a common European public sphere; is, however, alarmed by the conclusions of the Rapid case review of the Court on Euronews, which highlights that Union financial support to Euronews lacks transparency and accountability and that monitoring and evaluation mechanisms are insufficiently robust; therefore, urges the Commission to answer all the concerns raised by the Court and to reassess its approach in cooperating with Euronews.

Commission's response:

The Commission carefully assessed the conclusions of the Rapid Case review and prepared on a voluntary basis (i) a Control Strategy document explaining how the grants awarded to Euronews are monitored and controlled and (ii) an Action Plan including concrete measures to improve these controls. The Action Plan also includes the launch of a performance audit of the different grants funded through the Multimedia Actions line. The audit will help the Commission to reassess the current partnership with Euronews and take informed decisions on funding priorities post 2020.

118. (§ 297, *second part* - 2018/PAR/0567) The European Parliament urges the Commission to generally increase transparency and accountability of the budget used for multimedia actions, in particular by creating specific budgetary lines related to the different actions, as well as to conduct a full scale review of the use of the budget line.

Commission's response:

The creation of a specific budgetary line for a single beneficiary of the measures would not be in line with the Commission's current efforts to simplify and streamline the budget nomenclature.

However, the Commission has contracted an entity to carry out a performance audit of the different grants funded under the Multimedia Actions line. The audit results will contribute to increase both the transparency and accountability of the budget.

In addition, for the sake of transparency, the 2020 Commission Financing Decision on Multimedia Actions includes the amounts allocated to each individual action. Detailed information on the Multimedia Actions can be found at <https://ec.europa.eu/digital-single-market/en/multimedia-actions>. Moreover, the Financial Transparency System (https://ec.europa.eu/budget/fts/index_en.htm) can be used to track funding of the different actions.

119. (§ 301 - 2018/PAR/0568) The European Parliament highlights that the increasing use of financial mechanisms to deliver Union policies in third countries alongside the Union budget risks undermining the level of accountability and transparency of Union action; insists that the Commission ensures that the delivery of external aid is subject to the rule of law and respect for human rights in recipients countries; stresses, in particular, the need to guarantee that no Union funds support forced child labour and that no Union funds are used to finance textbooks and educational material which incite religious radicalisation, intolerance, ethnic violence and martyrdom among children.

Commission's response:

The EU is firmly committed to the promotion and protection of all human rights, whether civil and political, economic, social and cultural rights, of democratic principles and the rule of law. These values are essential elements of the EU's partnerships and cooperation agreements with partner countries within the framework of international cooperation and development. As stated in the European Consensus for Development, the EU and its Member States are progressively integrating the rights-based approach, encompassing all human rights, into all development cooperation programmes and actions.

The EU can work with and through governments, in which case a financing agreement is signed. Such agreements include a clause that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law.

During implementation, the EU aims at close coordination in the assessment and monitoring of fundamental values, referring to the analysis and priorities of the Human Rights country strategy and feeding this follow-up into its political dialogue with the partner country. Finally, contractual and financial procedures also seek to ensure value for money and prevent capture or embezzlement by specific interest groups.

In no cases do EU funded projects support forced child labour. On the contrary, the EU is fully committed to eradicate child labour and forced labour and promotes the effective enforcement of the ILO conventions 138 on Minimum Age and 182 on Worst forms of child labour through its projects and programmes, many of them implemented by the International Labour Organisation (ILO). The Commission ensures the respect of those values through a set of contractual clauses. All types of contracts, agreements, tender and grants guidelines include a code of conduct laying down ethical clauses as a contractual obligation for the respect of human rights and labour standards such as the elimination of forced and compulsory labour and the abolition of child labour. Failure to comply with these ethical clauses may lead to termination of contracts, sanctions or exclusion to tender or grants.

The development of educational material and the assessment of curriculum quality are complex and sensitive processes. Eliminating the promotion of discrimination and intolerance in educational material continues to be strongly

promoted by the EU as an essential step forward, in line with the highest European and international standards of peace and tolerance in education. However, it would be extremely difficult in practice to guarantee full compliance of a material with those values and standards as a pre-condition for EU financing. The scale and range of curricular materials in each country supported by the EU (in many languages, subjects and resource types), would be unmanageable for EU staff to systematically analyse and approve, hampering our ability to disburse funding. Additionally, national sovereignty would limit the influence any external stakeholders can exercise over the content of national curricula.

120. (§ 302 - 2018/PAR/0569) The European Parliament is concerned that problematic material in Palestinian school textbooks has still not been removed and is concerned about the continued failure to act effectively against hate speech and violence in school textbooks. Insists that salaries of teachers and education sector civil servants that are financed from Union funds such as PEGASE be used for drafting and teaching curricula which reflects UNESCO standards of peace, tolerance, coexistence, and non-violence, as was decided upon by Union education ministers in Paris on 17 March 2015; and 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 [footnote: OJ L 248, 3.10.2018, p. 27].

Commission's response:

The Commission takes the concerns of the European Parliament in respect of the problematic material featured in Palestinian textbooks seriously and its services have raised this in dialogue with the Palestinian Authority.

The Commission is financing a study which will assess the current Palestinian textbooks against defined benchmarks (UNESCO standards on peace, tolerance and non-violence in education). Final conclusions are expected by the end of 2020.

The study will provide elements for bilateral dialogue with the Palestinian Authority on quality of education and textbooks, in which the Commission expects the highest standards to be applied.

The Commission will present the findings of the study to the European Parliament and will inform the latter of the outcome of its bilateral dialogue with the Palestinian Authority.

The Commission also notes that the European Union does not fund textbooks in Palestine and does not intend to do so. In the framework of the EU's state building agenda in Palestine, our PEGASE programme provides contributions to the payments of salaries and pensions for teachers and civil servants of the education sector (among others), exclusively in the West Bank, in order to ensure that essential services are provided to Palestinians. Strict control criteria ensure that our contributions are only used to contribute to the salaries and pensions of Palestinian Authority (PA) civil servants.

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121. (§ 304 - 2018/PAR/0570) The European Parliament is concerned by the fact that, due to security risks, auditors are often not able to verify in many countries, as for instance in Libya, whether the receivers of Union funds are respecting high standards of human rights; calls on the Commission to ensure that the EDF and the Union budget do not finance projects through the Union Emergency Trust Fund (EUTF) implemented by the governmental and local forces (militias) that are involved in serious human right violations, especially in countries such as Libya and Sudan. Call on the Commission to consider to stop the Union aid in case its independent auditors cannot double-check the effective use of the Union money in these countries.

Commission's response:

The protection and promotion of human rights and fundamental freedoms are at the core of EU relations with all third-countries and are addressed through dialogue with governments and targeted development assistance. The EU did not provide any direct financial support to the Sudanese government under former President Bashir, the EU's assistance in Sudan focused primarily on supporting the most vulnerable people, who have suffered from years of conflict, poverty and displacement. The protection of human rights and the advocacy for better governance are core to the EU assistance and diplomatic actions in Sudan. With the current Transitional Civil Government in place, the EU and other international partners, have started to support the government to undertake critical social, economic and political reforms.

As to Libya, the EU is deeply concerned about violations of human rights and conditions of migrants/refugees. More than 50% of the EUTF funding goes to the protection of and assistance to migrants, refugees and internally displaced people stranded in Libya. The EUTF does not finance programmes implemented through governmental or local forces. All EUTF programmes in Libya are implemented through pillar-assessed UN agencies, EU Member States' agencies or international NGOs.

The EUTF has launched an independent third party monitoring on outputs and on conflict sensitivity of programmes. The Commission may set up an independent audit of a programme under specific circumstances and take action based on the report of such independent audit, including suspending a specific programme's activities.

122. (§ 309 - 2018/PAR/0571) The European Parliament calls on the Commission to review and strengthen the tendering and contracting procedures to avoid any distortion of competition between this limited number of strongly subsidised national agencies and other public/private entities with a clear European vocation.

Commission's response:

The Commission has strict procurement and contracting procedures, set out in the EU Financial Regulation and based on the principles of transparency, equal treatment and non-discrimination. Their implementation is regularly reviewed and there are administrative and legal remedies in all individual procedures. In addition, when the Commission chooses to provide funds to pillar assessed national and international organisations in indirect management, there is a specific procedural requirement to justify such financing decisions, also setting out the comparative advantages of working with a public sector organisation, in comparison to a private sector entity or an NGO.

123. (§ 310 - 2018/PAR/0572) The European Parliament demands that the Commission include clear and transparent human rights clauses in its Contribution Agreements concluded with Implementing partners (UN agencies, Member State development agencies) in order to avoid situations where the EU could indirectly finance projects that violate human rights.

Commission's response:

External aid is a powerful tool to promote the rule of law and respect of human rights and more broadly, the objectives of the Agenda 2030. More specifically, the contribution agreement's template (see article 2.6 of the general conditions) establishes an obligation for our partners, to promote the respect of human rights. Also, the contracting authority has the possibility to suspend and, if necessary, terminate a contribution agreement in case of human rights' violations affecting the EU-funded action (see articles 12 and 13 of the general conditions of the contribution agreement's template). Such provisions have also been transposed into the template of the contribution agreement for financial instruments.

124. (§ 311, first indent - 2018/PAR/0573) The European Parliament calls on the Commission to:

- take steps to reinforce the obligation on international organisations to forward the Court, at its request, any document or information necessary to carry out its task as provided for in the Treaties.

Commission's response:

The Commission has taken further steps to mobilize the resources of international organisations as early as possible in the audit process. Within the 2019 audit, the Commission started to systematically approach sampled international organisations at HQ level to support Delegations' efforts to ensure that they share the documents requested by the ECA in a timely manner.

125. (§ 311, second indent - 2018/PAR/0574) The European Parliament calls on the Commission to:

- adapt DG NEAR's and DG DEVCO's RER methodology to limit "full-reliance" decisions, to monitor its implementation closely and to redress all the deficiencies detected by the Court.

Commission's response:

The Commission has already addressed the requirements of this recommendation in the 2019 study, when full reliance decreased. The number of full-reliance transactions in 2019 was 63 (17,2 %), compared to 118 (23,6 %) in 2018.

For the 2020 study, the Commission has addressed the recommendation on full-reliance decisions by adapting the RER methodology and instruction manual, revised in October 2019, to include the following changes:

- the RER Instruction Manual requires the contractor to report on at least a monthly basis (through meetings/calls) the errors identified and the cases of full reliance placed. The reliance placed for each transaction is to be disclosed in the RER final report.*
- the RER Instruction Manual requires the contractor to provide information on the number of items where full reliance has been placed and the Commission to review this for reasonableness at the conclusion of each phase.*
- the RER Methodology and the RER Instruction Manual include an overview of RER procedures diagram, which indicates clearly that the RER contractor is to place reliance only on work performed by themselves, another contractor under the Europeaid Framework Contract for Audit Services or the ECA.*

The above changes reassert the need for the contractor to limit the use of full-reliance decisions and formalise the procedure for their close monitoring and follow-up by the Commission. The provisions are applicable to the 2020 RER study.

126. (§ 311, third indent - 2018/PAR/0575) The European Parliament calls on the Commission to:

- revise the DG ECHO's calculation of the 2019 corrective capacity by excluding recoveries of unspent pre-financing.

Commission's response:

DG ECHO has instructed the financial officers to ensure that reasons for recoveries are correctly encoded. In addition, a sample of recoveries performed in

previous years has been verified to ensure that the corrective capacity declared for 2019 was not overestimated.

127. (§ 311, fourth indent - 2018/PAR/0576) The European Parliament calls on the Commission to:

- indicate in its letter accompanying the EAMR that those documents can be shared among the Members and officials of Parliament by any means (emails, copies) and that there is no obligation to consult those documents in a secure room.

Commission's response:

The Commission continues to transmit the External Assistance Management Reports of the Union Delegations to the European Parliament every year as required by the Financial Regulation. For three years now, DG DEVCO transmitted the External Assistance Management Report (EAMR) to the European Parliament and to the Council without confidentiality constraints (transmission of EAMR reports for 2017 on 12.04.2018; for 2018 on 15.04.2019 and for 2019 on 21.04.2020). Transmission letters specify that these reports can be consulted by the Members and officials of the European Parliament Secretariat or officials of the Council Secretariat and the Court of Auditors.

128. (§ 311, fifth indent - 2018/PAR/0577) The European Parliament calls on the Commission to:

- consider putting an end to trust funds that are unable to attract significant contributions from other donors or that do not deliver on their objectives and targets.

Commission's response:

The Commission extended two of the four EU Trust Funds in 2019 after consulting the European Parliament and Council accordingly. Currently all four Trust Funds have a formal closure by end of 2020, notwithstanding other action. Nevertheless, the implementation of ongoing projects will continue until end of 2023 or 2024. As far as the EUTFs controls and regularity of operations are concerned, the Commission uses its internal control templates in a similar way as for operations financed under the EU budget. All four existing EU Trust Funds respond to emergency/post-emergency situations.

EUTFs have collectively succeeded in pooling together substantive financial resources from the EU budget, the EDF (in the case of the EUTF for Africa and EUTF Bekou) as well as from EU Member States and non-member states donors such as Chile, Switzerland, Norway. The level of external donors contributions made available to the EUTFs has overall reached EUR 860 M as of 31 December

2019: EUR 570 M (12% of overall resources) for the EUTF Africa, EUR 72 M (27 % of total resources) for the Békou Trust Fund, EUR 28 M (23 % of total resources) for the Colombia Trust Fund and EUR 190 M (10 % of total resources) for the EUTF in response to the Syrian crisis.

129. (§ 311, sixth indent - 2018/PAR/0578) The European Parliament calls on the Commission to:

- to regularly and systematically monitor whether the potential impacts of funded activities and projects on fundamental rights are identified and effectively mitigated.

Commission's response:

The EU is firmly committed to the fundamental values of human rights, democracy and rule of law, which are essential elements of all the EU's partnerships and cooperation agreements with third countries within the framework of international cooperation and development. In line with the Consensus for Development, the EU and the EU Member States are committed to the application of a rights-based approach, encompassing all human rights, to all our development cooperation. In its development cooperation, the EU can work with and through governments, in which case a financing agreement is signed. This agreement includes a clause that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law. During implementation, the EU aims at close coordination in the assessment and monitoring of fundamental values, referring to the analysis and priorities of the Human Rights country strategy and feeding this follow-up into its political dialogue with the partner country. Similar clauses are also included in agreements signed with international organisations, when the EU works with and through them to implement external assistance. Finally, our contractual and financial procedures also seek to ensure value for money and prevent rent capture or embezzlement by specific interest groups.

In the specific case of implementation of activities and projects through budget support, one of the key modalities for providing external assistance, the commitment and record of partner countries to democracy, human rights and the rule of law is assessed to inform decisions on new programmes and regularly monitored afterwards. The assessment of fundamental values feeds into the design of budget support operations. In many cases, budget support can be used as a vector to improve governance in our partner countries, as governance issues can be also included into the specific targets negotiated for releasing payments.

130. (§ 311, seventh indent - 2018/PAR/0579) The European Parliament calls on the Commission to:

- ensure that no Union funds support forced child labour.

Commission's response:

In no case do the EU funded projects support forced child labour. On the contrary, the EU is fully committed to eradicating child labour and forced labour, and promotes the effective enforcement of the ILO conventions 138 on Minimum Age and 182 on Worst forms of child labour through the projects and programmes it funds, many of them implemented by the International Labour Organisation. The Commission ensures the respect of those values through a set of contractual clauses. All types of contracts, agreements, tender and grants guidelines include a code of conduct laying down ethical clauses as a contractual obligation for the respect of human rights and labour standards, such as the elimination of forced and compulsory labour and the abolition of child labour. Failure to comply with these ethical clauses may lead to termination of contracts, sanctions or exclusion from tenders or grants. In addition to these legal requirements, the Commission strives to improve efforts to guarantee that EU funding are 100% child labour free through other mechanisms as well. For example, EU Trade policies (Free Trade Agreements and Generalised Systems of Preference+) stipulate strong conditions regarding forced labour and child labour under the sustainable development clauses.

131. (§ 311, *eight indent* - 2018/PAR/0580) The European Parliament calls on the Commission to:

- ensure that all third entities only use Union funds to provide for textbooks and teaching material that reflect common values and fully comply with UNESCO standards promoting peace, tolerance and co-existence in school education.

Commission's response:

The specific case of Palestinian textbooks referred to in the Parliament's recommendation 2018/PAR/0569, is linked to this recommendation.

Without prejudice to the above, the Commission notes that the European Union does not fund textbooks in Palestine and does not intend to do so. In the framework of the EU's state building agenda in Palestine, our PEGASE programme provides contributions to the payments of salaries and pensions for teachers and civil servants of the education sector (among others), exclusively in the West Bank, in order to ensure that essential services are provided to Palestinians. Strict control criteria ensure that our contributions are only used to contribute to the salaries and pensions of Palestinian Authority (PA) civil servants.

132. (§ 311, ninth indent - 2018/PAR/0581) The European Parliament calls on the Commission to:

- ensure that Union funds are not used for purposes different from the assigned areas.

Commission's response:

Ensuring that Union funds are exclusively used for the intended purpose is one of the Commission's main responsibilities and a built-in feature of its control systems. The main tools concerned are ex-ante controls carried out by staff on programmes and projects (prior to contracting, payments and clearings of pre-financings), audits and verifications by external service providers (during and/or after implementation) of reported costs, monitoring by operational officers throughout the implementation cycle and in case of development cooperation, results-oriented monitoring (ROM) system.

All control findings, regardless of the source, are subject to assessment as to whether they should trigger specific corrective action. They are also taken into account for a broader assessment of needs and opportunities for improvements of the control system. Such improvements can inter alia take the form of simplification, clarification, revision of templates, provision of guidance and provision of targeted training to Commission staff as well as external stakeholders.

133. (§ 311, tenth indent - 2018/PAR/0582) The European Parliament calls on the Commission to:

- provide detailed information on the decisions taken in that the Operational Committee and ensure that the Parliament is represented at its meetings [footnote: European Parliament resolution of 23 October 2019 on the Council position on the draft general budget of the European Union for the financial year 2020 (11734/2019 – C9-0119/2019 – 2019/2028(BUD)), par 51].

Commission's response:

The Commission has already fulfilled part of this request concerning providing information on the decisions taken by the Operational Committee.

The Commission will not be able to fulfil the second part of the request for the reasons presented below. Detailed information about the programmes approved by the Operational Committees of the EUTF Africa is made available through the Trust Fund website and the Annual Report on EUTF activities which is shared with the European Parliament. Based on negotiations held in 2017 between the Commission and the European Parliament, it was agreed that the European Parliament would be granted observer status on the Board of EU Trust Funds but not on the Operational Committees. A letter from Commissioner Oettinger to the

Chairs of Budget, Foreign Affairs and Development Committee dated 19.10.2017 confirms the observer status in Boards of EUTFs.

134. (§ 312 - 2018/PAR/0583) The European Parliament insists that an important criterion for the Commissions prioritising of the external aid should be the presence of rule of law and the respect of human rights in the recipient country; insist that the Commission should thoroughly verify the use of Union funds by third entities to ensure that no funds are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation.

Commission's response:

Within the framework of development cooperation, the EU can work with and through governments, in which case a financing agreement is signed. Such agreements include a clause that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law.

In the case of budget support, one of the key modalities for providing external assistance, the commitment and record of partner countries to democracy, human rights and the rule of law is assessed to inform decisions on new programmes and regularly monitored afterwards. The assessment of fundamental values feeds into the design of budget support operations. In many cases, budget support can be used as a vector to improve governance in our partner countries, as governance issues can be also included into the specific targets negotiated for releasing payments.

During implementation, the EU aims at close coordination in the assessment and monitoring of fundamental values, referring to the analysis and priorities of the Human Rights country strategy and feeding this follow-up into its political dialogue with the partner country. Contractual and financial procedures also seek to ensure value for money and prevent capture or embezzlement by specific interest groups.

135. (§ 315 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0584) The European Parliament calls on the Commission to propose a harmonized definition of NGOs compatible with Member States legislations.

Commission's response:

Currently, no financial transparency requirement specifically mentions that reporting on non-governmental organisation (NGO) funding, including the use of EU funds by NGOs, is required. In that respect, the legislator has not developed a commonly agreed NGO definition. Despite the absence of a universal NGO definition, the Commission on its own initiative has developed a system whereby

organisations declare themselves as NGO, under the pre-requisite that the legal entity concerned is flagged as both private and non-profit organisation. These are generally accepted criteria, and the compliance is verified by the Commission. Any changes to the system would require an EU level harmonisation of the concept of NGO and should be agreed by the legislator.

136. (§ 316 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0585) The European Parliament points out that transparency is one of the budgetary principles put forward by the Financial Regulation; it requires the Commission to make available, in an appropriate and timely manner, information on recipients of Union funds.

Commission's response:

Pursuant to the principle of transparency, the Commission publishes information on recipients of funds financed from the budget under direct management in the Financial Transparency System, accessible online at https://ec.europa.eu/budget/fts/index_en.htm.

The Commission recalls that under shared management it is the responsibility of Member States to publish the information on beneficiaries and that Member States must maintain a list of operations by operational programme and by Fund in a single website in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet, for instance in CSV or XML format.

137. (§ 319 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0586) The European Parliament notes that most of the Court's recommendations are now already covered by the Financial Regulation as adopted in 2018 and that the Commission has already implemented most of Court's recommendations; calls on the Commission to focus on the implementation of these recommendations that should be applicable to all Union beneficiaries in line with the Financial Regulation and non discrimination principles.

Commission's response:

The Commission continuously improves its systems to ensure the correct and uniform application of the rules set out in the Financial Regulation. The recent adoption of the Corporate Model Grant Agreement (CMGA) through Commission decision C(2020)3759 follows the Court's recommendations and feeds into this effort.

In the interests of simplification and convergence, the CMGA shall be used for all grant award procedures based on appropriations under the post 2020 Multi-annual Financial Frameworks and under instruments not covered by the Multi-

annual Financial Frameworks. Those should include grants awarded under direct management by the Commission and executive agencies and joint undertakings. The single model grant agreement may also be used by other EU bodies.

While establishing a single corporate model for all programmes, it is appropriate to take into account sectorial specificities, possible amendments of the Financial Regulation or other legal acts and technical adaptations necessary to operate the model. Thus, the decision adopting the CMGA allows for a procedure whereby the latter can be adapted to accommodate the specific policy objectives of individual EU funding programmes as specified in the relevant legal acts and to reflect revisions of the applicable EU regulatory framework.

138. (§ 320 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0587) The European Parliament requests the Commission to quickly develop guidance and strong criteria to identify NGOs in its accounting system and to verify the self-declared data submitted by the applicants.

Commission's response:

Currently, no financial transparency requirement specifically mentions that reporting on non-governmental organisation (NGO) funding, including the use of EU funds by NGOs, is required. In that respect, the legislator has not developed a commonly agreed NGO definition. Despite the absence of a universal NGO definition, the Commission on its own initiative has developed a system whereby organisations declare themselves as NGO, under the pre-requisite that the legal entity concerned is flagged as both private and non-profit organisation. These are generally accepted criteria, and the compliance is verified by the Commission. Any changes to the system would require an EU level harmonisation of the concept of NGO and should be agreed by the legislator.

See also recommendation 2018/PAR/0584.

139. (§ 321 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0588) The European Parliament observes that there are different registration systems for each DG to register Union funds applicants; calls on the Commission to create a single entry point so as to ensure consistency of the data in the Financial Transparency System and to give criteria and guidelines for the definition of NGOs and other categories of beneficiaries.

Commission's response:

As already stated in reply to recommendation 1 from the Special Report No 35/2018 "Transparency of the EU funds implemented by NGOs: more effort needed" (and in RAD responses to 2018/PAR/0584 and 2018/PAR/0587), the

Commission does not accept this recommendation. The Commission wishes to be fully transparent on beneficiaries of EU funds, within the limitations set by the current regulatory framework. However, while the term “NGO” is widely used, it has no generally accepted definition either at the international level, or at EU level. This is the reason why the Commission has, on its own initiative, developed a system whereby organisations declare themselves as NGOs, under the prerequisite that the legal entity concerned is flagged as both a private and not-for-profit organisation. Although it may result in different groups of recipients than what stems from concepts applied at national level, the Commission prefers to follow this prudent approach, which is based on objective and verifiable criteria. The Commission considers that any further criteria would require an EU level harmonisation of the concept of NGO which should be agreed by the legislator.

140. (§ 322 in connection with SR No 35/2018 "Transparency of Union funds implemented by NGOs: more effort needed" - 2018/PAR/0589) The European Parliament calls on the Commission to exclude NGOs or any other applicants that repeatedly or intentionally present wrongful declarations of previous experience errors and to check them more thoroughly.

Commission's response:

The Commission recalls that no distinction can legally be made between NGOs and other grant applicants on the basis of Regulation (EU, Euratom) 2018/1046 ('2018 Financial Regulation'). The mechanism established by the co-legislators in 2018 Financial Regulation aims to strike a balance between simplifying the rules for the applicants and protecting the EU budget. Therefore, while not imposing a systematic - by default verification of all supporting documents related to the operational capacity of grant applicants, the 2018 Financial Regulation ensures that participants in grant award procedures possess the professional competencies and qualifications required to complete the proposed action or work programme. According to Article 196(1) of Financial Regulation 2018, the grant application shall contain information necessary to demonstrate the applicant's operational capacity; the authorising officer responsible may decide, on the basis of a risk assessment, to request the applicant to submit supporting documents confirming that information. The validity of the information provided by the applicant is verified on the basis of an analysis of provided information and supporting documents; in case of doubt the authorising officer might request the applicant to provide any appropriate documents pursuant to Article 198(4) of the 2018 Financial Regulation. In case of providing repeatedly or intentionally untruthful information, the applicant may be rejected from an ongoing grant award procedure (Article 141(1)(b) of the 2018 Financial Regulation) or may be excluded from participating in future award procedures provided that the conditions set out in Articles 135 and 136 of the 2018 Financial Regulation are fulfilled. The recent reinforcement of the EDES system and the early use of the information contained in OLAF and other reports by the authorising officers is key to the identification of such situations. Hence, Commission is of the opinion that the current system set out in the 2018 Financial Regulation guarantees the

thorough assessment and control of the operational capacity of grant applicants and no further verification is required.)

141. (§ 323 in connection with SR No 35/2018 "*Transparency of Union funds implemented by NGOs: more effort needed*" - 2018/PAR/0590) The European Parliament welcomes the new financial regulations efforts on simplification, such as the introduction of the ex ante pillar assessment, and requests the Commission to apply a consistent interpretation of the applicable rules of the Financial Regulation notably as regards sub-granting among the different services, taking into account sectoral specificities.

Commission's response:

DG ECHO has formally required all beneficiaries, to inform - at proposal and final stage of the grant - of any amount sub-granted. This includes amounts sub-granted to members of the same family or network of NGOs.

In addition, DG ECHO is currently preparing for the pre-identification process of its partners for the period after 2020. This pre-identification is carried out on the basis of a certification. In this context, DG ECHO is in contact with DG BUDG to ensure that Article 204 of the 2018 Financial Regulation is adequately reflected.

142. (§ 324 in connection with SR No 35/2018 "*Transparency of Union funds implemented by NGOs: more effort needed*" - 2018/PAR/0591) The European Parliament asks the Commission to standardise and improve the accuracy of information published in the Financial Transparency System making sure that all beneficiaries contracted by the Union are disclosed together with the amount of funding awarded by mid 2021.

Commission's response:

*As already stated in reply to recommendation 4 from the Special Report No 35/2018 "*Transparency of the EU funds implemented by NGOs: more effort needed*", in relation to the Financial Transparency System: "*Recommendation 4 – Standardise and improve accuracy of information published*", the Commission accepts the recommendation.*

The Commission ensures a high degree of transparency of EU funding for all beneficiaries, including non-governmental organisations (NGOs). When concluding grant contracts with NGOs, the standard grant contract templates contain rules on communication and visibility of EU funds.

The Commission actively monitors the implementation of projects and may conduct the necessary checks on the fulfilment of UN bodies of the disclosure obligations, in accordance with the relevant legal framework.

The Commission retains the possibility not to disclose confidential information.

143. (§ 325 in connection with SR No 35/2018 "*Transparency of Union funds implemented by NGOs: more effort needed*" - 2018/PAR/0592) The European Parliament regrets that the Commission did not check whether United Nations bodies disclose information on the grants awarded with Union funding; demands that the Commission perform those checks in a consistent manner.

Commission's response:

Revised terms of reference for Pillar Assessments for indirect management were adopted by Commission Decision in April 2019 (C(2019)2882). Pillar assessments based on the updated terms of reference include a pillar on the publication of information on recipients of funds.

The Commission signed a revised framework agreement with the UN (UN FAFA) on 31 December 2018. The UN FAFA contains in article 12 the provisions that allow the Commission to do the necessary verifications.

144. (§ 326 in connection with SR No 35/2018 "*Transparency of Union funds implemented by NGOs: more effort needed*" - 2018/PAR/0593) The European Parliament asks the Commission to improve the information collected, by enabling the various grant management systems to record the funding received by all beneficiaries contracted by the Union, not only the lead beneficiary, making this information usable for analysis and treatment and welcomes in this context the upcoming launch of the OPSYS within external Union funding.

Commission's response:

The Commission is working on improving the transparency of the Union financing. In particular, the recent adoption of the corporate model grant agreement to be used by all the Commission's services represents a step forward in this process. The use of this model grant agreement in the eGrants corporate system for the management of grants implies recording the financing received by all the beneficiaries in a consortium and not only the information regarding the lead beneficiary

145. (§ 327, § 328 in connection with SR No 35/2018 "*Transparency of Union funds implemented by NGOs: more effort needed*" - 2018/PAR/0594) The European Parliament reiterates the urgent request to the Commission to implement the judicial decisions both of the Court of Justice [footnote: Judgement of the Court of Justice of 31 January 2019, International Management Group v European Commission, Joined Cases C-183/17 P and C-184/17 P, ECLI:EU:C:2019:78] and the Permanent Court of Arbitration [footnote: PCA Case No. 2017-03] and to fully recognise International Management Group's status as an international organisation.

Asks the Commission to report to the discharge authority as soon as possible on the measures taken.

Commission's response:

In its judgment of 31 January 2019 in cases C-183/17 P and C-184/17 P, the Court of Justice found that the Commission had not well justified its decisions as regards IMG and annulled them. The judgment does not make any findings in relation to the investigation conducted by OLAF.

The Commission is fully committed to abide by the Court of Justice's judgment and must do so in full respect of the rules of the EU Financial Regulation. Under these rules, international organisations that apply to work under indirect management must transmit to the Commission the international agreements by which they are set up.

Consequently, the Commission has asked IMG several times to provide the necessary documentation and information showing that it is an international organisation.

IMG repeatedly refused to provide such documentation and information, arguing that the judgment of the Court of Justice of 31 January 2019 recognised its status as international organisation. Accordingly, IMG initiated a new court action before the EU General Court seeking the annulment of the Commission's letter requesting the documentation and information (case T-645/19). In parallel IMG lodged a request for interpretation before the Court of Justice of its earlier judgment, seeking confirmation that the Commission is not allowed to maintain doubts on IMG's status as international organisation (case C-183/17 P-INT) as that issue was already definitively determined.

By order of 9 June 2020, the Court of Justice rejected IMG's request for interpretation as inadmissible, ruling that the Court of Justice's earlier judgment "did in no way settle the question whether, on the basis of an analysis not vitiated by an error in law and on the basis of the full set of pertinent elements, it should be considered or on the contrary should be excluded that IMG had such status" of international organisation (paragraph 23).

The Court of Justice's order of 9 June 2020 confirms the Commission's position that its judgment of 31 January 2019 did not determine IMG's status. Therefore, the Commission's implementation of the judgment of the Court of Justice naturally involves a reassessment of IMG's legal status under the rules of the EU Financial Regulation.

The Commission is actively pursuing this matter and has hence contacted the alleged IMG Member States, in order to verify IMG's status for the purposes of cooperation in indirect management.

Security and citizenship

146. (§ 334 - 2018/PAR/0595) The European Parliament calls on the Commission to ensure that when making administrative checks of payment claims it systematically uses the documentation it has required its grant beneficiaries to provide, in order to properly examine the legality and regularity of the procurement procedures these beneficiaries have organised.

Commission's response:

The methodology for final payment of grants has been updated and the documentation to request from beneficiaries has been further detailed in cases of public procurement. The updated methodology establishes a more efficient way of providing the necessary assurance regarding the legality and regularity of the procurement procedures followed by the beneficiaries. Particularly in the case that supporting documents are asked for procurement procedures, the project officer should clarify the required documentation. The appropriate information should be received from the grant beneficiary, which should explain in writing the procedure followed and confirm the availability of documentation for future audits. In June 2020, a training took place to inform all staff dealing with Union action grants.

147. (§ 335 - 2018/PAR/0596) The European Parliament calls on the Commission to instruct the Member States authorities responsible for national AMIF/ISF programmes to adequately check the legality and regularity of the procurement procedures organised by the funds beneficiaries when making administrative checks of their payment claims.

Commission's response:

In the margins of the AMIF-ISC Committee meetings as well as in its daily contact with the Member States' responsible authorities and monitoring missions, DG HOME is giving and will continue to give instructions for adequate check of the legality and regularity of the procurement procedures organised by the funds beneficiaries when making administrative checks of their payments. In relation to shared management, DG HOME implemented already the recommendation. During the Asylum Migration Integration Fund (AMIF) and Internal Security Fund (ISF) Committee meeting held on 17 September 2019, DG HOME informed the responsible Authorities of the Decision of 14 May 2019 C(2019)3452, laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement. The Commission (DG HOME together with DG GROW) also raised awareness among Audit Authorities of Member States on the most common cases of non-compliance with the applicable rules on public procurement during its workshop with the Audit Authorities in September 2019. This information was also presented to the Member States' responsible

Authorities during the AMIF and ISF Committee meeting held in September 2019.

Additionally, DG HOME has held training sessions for the desk officers responsible for assessing the Member States' annual accounts, on the importance of verifying the procurement procedures chosen and to request further information from the Member State when necessary.

In light of the COVID-19 situation, DG HOME prepared a guidance note for Member States on the possible flexibilities within the 2014-2020 financial framework (Ares (2020)2255902) and held a video conference to explain these measures. Member States were also informed of the Commission communication of 1 April 2020 C(2020) 108 I/01, on using the public procurement framework in the emergency situation related to the COVID-19 crisis, which highlights options under the public procurement framework for the purchase of the supplies, services, and works required to address the crisis.

148. (§ 343, second indent - 2018/PAR/0597) The European Parliament recommends that:

- DG HOME introduce a KPI relating to situation of the most vulnerable migrants and in particular child migrants and migrant women and girls in order to prevent and avoid abuse and trafficking.

Commission's response:

The situation of vulnerable migrants is carefully considered in DG HOME's policy initiatives (i.e. asylum, resettlement, integration, return, etc.) and in the operational measures on the ground (the Standard Operating Procedures for hotspots, etc.).

- The original Commission proposal relating to the Asylum and Migration Fund 2021-2017 includes indicators for vulnerable migrants and trafficking. The final set of indicators will be agreed between the Parliament and the Council.

- The Key Performance Indicators used to measure DG HOME's performance in the 2019 Annual Activity Report, are defined in the 2016-2020 Strategic Plan. As of 2020, DG HOME will report on indicators to be defined in the new 2020-2024 Strategic Plan. The new indicators will be chosen based on relevance and on availability of data.

- There are also other indicators measuring impact and results set out in the Strategic Plan that are subject to annual reporting by DG HOME. DG HOME reports on the area in the Annual Activity Report, mainly under the section 'Protecting child migrants' and 'Disrupt organised crime'.

- In addition to monitoring KPIs, DG HOME reports on the situation of vulnerable migrants in the Annual Activity Report, mainly under the sections

‘Protecting children and other vulnerable migrants’ and ‘Disrupt organised crime’.

- In the specific area of trafficking in human beings, the Third Commission Progress Report will be adopted in 2020, continuing also focussing on trends and challenges as regards to women and children, including from non-EU countries. The accompanying data analysis will provide statistical data on victims as available in EU Member States.

149. (§ 343, third indent - 2018/PAR/0598) The European Parliament recommends that:

- the Commission require Member States, in the annual accounts of their national AMIF/ISF programmes, to break down the nature of the amounts they report into recoveries, pre-financing and expenditure actually incurred.

Commission's response:

As part of the annual accounts submission, Member States report amounts in their annual accounts in accordance with Commission Implementing Regulation (EU) 2015/377 of 2 March 2015 establishing the models for the documents required for the payment of the annual balance pursuant to Regulation (EU) No 514/2014. As per Annex I, section B fixing the template for reporting the detailed accounting data, Member States are already required to report on the payments, whether or not they are final payments, and any possible recovery. Already today, the different elements reported allow providing the full overview of elements requested in the request. In order to ensure consistency and transparency of reporting, it is important the reporting template remains stable throughout the programming period.

DG HOME improved already the reporting framework. The breakdown between pre-financing, expenditure incurred and negative amounts was already implemented with the accounts submitted in February/March 2019 by the Member States. DG HOME reported on the actual spending per fund in the 2018 AAR, section on Control System 1. Shared management.

150. (§ 343, fourth indent - 2018/PAR/0599) The European Parliament recommends that:

- actual spending per fund be indicated in the Commission DGs' AARs from 2018 onwards.

Commission's response:

DG HOME reported on the actual spending per fund in the Annual Activity Report (AAR) 2018 and 2019, section ‘Control System 1. – Shared management

and 'Specific annexes related to "Management of Resources", Indicators for assessing control effectiveness as regards legality and regularity.

151. (§ 346, first indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0600) The European Parliament calls on the Commission to:

- promote quickly the use of SIS II and VIS training environments.

Commission's response:

While the Commission sees merit in having training environment for the Schengen Information System (SIS) and Visa Information System (VIS), such environment should be developed at national level by Member States which are in charge of developing and maintaining the national interfaces, and not by the Commission or eu-LISA at the central level.

The Commission has promoted the use of Schengen Information System (SIS) and Visa Information System (VIS) training environments in various forums including the relevant SIS/SIRENE Comitology Committee and VIS Advisory Group where the issues of training had presented.

In addition, the use and the implementation of SIS training environment at the national level is continuously monitored by the Commission through the Schengen evaluation mechanism, established under Regulation (EU) No 1053/2013 of 7 October 2013 establishing an evaluation and monitoring mechanism to verify the application of the Schengen acquis.

Regarding VIS trainings, it should be noted that eu-LISA has increased its offering of various trainings related to VIS in 2020, including e-learning materials, e-courses and webinars.

152. (§ 346, second indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0601) The European Parliament calls on the Commission to:

- speed up the correction of weaknesses detected during Schengen evaluations.

Commission's response:

In the framework of Schengen evaluation and monitoring mechanism established by Regulation (EU) No 1053/2013 of 7 October 2013 establishing an evaluation and monitoring mechanism to verify the application of the Schengen acquis, the

Commission has started implementing measures to streamline the Commission's internal procedure for the adoption of Schengen evaluation reports. The Commission will formulate proposals for legislative and non-legislative changes suitable to shorten all phases of the procedure.

The Commission will consider the possibility of setting deadlines for the implementation of the Council's recommendations to Member States to correct weaknesses detected during Schengen evaluations as appropriate, taking into account notably the outcome of the up-coming five-year report on the implementation of Regulation 1053/2013 the publication of which has been delayed due to the Covid-19 crisis.

153. (§ 346, third indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0602) The European Parliament calls on the Commission to:

- analyse discrepancies in visa checks to Improve data quality control procedures.

Commission's response:

During Schengen evaluations, the Commission is already monitoring whether Member States systematically check the validity of Schengen visa in the VIS.

The Commission is committed to continue monitoring whether Member States systematically check the validity of Schengen visa in the VIS (once Schengen evaluations have resumed after the Covid-19 pandemic), including a check against the number of Schengen visas issued to reveal the exact reason(s) of any discrepancy that might appear between the number of Schengen visas issued and the number of Schengen visas checked.

154. (§ 346, fourth indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0603) The European Parliament calls on the Commission to:

- reduce delays in data entry.

Commission's response:

According to the ECA and the European Parliament (§ 345 of EP resolution on 2018 discharge), the delays in data entry are related to the European Border Surveillance System (Eurosir) and the European Asylum Dactyloscopy Database (Eurodac) for which Commission needs to take appropriate actions.

Regarding Eurodac, the Commission is closely monitoring the way Member States apply in practice the provisions of the Eurodac Regulation (including the deadlines foreseen for transmitting fingerprints) and is in close contact with those Member States where delays exist in order to identify the most appropriate solutions

As for EUROSUR, in line with Article 24(3) of Regulation (EU) 2019/1896 of 13 November 2019 on the European Border and Coast Guard, the Commission is currently, in close cooperation with the Member States and Frontex, preparing a Commission Implementing Regulation on the situational pictures of the European Border Surveillance System (EUROSUR). The Implementing Regulation, which is currently still under discussion, shall enter into force by the end of 2020 and will contain detailed rules on the timely reporting of events and of other relevant information, thereby addressing the ECA's recommendation and EP's request.

155. (§ 346, fifth indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0604) The European Parliament calls on the Commission to:

- ensure better connectivity between the five existing information systems in order to ensure correct and timely data flows.

Commission's response:

The physical connectivity between the five existing information systems is not feasible, because Eurosur and PNR are not centralised EU systems, they are rather information exchange frameworks. The interoperability between centralised EU information systems in the area of justice and home affairs, including SIS, VIS and Eurodac will provide easier information sharing and will considerably improve security in the EU, allow for more efficient checks at external borders, improve detection of multiple identities. The timeline foreseen for the implementation of full interoperability framework is end 2023.

156. (§ 346, sixth indent, in connection with the SR No 20 /2019 "Information systems supporting border control strong tool, but more focus needed on timely and complete data" - 2018/PAR/0605) The European Parliament calls on the Commission to:

- encourage continuous good practices and behaviour in the supply and support of the information systems.

Commission's response:

Inserting an alert into the Schengen Information System (SIS) is a prerogative of a Member State. However, the Commission continuously encourages good practices related to supplying data to SIS, for instance by updating the Catalogue of recommendations and best practices for the correct application of the SIS (Commission Recommendation C(2018) 2161 final) and by listing the best practices related to the use of SIS in the Schengen evaluation reports issued under the Schengen evaluation mechanism established by Regulation (EU) 1053/2013 of 7 October 2013 establishing an evaluation and monitoring mechanism to verify the application of the Schengen acquis.

The Schengen Information System (SIS) is the largest security information system in Europe, currently holding more than 90 million records. The new SIS legal framework further strengthens the necessity to introduce data to the SIS and provides that where a person or an object is sought under an alert related to a terrorist offence, the case shall be considered adequate, relevant and important enough to warrant an alert in SIS. Moreover, the Commission together with eu-LISA are actively supporting the Member States on the aspects related to the quality of data introduced to the SIS by Member States.

157. (§ 348, first indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0606) The European Parliament calls on the Commission and the agencies to:

- use lessons learned to build on experience for any possible voluntary relocation mechanism in the future and to propose new measures to tackle effectively any emergency situation like the migration crisis of 2015, which are acceptable for the Member States.

Commission's response:

The Commission is currently coordinating the voluntary relocation of unaccompanied minors and children with severe medical conditions or vulnerabilities from Greece to other Member States. Standard Operating Procedures (SOPs) have been defined together with the Greek authorities and participating Member States, EU agencies and UN organisations. These SOPs build on the Malta SOPs, developed for voluntary relocations of persons disembarked following search and rescue operations, which the Commission continues to coordinate from Malta and Italy. Both SOPs are based on the existing legislative framework and take into account the experience gathered from previous mandatory relocation exercises. In addition, such experience will also be taken into account in the ongoing reflections on the new Asylum and Migration Pact.

158. (§ 348, second indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0607) The European Parliament calls on the Commission and the agencies to:

- strengthen the management of emergency assistance and national programmes under the Asylum Migration and Integration Fund.

Commission's response:

The management of emergency assistance under Home Affairs Funds works well and the strategy is reviewed and strengthened regularly to take into account the lessons learned from monitoring missions and experience gained with past grants. This is in particular the case as regards monitoring and control, that is key in ensuring that the emergency funding is spent in line with the relevant rules and Regulations, the Union acquis and in compliance with the fundamental rights.

For the next MFF, the Commission has proposed that emergency assistance will be included in the Thematic Facility and be subject to the general control and monitoring framework of the future Home Affairs Funds.

In addition, the Commission has already included in the AMIF proposal output and result indicators for the period 2021-2027 covering both the national programmes and the emergency assistance with indicators including baselines and targets.

159. (§ 348, third indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0608) The European Parliament calls on the Commission and the agencies to:

- enhance EASO's operational support to Member States for asylum procedures.

Commission's response:

According to the ECA's special report, 'the implementation of the asylum procedures in Greece and Italy continues to be affected by long processing times and bottlenecks'. The discussions between Commission (DG HOME) and EASO have started already in June 2019 to ensure synergies with ongoing and planned actions under the national programmes and EMAS through EASO's Operating Plans 2020.

EASO's operational support has been enhanced in the Operating Plan agreed with Greece, as deployments will be increased significantly by the end of 2020. In addition, in the context of the Action Plan for Greece adopted in March 2020, EASO was also granted a EUR10 million increase of its 2020 budget. Regarding

Italy, while deployments are gradually being decreased to adjust to the current situation (COVID-19), the nature of EASO's support is now focused on sustainability through strategic and capacity building measures.

160. (§ 348, fourth indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0609) The European Parliament calls on the Commission and the agencies to:

- adjust Frontex's return support and experts' deployment in the hotspots.

Commission's response:

The European Border and Coast Guard Regulation enhanced the mandate of Frontex in the field of return, allowing the Agency to increase its possible support to Member States from pre-return to post -return phases of return procedure.

Frontex is now able to provide Member States with extended assistance in carrying out return procedures, including in the preparation of return decisions, identification of individuals to be returned, acquisition of travel documents and post-arrival assistance to returnees. So far, the pace of return operations supported by the Agency has continued to grow, reaching a total number of 14,884 persons returned in 2017, 14,000 in 2018 and 15,679 in 2019.

161. (§ 348, fifth indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0610) The European Parliament calls on the Commission and the agencies to:

- reinforce the management of the national asylum systems.

Commission's response:

Both the Commission and the agencies, in particular EASO, are fully committed to reinforce the management of national asylum systems, not only through funding, but also through operational, technical and strategic support. This is currently ongoing.

An example of ongoing support to national asylum systems is EASOs substantially increased support in Greece through the Operating Plan signed between EASO and Greece in December 2019. Based on this plan the Agency is already scaling up its operational presence in support of the Greek authorities. Deployed EASO personnel will double from approximately 500 to over 1000 throughout the year 2020. They will work to support the Greek Asylum Service, the national Dublin Unit, the Reception and Identification Service and the Appeals Authority.

On 28 January 2020, the European Asylum Support Office (EASO) and the Greek government signed a Seat Agreement for the Hosting of the EASO Operational Office in Greece. The hosting agreement gives legal and administrative clarity to the status of EASO in Greece, allowing the Agency to be better able to support the Hellenic asylum and reception authorities.

162. (§ 348, sixth indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0611) The European Parliament calls on the Commission and the agencies to:

- support further national return procedures; and the collection of performance data on the return procedures to facilitate policymaking, performance evaluation and research.

Commission's response:

The Commission is fully committed to further support the Greek and Italian authorities to national return procedures.

On 12 March 2020 the Commissioner for Home Affairs announced a measure aiming at offering an incentive of EUR 2,000 to irregular migrants who arrived on the Greek islands before 1 January 2020 and who wish to return voluntarily to their countries of origin. It aims at supporting stranded migrants who have no right to stay in the EU, to return and reintegrate in their countries of origin. This specific voluntary return programme enhances the ongoing Assisted Voluntary Return and Reintegration (AVRR) programme implemented by the International Organization for Migration in Greece. Greek authorities in close cooperation with the Commission, the European Border and Coast Guard Agency and International Organisation for Migration carry out the initiative. It benefits from EU financial support through the Asylum, Migration and Integration Fund.

Regarding the collection of performance data, the Commission highlights that the primary responsibility for collecting data lies with the Member States. However, the technical guidelines for the data collection under art. 5 and 7 of the Regulation 862/2007 – ENFORCEMENT OF IMMIGRATION LEGISLATION (EIL) STATISTICS are under development and will allow for a better collection of performance data on the return procedures.

Moreover, the Commission notes that the Regulation (EU) 2020/851 of the European Parliament and of the Council of 18 June 2020 amending Regulation (EC) No 862/2007 on Community statistics on migration and international protection (Text with EEA relevance) that has been published in OJ on 22 June, 2020 aims to support the European agenda on migration by providing EU policy-makers and decision-makers with better and more timely statistics.

163. (§ 349, first indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0612) The European Parliament calls on the Commission to:

- improve the functioning of the hotspot system in order to ensure dignified reception conditions and efficiency in the management of arrivals.

Commission's response:

The functioning of the hotspots system is being significantly improved. This is a result of the continued operational, technical and financial support provided by the Commission (from Brussels and through DG HOME team in Athens). The previously identified gaps in the procedures and receptions conditions in the hotspots are progressively being addressed. In particular,

1) in Italy the existing Standard Operating Procedures are being updated by the national authorities in coordination with the Commission and EU Agencies and voluntary relocation of asylum applicants from Italy to other Member States continues on the basis of Standard Operating Procedure.

2) In Greece new legal provisions on asylum adopted in November 2019, including shorter deadlines and streamlined procedures within both, the asylum and reception systems, should render migration management more efficient and sustainable. These changes have been accompanied by a substantial increase in the resources of the actors handling migration issues (Greek Asylum System) and Reception and Identification System) and by a simplification of their interactions. Moreover, more regional asylum offices have been opened across the country, in order to decongest the existing processing centres. In parallel already 15.000 transfers from the Reception and Identification Centres (RIC) on the islands to the mainland have taken place since the beginning of 2020, and are set to continue. Efforts to increase reception capacity on the mainland are also ongoing. Finally, the EU initiative initiated a voluntary relocation exercise for the transfers of around 1400 unaccompanied minors and children with severe medical conditions from Greece to 12 participating Member States and associated States. The first transfers, involving more than 50 children, took place in April 2020 and others are following in June 2020 and subsequent months.

164. (§ 349, second indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0613) The European Parliament calls on the Commission to:

- carefully monitor the efficiency of the actions led by Frontex in order to better protect the external borders of the European Union.

Commission's response:

The Commission has tabled a legislative proposal to further enhance the management of the external borders of the EU. The Regulation (EU) 2019/1896 on the European Border and Coast Guard (EBCG) entered into force in December 2019 is currently being implemented. The aim of the EBCG Regulation is among other to manage the crossing of the external borders efficiently.

The Regulation establishes a multi-annual policy cycle for a European integrated border management and improves situational awareness, including on the operational activities carried out by the EBCG Agency (Frontex). The Commission is responsible for securing the correct implementation of the EBCG regulation which entails monitoring of the actions carried out by Frontex in this regard.

165. (§ 349, third indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0614) The European Parliament calls on the Commission to:

- strengthen the effectiveness and compliance with fundamental rights of the external border control of the EU and enhance the cooperation with national authorities.

Commission's response:

The Commission recalls that according to Regulation (EU) 2019/1896 on the European Border and Coast Guard, implementing European integrated border management to ensure effective control of the external border in full compliance with fundamental rights, is a shared responsibility of the competent national authorities of Member States and Frontex forming together the European Border and Coast Guard.

The legislative proposal tabled by the Commission that resulted in the adoption of Regulation (EU) 2019/1896, is aimed at strengthening the effectiveness of border control and enhance cooperation with national authorities. The Regulation also reinforces the fundamental rights safeguards of the activities coordinated by Frontex, including the support of the Agency's Fundamental Right Officer (FRO) with a Deputy and with fundamental rights monitors, guaranteeing full functional independence of the FRO.

166. (§ 349, fourth indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0615) The European Parliament calls on the Commission to:

- take the needed measures to address the root causes of migration.

Commission's response:

Addressing the root causes of irregular migration is an important component of the overall holistic policy approach to migration the Commission services pursue.

The Commission is actively cooperating with all relevant actors at political, strategic and operational level, in order to ensure delivery against EU's policy priorities in this area, including on supporting countries of origin in addressing the root causes of irregular migration and countering migrant smuggling through operational cooperation.

See also recommendation 2018/PAR/0616 for further details.

167. (§ 349, sixth indent, in connection with SR No 24 /2019 "Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results" - 2018/PAR/0616) The European Parliament calls on the Commission to:

- provide assistance to the countries of origin so that potential migrants don't choose the hazardous journey to Europe, to increase the aid for countries of origin and to ameliorate the living conditions and perspectives for the local population and to fight against human traffickers exploiting desperation and vulnerability.

Commission's response:

The 2030 Agenda – and consequently the European Consensus on Development – has confirmed that migration is part and parcel of global and European development policy. The EU approach to migration under our development policy and cooperation is fully in line with these frameworks, and implemented in full respect of development principles and objectives.

Over the last years, we have established a comprehensive and balanced EU approach on migration. In line with the European Agenda for Migration, the external dimension of this approach is based on genuine partnership and mutual interest, underpinned by meaningful dialogue and adapted to the specific context in each partner country.

It is along these lines that the Commission has stepped up its engagement on migration with partner countries. With the EU development assistance the Commission supports partner countries to improve their capacity to deal with the more long-term and structural root causes of irregular migration and forced displacement. This is typically done via support to fostering resilience, stability and security but also to provide job opportunities and to contribute to good governance and to improved access to basic social services, to ensure alternatives for embarking on perilous irregular migration journeys.

At the same time, EU support is also provided for improving the capacity of partner countries to ensure well-managed migration. This support focuses on training and equipping our partners – government authorities and civil society alike - with the right tools and skills to address the migration challenges, including in the area of trafficking in human beings and migrant smuggling.

The Commission is committed to continue this cooperation with partner countries.

168. (§ 352, first indent, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0617) The European Parliament endorses the Court's recommendations for:

- promoting the justified use of higher-risk EIB products under EFSI.

Commission's response:

The Commission notes that the corresponding recommendation in the Court's Special Report was addressed solely to the EIB.

169. (§ 352, second indent, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0618) The European Parliament endorses the Court's recommendations for:

- encouraging complementarity between Union financial instruments and Union budgetary guarantees.

Commission's response:

The Commission accepts the recommendation and considers that this recommendation has already been addressed through the legislative proposals for the post-2020 MFF. In particular, the Commission proposed to streamline and improve the centrally managed EU investment support instruments. All investment support instruments, in the field of EU internal policies, are proposed to be implemented under a single, InvestEU Programme under four distinct Policy Windows to ensure complementarity. This would improve complementarity between different EU investment instruments by avoiding duplications and overlaps.

With the adoption of legislative proposals for the post-2020 MFF, in particular the InvestEU Programme, the Commission considers that this recommendation has been addressed and implemented.

170. (§ 352, third indent, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0619) The European Parliament endorses the Court's recommendations for:

- improving the assessment of whether potential EFSI projects could have been financed from other sources.

Commission's response:

The Commission notes that the corresponding recommendation in the Court's Special Report was addressed solely to the EIB.

171. (§ 352, fourth indent, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0620) The European Parliament endorses the Court's recommendations for:

- estimating better the investment mobilised.

Commission's response:

For all the investment support instruments for the next MFF, the Commission has proposed a coherent set of indicators for the measurement of expected results in line with the Financial Regulation. The methodology needs to remain implementable, taking also into account the costs and administrative burden to the final beneficiaries, financial intermediaries, implementing partners and the Commission. In addition, The Commission has proposed for all the investment support programmes (InvestEU Programme) indicators in line with the Financial Regulation.

Beyond that, the EFSI Steering Board already approved, in October 2018, an updated EIB EFSI multiplier calculation methodology, following on from the EIF EFSI Multiplier Methodology update in March 2018. Those methodologies are applied at approval stage ensuring that only incremental investment mobilised is accounted for towards the EFSI target. Both of the already approved updates clarify the concept of estimated incremental EFSI Eligible Investment Mobilised in particular in reference to subsequent financing under EFSI and co-investments.

172. (§ 352, fifth indent, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0621) The European Parliament endorses the Court's recommendations for:

- improving the geographical spread of EFSI supported investment.

Commission's response:

The EFSI Steering Board commanded a study in 2019 to assess the root causes of the observed geographical spread. The study was discussed at the Steering Board's meeting in July 2019 where the Steering Board endorsed the actions to be taken. The EFSI Steering Board will continue to observe the effect of the measures taken.

173. (§ 354, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0622) The European Parliament calls for an objective overview of the additionality and added value of the EFSI projects as well as their consistency with Union policies or other EIB operations in order to become more policy driven than demand driven.

Commission's response:

The corresponding recommendation in the Court's Special Report was addressed to both the EIB and the Commission.

The EFSI was designed as a demand driven instrument to efficiently address market gaps following the last financial and sovereign debt crisis. Additionality and added value were assessed by several independent evaluations and ECA audits. Insofar as the actions taken by the Commission are concerned, additionality criteria were strengthened with EFSI 2.0 Regulation as of January 2018 when it entered into force. For the next MFF, the Commission proposed a new investment support instrument InvestEU with a stronger policy focus and strengthened additionality criteria.

174. (§ 355, in connection with SR No 3/2019 "European Fund for Strategic Investments: Action needed to make EFSI a full success" - 2018/PAR/0623) The European Parliament recalls the need to provide clear and accessible information on the economic, social and environmental impact and added value achieved by EFSI funded projects; stresses that the additionality assessment of all EFSI-supported projects should be duly documented.

Commission's response:

The corresponding recommendation in the Court's Special Report was addressed to both the EIB and the Commission.

Except in case of commercially sensitive information, details on projects supported by EFSI are publicly available on the EIB website including each project's scoreboard and Environmental and Social Data Sheet. EFSI Investment

Committee decision are also publicly available and include a detailed additionality assessment for each project. Insofar as the actions taken by the Commission are concerned, the transparency was strengthened with EFSI 2.0 Regulation as of January 2018 when it entered into force.

175. (§ 356, in connection with SR No 15/2019 "Implementation of the 2014 staff reforms package at the Commission: big savings but not without consequences for staff" - 2018/PAR/0624) The European Parliament regrets that the Commission does not provide the discharge authority with exact data about burnout cases; notes, however, that the Commission has launched a "fit at work" strategy including a health monitoring tool on absences and their causes, measures to achieve sound absence management, and the new medical control unit [footnote: European Court of Auditors' Special report 15/2019 "Implementation of the 2014 staff reforms package at the Commission: big savings but not without consequences for staff"]; is thus of the opinion that the Commission is equipped with all the necessary tools to detect, address, monitor and report on burnout cases and distinguish them from long-term sick leaves; calls on the Commission to provide the Parliament's Committee on Budgetary Control with data on burnout cases within the discharge process; deplores in this context the follow-up answers provided by the Commission who seems to justify a higher rate of sickness and long-term absence for women on "a number of serious diseases or conditions that are specific to women" and on "societal trends (...) with women generally taking on a higher share of family responsibilities, including for taking care of sick children and relatives [footnote: Letter on 26/11/2019 of the Acting Secretary-General to Ms Monika Hohlmeier and Ms Isabel García Muñoz, chair and vice-chair respectively of the Parliament's Committee on Budgetary Control (ARES(2019) 7291393)].

Commission's response:

The Commission is currently not in a position to answer the recommendation for a direct accounting of burn-out cases for the following reasons:

- *The medical certificates do not bear the diagnostic making impossible to count directly the cases of burn-out;*
- *Many cases of burn-out can be hidden by other pathologies or short period of absences, and it would be disproportionate for the Commission to control all persons during a medical leave in order to get precise information on the diagnostic;*
- *Moreover, the absolute number of burn-out cases can be misleading due the complex nature and causes of this syndrome (history, personal life, health, work related, cultural).*

To overcome the absence on data on burn-out, the Commission is investing in data mining of its IT medical system to count the number of cases of burn-out registered during medical controls (4000-5000/year). A first report will be available towards the end of 2020.

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176. (§ 357, in connection with SR No 15/2019 "*Implementation of the 2014 staff reforms package at the Commission: big savings but not without consequences for staff*" - 2018/PAR/0625) The European Parliament is concerned about the growing problem of the purchase power disparity suffered by the European civil servants posted to Luxembourg; takes note of the findings of the study carried out by AIRINC [footnote: AIRINC, Study on the cost of living for EU staff posted in Luxembourg - Final report, September 2019] at the request of the Commission that corroborates the disparity problem and sets it at 10,5 % (exceeding the trigger percentage of 5 % established by the Staff Regulation), mainly due to the cost of living in Luxembourg; acknowledges that the Commission will not be able of making a legislative proposal covering the matter of correction coefficients before the finalisation of the report on the salary method which is due by 31 March 2022; in the meantime, however, urges the Commission to assess the feasibility and the scope of the temporary targeted measures included in the AIRINC report, in particular the introduction of a housing allowance scheme.

Commission's response:

The Commission is assessing this option. There is a considerable number of aspects to address concerning the definition of the criteria that should be met for any possible measures, i.e., definition of household, and max revenue of the household, link to place of employment/place of residence, duration of measure, etc. Proposals, also concerning the matter of correction coefficients, could be included in the Report to EP and Council on the salary method which is due by 31 March 2022.

177. (§ 359, in connection with SR No 15/2019 "*Implementation of the 2014 staff reforms package at the Commission: big savings but not without consequences for staff*" - 2018/PAR/0626) The European Parliament reminds the Commission its request to carry out a rigorous and up-to-date analysis of the impact of the design of open spaces in the frame of the 2017 discharge [footnote: Miscellaneous issues, §205 - European Parliament decision of 26 March 2019 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section III – Commission and executive agencies (2018/2166(DEC))]; takes note of the Communication “The workplace of the future in the European Commission” [footnote: Communication to the Commission "The Workplace of the Future in the European Commission" (C(2019)7450/F1)] and welcomes, in particular, the principle according to which "staff affected should be involved throughout the process of conceptualising and implementing the new workspace"; regrets that the concept of staff well-being adopted in the Communication does not include psychological conditions - such as anxiety, stress or burnout - for which the workplace plays a fundamental role; emphasises the need for a general analysis to serve as a basis for a case-by-case assessment before future substantial office arrangements in the Commission, which should always involve the affected members of staff.

Commission's response:

The Commission plans to establish a neutral governance structure, which will assist DGs in determining the most appropriate office space solutions, ensuring consistency across the Commission. This structure will ensure that staff are involved in the process, as well as will evaluate and monitor progress for improvements and lessons learned.

Administration

178. (§ 363 - 2018/PAR/0627) The European Parliament calls on the Commission to implement a more transparent appointment procedure for what concern the all position especially the management related ones; calls on the Commission to clarify previous appointment procedure that lack of transparency and accountability.

Commission's response:

The European Commission stands by the principles of transparency, fairness and equality of opportunity in all its appointments. The Commission's current procedures, which are based on the Staff Regulations as interpreted by case law, provide the robust framework necessary to guarantee these principles during the selection and appointment process at all levels. More particularly, the Commission is transparent in publishing information on selection procedures at both middle and senior management level to all interested stakeholders on a dedicated page on Europa (https://ec.europa.eu/info/jobs-european-commission/working-eu/managers-european-commission_en).

Discussions at the 2018 interinstitutional round table allowed representatives of the institutions at political or senior management level to share how they run their management selection and appointment procedures. These discussions confirmed that the way in which the different institutions implement the rules is both adequate and fit for purpose and that there is also much in the way of common best practice. The Commission has the same objective as all the other institutions – to recruit, appoint and promote talented individuals, on the basis of skills, qualifications and experience.

The Commission has taken note of Parliament's call on it to clarify even further its selection and appointment procedures, particularly at management level, and will take appropriate follow-up action whilst underlining that like all institutions, it acts autonomously within the powers conferred on it in the Treaties and within the framework of the applicable law. This includes the power to decide on its internal organisation, its rules of procedure and the exercise of its appointing authority powers under the Staff Regulations.

179. (§ 364 - 2018/PAR/0628) The European Parliament calls on the Commission to improve as soon as possible its systems for managing statutory family allowances by increasing the frequency of checks of staff members' personal situation and reinforcing consistency checks on the declaration of allowances received from other sources, especially, when there are reforms of family allowance systems in Member States.

Commission's response:

It is important to recall that the responsibility to declare and update personal information, including on family allowances received from other sources, lies first

and foremost with staff, in accordance with Article 67(2) of the Staff Regulations. This is an inherent element of the Commission's internal control system. The Commission mitigates this inherent risk by recovering all amounts declared as soon as possible, without applying the 5-year limit provided for in Article 85 of the Staff Regulations. In addition, the Commission has taken the necessary measures to encourage officials to fulfil their obligations and is also in the process of strengthening the team in charge of allowances received. This way, they will be able to carry out regular checks on the basis of lists extracted from the Commission's databases in order to target/identify all files which are not up-to-date, or when the planned declarations have not been made. A first tangible proof of the impact of this approach is that amounts recovered have been constantly increasing in the last years

180. (§ 367 - 2018/PAR/0629) The European Parliament notes the growing number of removed entities from Transparency Register, points out, however, the importance of the follow-up on the individuals and legal entities removed from the Transparency Register; calls the Commission to pay more attention to the validation and sample checks of entities of the Transparency Register needs more resources.

Commission's response:

The Register Secretariat is committed to maintain and improve the quality of the data in the Transparency Register. All incoming entries are subject to a basic quality check aimed at verifying their eligibility and the consistency of data. Furthermore, specific quality checks are performed per Section of registrants, for example targeting professional consultancies or trade associations. Finally, the Register Secretariat acts upon any alerts received. The stricter quality checks performed result in the removal of entities deemed non-eligible or having sub-optimal data.

An IT solution facilitates the registration and updating process for new and existing registrants. This mechanism helps registrants to avoid common errors and flags any data inconsistencies to the Joint Secretariat, so it can provide appropriate follow-up. This innovation has brought tangible improvements in the overall data quality in the Transparency Register.

181. (§ 368 - 2018/PAR/0630) The European Parliament calls the Commission to carry out an assessment to review the internal mechanisms regarding whistleblower protection that are already in place, including provisions about raising awareness for all staff members and trainings for the management who receives reports; Calls the European institutions to harmonise their respective staff regulations to protect whistleblowers.

Commission's response:

The provisions on Whistleblowing in the EU Staff Regulations of Officials and the Conditions of Employment of Other Servants apply to all EU institutions.

In September 2019, the Commission carried out the second review of its internal Guidelines in relation to those provisions, issuing 6 recommendations (see below) and concluding it is not necessary to amend them.

In evaluating the effectiveness and the practical application (or quantitative impact) of the Commission Internal Guidelines on Whistleblowing, the 2019 review assessed the implementation of the 2016 review recommendations. The 2019 review also took account of the relevant case law of the European Union Courts and cases before the European Ombudsman, as well as the findings of the audit carried out by the European Court of Auditors in 2018.

The 2019 review contains 6 recommendations, as follows:

- (1) continue to fulfil its advisory role in the field of whistleblowing;*
- (2) liaise with EPPO to ensure an efficient collaboration and to exchange best practices in the field of reporting perceived illegal activities;*
- (3) monitor, until the next review of the Guidelines, the national legislation to be adopted by the Member States in transposing the proposed Directive on whistleblowing;*
- (4) continue to measure regularly staff members' awareness of the applicable rules and procedures;*
- (5) reinforce the cooperation between OLAF and the Appointing Authority responsible for adopting protective measures in those cases where applicable;*
- (6) carry out the evaluation of the effectiveness of the Guidelines on Whistleblowing in 2025, taking into account good practices developed by the Member States and the EPPO.*

182. (§ 368, in connection with § 367 - 2018/PAR/0631) The European Parliament is of the opinion that the Commission should make the Commission special advisers status more transparent with a clear definition of their tasks and missions and provide Parliament with all the information related to the financial cost of its decision of 30 October 2019.

Commission's response:

Detailed rules on Special Advisers have been laid down by the Commission in a decision of 19 December 2007 (C(2007) 6655, as amended by Decision C(2014) 541 of 6 February 2014). The Commission ensures transparency by publishing the mandates of the Special Advisers, their CVs and their declarations on the honour on the Commission's Europa website.

As regards specifically the implementation of the College decision of 30 October 2019 (PV(2019) 2313), Mr Jean-Claude JUNCKER was engaged as Special

Adviser with effect from 5 December 2019 for a (renewable) period of two years. In conformity with the decision of 30 October 2019, he is not remunerated as Special Adviser, but only entitled to the reimbursement of mission expenses for official trips made in his capacity as former President.

183. (§ 373, in connection with § 371 - 2018/PAR/0632) The European Parliament calls on the Commission to ensure that, after the cooling off period, the former Commissioners will not continue to benefit from the facilities offered by its decision of 30 October 2019; nor will they continue to benefit from the facilities in cases where they take up a different role.

Commission's response:

The Commission considers this recommendation as implemented. It decided to grant former Presidents a special non-remunerated Special Adviser contract with the status of former President for a maximum of 5 years. Under this contract, they may be specifically entrusted, on an ad-hoc basis, by the Commission or its President, with any activity related to their experience, knowledge, personal authority or reputation as former President of the Commission. In this special capacity, they can rely on administrative support from the Commission like the use of an office, transport or support by Commission staff. The administrative support is only granted for tasks as former President and cannot be used for the performance of new professional or remunerated activities. All former Commissioners can occasionally use one shared, medium-sized standard office when they are in Brussels. This “bureau de passage” cannot be used for the performance of new professional activities. The Commission regularly sends former Commissioners news and communication material which is non-confidential. The Commission considers this as courtesy towards former Members which does not represent specific risks for the interests of the Commission or the Union. The Commission will review the arrangements when necessary.

This is without prejudice to the general rules on Special Advisers established by the EU Staff Regulations.

184. (§ 375 - 2018/PAR/0633) The European Parliament calls the Commission to enforce the existing legally binding rules of the code of conduct regarding revolving doors both for the Commission and its agencies.

Commission's response:

The Commission takes the revolving doors phenomenon very seriously and is enforcing its rules in relation to its staff. The current legal framework and management tools already provide solid and valid instruments. It includes detailed rules that are listed in the Staff Regulations and in implementing rules and guidance. When closing its second inquiry on revolving doors in February 2019, the European Ombudsman has confirmed that the Commission has high

standards in the area of ethics and transparency in this respect and has encouraged the Commission to continue to lead by example. Of course, improvement is always possible and the Commission is studying carefully the suggestions that the Ombudsman has made in order, in its view, to render the rules more effective and therefore meaningful. In July 2019, the European Court of Auditors issued a report on the Ethical framework of three EU institutions (European Parliament, Council, Commission). The ECA audit confirms that to a large extent, the audited institutions have established adequate ethical frameworks, and that the Commission is well advanced on this matter. The Commission takes also note of the area of improvements identified by the ECA, that relate mainly to the formalisation of procedures, that are already implemented in practice and to the reinforcement of awareness-raising actions of staff for which the Commission has already taken extensive measures over the last years and will continue to roll them out.

Rules concerning revolving doors contained in the Staff Regulations are also applicable to agencies and implementing rules on the matter are applied by analogy by the agencies. In case an agency wishes to adopt complementary implementing rules, the Commission ensures, via Article 110(2) of the Staff Regulations, that those respect the applicable legal framework which also includes the agencies' founding act. However, the Commission cannot enforce the rules in agencies, as these are independent and separate legal entities and are independently responsible for the implementation of the rules, the compliance and for adopting individual decisions concerning their staff. The representatives of the Commission in agencies accord the highest priority to the respect of ethical standards within the agencies.

185. (§ 376, in connection with § 2 - 2018/PAR/0634) The European Parliament notes that according to article 3 of the EPPO regulation, the EPPO is established as an institutional body of the European Union whilst in the budget 2020 the EPPO is presented as an agency under the heading "Commission"; is concerned that this state of play does not adequately guarantee the required independence of the EPPO and calls on the Commission to present the EPPO budget as an institution under future heading 7 (administration) together with the other bodies and institutions instead of under future heading 2 (Commission) with Justice and Home Affairs' agencies; requests that the Commission takes into account the estimation of new cases opened and the pending caseload presented by EPPO to the institutions to establish a realistic budget and establishment plan; is strongly concerned that the current budget planning will prevent EPPO from becoming fully operational by November 2020.

Commission's response:

Article 6 of Regulation 2017/1939 guarantees the EPPO's independence. Under that provision the European Chief Prosecutor, the Deputy European Chief Prosecutors, the European Prosecutors, the European Delegated Prosecutors, the Administrative Director, as well as the staff of the EPPO shall act in the interest of the Union as a whole, as defined by law, and neither seek nor take instructions

from any person external to the EPPO, any Member State of the European Union or any institution, body, office or agency of the Union in the performance of their duties under this Regulation.

The Commission is determined to set up the Office without delay and to equip the EPPO with all the resources it needs in order to commence with its important work.

186. (§ 381 - 2018/PAR/0635) The European Parliament reiterates Parliament's view that a 'comprehensive review' of the European Schools system is urgently required; calls on the Commission - as a member but also as the major contributor- not only to provide guidance and support to the European Schools within the current administrative and governance structure, but also to monitor the implementation of the Court and the Commission's Internal Audit Service.

Commission's response:

The European Schools, operating in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools, are responsible for implementing the audit recommendations in due time. To this end, the European Schools implement a dedicated action plan and provide information on the progress made to the Board of Governors of the European Schools twice a year. However, further to the CONT's request to be provided by 30 June with a report on the improvement of the European Schools' recruitment, procurement and payment procedures, an update was transmitted to the CONT on 24 June 2020.

Moreover, the Commission believes that both Annual Activity Reports issued by the Secretary-General of the European Schools in 2020 are the most relevant tools to give an overview of all progress made in the administrative, financial, organisational and pedagogical domains:

- The 2019 Annual Activity Report of the Office of the Secretary-General of the European Schools;*
- The 2019 Annual Activity Report in accordance with the transitory provision laid down by article 103, 6 of the European Schools Financial Regulation and which monitors, at the level of the European Schools system, the overall management, the budgetary and sound financial management as well as the internal control systems. It also sums up the results of the internal/external audits carried out and the implementation of their recommendations.*

As far as the Commission is concerned, it uses its leverage to promote reforms and ensure progress in these regards is being made, also relying on the full commitment of the Member States. The Commission, not only as a member of this intergovernmental organisation but also as the major contributor to the European Schools' budget, plays its role in providing guidance and support to the European Schools and will continue ensuring that its position is taken into account in the European Schools' supervisory system, i.e. the Joint Teaching Committee, Budgetary Committee and the Board of

Governors.

It must be reminded that the Commission strongly supported the revision of the financial governance of the European Schools system which was adopted in 2017, and 2020 is the first year of total implementation of the central governance (meaning one Central Accounting officer and one central Authorising officer for the whole European Schools system).

187. (§ 384 and § 385 - 2018/PAR/0636) The European Parliament calls on the European Schools to make a commitment to inclusive education in policy and practice.

Calls on the Commission, as main funder of European Schools in charge of the Union's implementation of the CRPD to drive the necessary reform process.

Commission's response:

The European Schools, operating in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools, are the only party that can commit to achieve inclusive education in policy and practice. As far as the Commission is concerned, it uses its leverage to promote reforms and ensure progress in these regards is being made, also relying on the full commitment of the Member States. The Commission plays its role in providing guidance and support to the European Schools and will continue ensuring that its position is taken into account in the European Schools' supervisory system, i.e. the Joint Teaching Committee, Budgetary Committee and the Board of Governors.

The educational support policy in the European Schools underwent comprehensive evaluation by a team of national inspectors in 2016-2017. In addition, a working group, set up on Commission's initiative in response to recommendations from the UN Convention on the Rights of Persons with Disabilities, assessed the provision of inclusive education in the European Schools and issued several recommendations. Based on these, the Board of Governors of the European Schools approved an action plan on educational support and inclusive education in April 2019.

The action plan includes a set of specific commitments, to be implemented between September 2019 (short term) and 2022 (long term), focusing in particular on the qualifications and training of teaching and nonteaching staff, enrolment of children with special educational needs, personalised support for pupils, certification and transition to other schools and an external evaluation of the implementation of the action plan, covering any noteworthy issues and followed by recommendations to the Board of Governors (scheduled in 2021). The implementation of the action plan is monitored on the annual basis by the Board of Governors.

Lessons learnt from the MFF for the programming period 2014 to 2020

188. (§ 388, *in connection with* § 386 - 2018/PAR/0637) The European Parliament asks the Commission to ensure that the Union's financial planning for the programming period 2021 to 2027 adequately reflects any subsequently determined objectives; stresses Parliament's proposal to include new priorities in the MFF and allow flexibility within the MFF to deal with unforeseen events.

Commission's response:

The Commission proposal of May 2018 for the 2021-2027 already built on the Declarations of Bratislava of 2016 and of Rome of 2017. In those Declarations, the European Leaders set out a joint vision for the future of the European Union and its political priorities. The Commission's proposal was also fully relevant to the orientations decided subsequently, in particular the EU Strategic Agenda for 2019-2024 and the Political Guidelines for the European Commission 2019-2024, including for the integration of the proposal on a Just Transition Mechanism.

With its proposal for a recovery package of 27 May 2020, the Commission responded to the new priorities and challenges brought by the COVID-19 pandemic, with the aim to use the full power of the EU budget to leverage the vast amount of investment needed and kick-start financing of the recovery. The package includes proposals for a new temporary recovery instrument, i.e. Next Generation EU, and a revamped long-term budget for 2021-2027. The package will strengthen key programmes to channel investment quickly to where it is needed most while continuing to provide a strong support for longer-term challenges represented by the twin green and digital transition.

The Commission maintains its proposals as regards the architecture of flexibility instruments allowing to address new and emerging priorities and to deal with unforeseen events. In its proposal of May 2020, it proposed to increase the annual amounts for emergency tools for the period 2021-2027, notably the Solidarity and Emergency Aid Reserve.

189. (§ 389 - 2018/PAR/0638) The European Parliament invites the Commission to clarify the key assumptions behind the new MFF proposal in a comprehensive financial plan; observes that the principle purpose of such a plan would be to put the figures in the MFF for the programming period 2021 to 2027 into their proper economic and financial context.

Commission's response:

In May 2018, the Commission put forward its proposal for a long-term budget, tightly geared to the political priorities of the Union at 27 and taking into account the budgetary consequences of the withdrawal of the United Kingdom. In May 2020, in the context of the coronavirus pandemic, the Commission proposed to

strengthen and adapt this proposal to boost Europe's recovery in a futureproof way for the next generation.

The Commission's proposal for the long-term budget in itself reflects the financial planning for the next seven years. The 2018 proposals have been based on a comprehensive preparatory process and spending review. The revised proposal of May 2020 was accompanied by an analysis of the damage that the coronavirus crisis has caused on the European economy. The analysis, published in a dedicated Staff Working Document, covers in particular the needs related to equity losses for European companies as well as the expected investment gaps in 2021 and 2022.

The Commission will continue to monitor and report on the implementation of the financial planning in various annual and multi-annual reports and forecasts as agreed with the budgetary authority.

190. (§ 390 - 2018/PAR/0639) The European Parliament reiterates its concern that any delay in the adoption of the MFF 2021 - 2027 and the related legal basis for its implementation may lead to repetition of the delay in the implementation of the Union spending programmes at the beginning of the new programming period; calls on the Commission and the Member States to take all necessary measures to ensure smooth start of the new programming period.

Commission's response:

The Commission will keep on working towards a timely agreement, in order for EU programmes and funds to be up and running by January 2021 as well as ensuring a smooth transition between the two programming periods.

The Commission is confident that all the conditions are now in place and a timely agreement is within reach, also in light of the Leaders' agreement at the July extraordinary European Council meeting of 17-21 July 2020 on Next Generation EU and the revamped long-term budget, which paves the way for the needed and urgent recovery package. A MFF agreement is in the best interest of EU's beneficiaries.

Now more than ever, the EU needs as soon as possible a EU budget in place and adequate EU funds, instruments and programmes to respond to the several challenges brought by the COVID-19 pandemic, including ensuring appropriate socio-economic recovery and resilience. Prolonging the current framework is no substitute for a comprehensive agreement on a new, modern long-term budget. The Commission will continue monitoring the pace of negotiations and propose appropriate measures as necessary. However, such measures should be seen strictly as a last resort and the Commission primarily calls on the European Parliament and on the Council to continue to engage intensively with the objective of reaching a timely and comprehensive agreement on Next Generation EU and the 2021-2027 Multiannual Financial Framework in the autumn.

191. (§ 392 - 2018/PAR/0640) The European Parliament welcomes the fact that the Commission carried out a spending review covering all major programmes under the

MFF for the programming period 2014 to 2020 and that this review aimed to combine a strategic review (focused mostly on prioritising programmes according to their added value and coherence with Union objectives) with an efficiency review (seeking how to improve the delivery of existing programmes by examining opportunities for streamlining and synergies, simplifying administrative rules, improving flexibility, and focusing more on performance); The Commission should make periodic reviews with better KPIs.

Commission's response:

The Commission accepts the recommendation. The Commission reports on performance annually in the Programme Statements, the Programme Performance Overview and the Annual Management and Performance report. Indicators used in the programmes' performance frameworks are included in their respective basic acts.

This recommendation will be implemented with the agreement on the MFF.

192. (§ 397 - 2018/PAR/0641) The European Parliament calls for simplification wherever possible, for example by making greater use of simplified cost options and lump sums as an option for beneficiaries and by adopting usual accounting practices, as well as by implementing a single audit approach; highlights that the majority of Union subsidies should benefit citizens and that SMEs and family-owned or small and medium-sized farms should benefit the most; highlights also that errors made in the current programming period 2014 to 2020 need to be improved in the new MFF, especially in the area of regional development and cohesion.

Commission's response:

The Commission attaches great importance to simplification with a view to ensure an effective delivery of the EU budget.

The proposals for a Common Provisions Regulation (CPR) and for CAP Strategic plans encourage the use of simplified cost options (SCOs) with a view to have an easier and wider use of these options. Instead of reimbursing actual expenditure based on invoices, payment will increasingly be based on flat-rate reimbursement, unit costs or lump sums.

SCOs are further encouraged by simplifying rules and calculation methods, providing more off-the-shelf options and making them compulsory for operations of small amounts. SCOs not only reduce bureaucracy linked to verifications, they also reduce the risk of errors. The use of SCOs could reduce the total administrative costs by some 25%.

193. (§ 401 - 2018/PAR/0642) The European Parliament considers that simplification is not a goal in itself but a means to increasing the efficiency of Union action giving that way a better opportunity for small entities to be beneficiaries; calls on the

Commission, therefore, when designing rules for Union programmes, to strike a balance between ease of implementation and effectiveness in achieving Union objectives and transparency.

Commission's response:

The Commission considers that new legislative package strikes a delicate balance between continuity and the need for reform, between simplification and the need to maintain a robust assurance and performance process. The proposal kept what was working but it made it simpler (roll-over of the existing systems at national level to ensure a smoother transition between the programming periods, fewer layers of controls, fewer verifications, enhanced proportionate approach for programmes with good track record on error rates and proper functioning of system, annual accounts submitted after financial corrections to bring risks below materiality level (2%), intervention logic, result orientation and mid-term review based, in particular but not exclusively, on performance).

194. (§ 402 - 2018/PAR/0643) The European Parliament notes with concern that the spending review also explains how flexibility mechanisms proved to be insufficient to cope with emergencies during the current period; calls for changes to increase overall flexibility and ensure sufficient appropriations to cover unforeseen events.

Commission's response:

The Commission proposed in 2018 to fully maintain and enhance the flexibility architecture and tools that were agreed by the European Parliament and the Council in 2017 in the context of the 2014-2020 MFF Mid-term review/revision.

The COVID crisis has provided further evidence that flexibility is an indispensable feature of the MFF and of the crucial role that Special Instruments play to mobilise additional funds in the event of crises or unforeseen events.

In its amended proposal for the MFF Regulation of May 2020 for the 2021-2027 MFF, the Commission has not only maintained the proposed flexibility toolbox, but also proposed to increase the maximum annual amounts under the 3 thematic Special Instruments to enable the EU budget to react at scale to emergencies and disasters and their socio-economic consequences, in particular within the EU:

- Maximum annual amount for the European Globalisation Adjustment Fund increased to EUR 386 million per year (2018 prices);*
- Maximum annual amount for EU Solidarity Fund increased to EUR 1 billion per year (2018 prices);*
- Maximum annual amount for Solidarity and Emergency Aid Reserve increased to EUR 3 billion per year (2018 prices).*

195. (§ 405, in connection with § 406 - § 409 - 2018/PAR/0644) The European Parliament notes that the Commission identified the concept of Union added value as a guiding principle of the spending review exercise; expects the Commission to develop further and apply a robust and clearly defined concept of Union added value.

Commission's response:

The Commission accepts the recommendation. Union added value is defined as the value resulting from an EU intervention which is additional to the value that would have been otherwise created by Member State action alone. The Commission includes EU added value in its Better Regulation toolbox. EU added value explanations and considerations for all spending programmes and funds are further included in the annual Programme Statements as well as, often in the legislative proposals themselves (e.g. Explanatory Memorandum).

This recommendation will be implemented with the agreement on the MFF.

196. (§ 411 - 2018/PAR/0645) The European Parliament calls for improving the funds' administration while enhancing the effectiveness of controls - these should include the measures taken in cases of systematic misuse of Union funds.

Commission's response:

Systemic challenges in the management and control systems may result from horizontal weaknesses linked to administrative capacity.

The Commission is supporting the national authorities to overcome these problems. It is implementing crosscutting initiatives to mitigate the main risks and weaknesses identified and strengthen programme authorities' capacity to efficiently and effectively plan, implement and evaluate high quality investment programmes. It continuously organises capacity building actions at the level of all programme authorities, which contribute to the smooth implementation of programmes as well as the assurance process. In particular, various seminars aiming to strengthen the capacity of Member States to deal with the provisions of the programming period 2014-2020 have been organised, addressing topics such as management and control principles, procurement, simplified cost options, anti-fraud and anti-corruption tools.

As far as audit authorities are concerned, the Commission hosts Annual Coordination Bilateral Meetings with each Member State's authorities covering the monitoring of / progress on audit strategy with and discussions on methodological aspects of common interest. Dedicated technical meetings provide the opportunity to compare the Commission and audit authorities' audit methodologies and points of view. In addition, the Commission services take such issues into account in their risk assessments for carrying out their risk-based audits (for ex. specific thematic audits or compliance audits).

Such actions will be continued under the new programming period. In its proposal for simplification of management control system for post 2020 programmes, the Commission aims at maintaining the current robust assurance model with the requirements for annual level of errors below 2% while reducing complexities. In particular, the main buildings blocks of the assurance model in 2014-2020 are maintained: stability of well-functioning, designated implementation authorities and bodies; roll over, annual accounts, calculation of annual error rates.

Finally, the Commission continues to operate a strict and rigorous policy on interruptions and suspensions of its payments when problems are detected, to minimise the risk to the EU budget. When the Commission find deficiencies in management and control systems, it requests the necessary remedial actions from the programme authorities to mitigate these deficiencies. It interrupts its payments until such actions are implemented and ensures that the required actions were really implemented through audits. Therefore, financial corrections are an effective incentive to improve systems over time.

Member States can usually replace irregular, corrected expenditure, with eligible one. However, net financial corrections – meaning a reduction of the programme envelope - are now an additional legal tool at the disposal of the Commission in case serious deficiencies remain uncorrected in the accounts. Although the conditions to use this tool set by the co-legislators are strict, the mere existence of this threat is an incentive for Member States to timely detect and correct significant deficiencies and errors themselves. In practice, this has strengthened the programmes' corrective capacity.

See also recommendation 2018/PAR/0536.

197. (§ 415 - 2018/PAR/0646) The European Parliament considers it essential to equip Union spending programmes with strong and mutually consistent performance frameworks aligned with the Union's strategic objectives and MFF for the programming period 2021 to 2027.

Commission's response:

The Commission accepts the recommendation. The Commission has included performance frameworks in the legislative proposals for programmes under the 2021-2027 MFF, subject to the adoption of the MFF and legislative proposals by the Council and Parliament.

Foreign Affairs Committee's Opinions

198. (§ 422 - 2018/PAR/0647) The European Parliament takes note of the Court's analytical review on European Defence and supports its recommendations; calls on the Commission as guardian of the Treaties to ensure the coherence of all Union defence efforts carried out for the implementation of a Union activity under the CSDP (PESCO, EDIDP, EDF, CARD etc.) and to ensure interoperability and synergies with NATO.

Commission's response:

The Commission accepts the discharge request as far as it falls under the Commission's competences. The Commission is fully part of the efforts, spearheaded by the High Representative/Vice-President/Head of the Agency, to ensure coherence between all Union defence initiatives (PESCO, EDIDP, EDF, CARD). The Second Coherence Report, which has been prepared by the EEAS in close cooperation and consultation of Commission services and the European Defence Agency, confirms that the EU Capability Development Priorities provide a key reference for these initiatives, in line with the EU Level of Ambition. Coherence is also pursued through the selection criteria of the EDIDP Regulation, the governance of the EDIDP where EDA is an observer in and EEAS assists the Programme Committee of Member States, and through the increased funding rates (by a 10% "bonus") for EDIDP actions developed in the context of PESCO. As a result, eight of the projects that have been selected for funding following the 2019 call of the EDIDP (EDF precursor for 2019-2020) contribute to PESCO projects. Coherence is facilitated by the coordination between the EU actors (High Representative, Commission and EDA), based on both working arrangements and informal channels. The Project Group on Defence Union co-chaired by HR/VP Borrell and Executive Vice-President Vestager provides for regular coordination on the various defence work strands and brings together all relevant Commissioners. It is accompanied by a meeting dedicated to the coherence between the defence initiatives (CARD, PESCO, EDF) held by HR/VP Borrell with Executive Vice-President Vestager and Commissioner Breton. The Commission services, in close coordination with the EEAS and EDA, will remain fully part of the efforts to ensure that the EU defence initiatives, while being distinct and having different legal bases, are coherent, consistent and mutually reinforcing.

With regard to NATO, the Second Coherence Report reaffirms that the coherence of output between the Capability Development Priorities and respective NATO processes such as the NATO Defence Planning Process (NDPP), has to be further ensured, where requirements overlap, while recognising the different nature of the two organisations and their respective responsibilities. This recommendation was implemented (with the EDIDP award decisions under the 2019 EDIDP call) by 30 June 2020.

199. (§ 423 - 2018/PAR/0648) The European Parliament invites the Commission to assess the legality of withdrawing the budgetary function from the Parliament through the Council decisions on establishing the EDA and PESCO; recalls that the relevant Articles 45(2) and 46(2) TEU provide for the decisions to be adopted by a qualified majority without a veto provision; recalls that the withdrawal of the budgetary function of the Parliament under Article 42 TEU is possible for the operating expenditure only and requires a unanimous decision by the Council; underlines that the Council has never taken such a decision.

Commission's response:

The Permanent Structured Cooperation (PESCO) is a Member States-led defence initiative within the Union framework established pursuant to Article 42(6) TEU among those participating Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions.

The participating Member States that are partaking in PESCO projects contribute with their own resources and expertise (human resources, financial resources, expertise, equipment or contributions in kind) to the implementation of these projects (Article 4(5) of Council Decision (CFSP) 2018/909 of 25 June 2018 establishing a common set of governance rules for PESCO projects). In accordance with Article 7 of Council Decision (CFSP) 2017/2315 of 11 December 2017 establishing PESCO and determining the list of participating Member States, the PESCO secretariat is provided by the EEAS, including the EUMS, and the EDA within their respective budgets.

According to Article 8 (Financing), paragraph 1, administrative expenditure of the Union institutions and the EEAS arising from the implementation of the Decision shall be charged to the Union budget and administrative expenditure of the EDA shall be subject to the relevant financing rules of the EDA in accordance with Council Decision (CFSP) 2015/1835. According to Article 8, paragraph 2, operating expenditure arising from projects undertaken within the framework of PESCO shall be supported primarily by the participating Member States that take part in an individual project, while contributions from the general budget of the Union may be made to such projects in compliance with the Treaties and in accordance with the relevant Union instruments.

In accordance with Article 12 of Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency (EDA), this Agency has its own budget, distinct from the budget of the European Union, which is established in line with the European Union budgetary principles. The Agency may, on a case-by-case basis, receive contributions from the general budget of the Union, in full respect of the rules, procedures and decision-making processes applicable to it, including Article 41(2) TEU (see e.g. recital 16, Article 15, Article 22).

The decisions establishing PESCO and EDA, adopted by the Council by unanimity, thus fully respect the budgetary prerogatives of the European Parliament.

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200. (§ 424 - 2018/PAR/0649) The European Parliament insists on the need to closely monitor the use of funds of the Facility for Refugees in Turkey, ensuring that these funds are accurately targeting refugee projects and not used for any other purposes; calls on the Commission to report regularly to the budgetary authority on the compatibility of the actions financed with the underlying legal basis.

Commission's response:

The Commission closely monitors the progress of all projects implemented under the Facility for Refugees in Turkey. Pillar-assessed entities, NGOs, Turkish ministries and other implementing partners report regularly to the Commission. The ECHO field office and the EU Delegation to Ankara monitor all on-going activities as part of their mandate. They are supported by external monitoring, evaluation and audit experts.

Activities undertaken within the scope of the Facility are reported on in the Annual Report on the Facility. There have been four such reports to date. Further detail is available in the bi-annual monitoring reports on the Facility, of which there have been five to date.

The Commission will continue to undertake its close monitoring activities of the Facility for the period that it remains in force.

Employment and Social Affairs Committee's Opinions

201. (§ 435 - 2018/PAR/0650) The European Parliament notes that the EaSI mid-term evaluation highlighted a number of ways to improve the implementation of the programme, especially through the simplification of procedures, improved internal consistence, enhanced flexibility, targeting groups in need of specific support and linkages with other funds, and encourages the Commission to act in this respect; urges in particular that under the EaSI strand, the ESF+ should include a series of improvements in this direction.

Commission's response:

The Commission consider the recommendation partially implemented as the issues highlighted by the EaSI mid-term evaluation were notably addressed by the so-called Omnibus Regulation (EU, Euratom) 2018/10462 European Commission Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+) COM(2018)0382. The Commission will deem the recommendation done when the Regulation is adopted.

In particular the Commission addressed the following issues:

1. Simplification of procedures: The Commission is constantly simplifying the procedures. In this context joining the Funding & Tenders portal (<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>) with its electronic submission and project management system made the programme more accessible.

2. Improved internal consistence: Under the ESF+, a better adequacy between the objectives of the EaSI strand and its funding will be achieved. If the objectives and types of actions funded under the current Progress axis will remain mostly unchanged, the activities related to the EURES mobility portal and network will be transferred to the European Labour Authority (ELA). The financial instruments implemented under the current third axis will be transferred to InvestEU programme (grouping all EU financial instruments) while the non-lending activities remain under the ESF+/EaSI strand. ESF+ will ensure a horizontal support to social innovation. All Member States are required to support such actions, and strengthen bottom-up approaches based on partnerships between public authorities, the private sector and civil society, while taking advantage of increased EU co-financing rates. In addition, social experimentation projects tested under the EaSI strand will be flagged to the Member States for upscaling under the shared management strand. These activities will be complemented by cooperation activities supporting transnational social innovation initiatives and assisting organisations and networks that have developed innovative solutions.

3. Enhanced flexibility: The Omnibus Regulation (2018) softened the indicative shares for the three axis and the minimum percentages for the thematic priorities to allow for a greater flexibility and focusing the budgetary resources on actions producing better employment and social results. More flexibility was proposed for the EaSI strand in ESF+ by suppressing the sub-strands. Allowing greater

flexibility at programming and operational level is one of the main objectives of the next MFF in order to increase adaptability to changing circumstances.

4.Targeting groups in need of specific support : The ESF+ regulation foresees a very extensive scope for addressing groups in need of specific support. In addition, the proposed creation of National Contact Points (NCPs) for the EaSI strand will support (potential) beneficiaries in applying as well as managing EaSI projects. These NCPs should become operational by the end of 2021. Both the proposed NCPs and partner organisations (notably those Civil Society Organisations receiving grants) will be used to identify needs and better connect with these groups.

5. Linkages with other funds: ESF+ will provide one easy-to-use interface with beneficiaries, reduce fragmentation and enhance synergies between funds, thus creating the conditions for more effective policy implementation and EU value added. Moreover, the Transnational Cooperation and the proposed NCPs can assist in the transfer, strengthening and/or replication of EaSI activities under ESF+ but also other EU and non EU programmes. In this context, the EaSI NCPs should link up with their peers active in their country dealing with other EU programmes.

Environment Committee's Opinions

202. (§ 441 - 2018/PAR/0651) The European Parliament is strongly concerned by the fact that the reservation on reputational, legal, financial and institutional grounds related to significant security risks identified in the maintenance and the operation of the Union Registry system of the EU Emissions Trading System (EU ETS), as reported in AARs since 2010 and as confirmed by the 2018 risk assessment exercise, is repeated in DG CLIMA's AAR for 2018; deplores the abnormal duration of this reservation; calls on the Commission to quickly resolve the situation.

Commission's response:

The reservation made in the AAR of DG CLIMA (on reputational, financial, legal grounds) is related to remaining significant security weakness identified in the Union Registry for the EU Emissions Trading System (EU ETS). In 2018, the EU ETS migrated to a more secure hosting service of the Commission. It was the expectation that this transfer should reduce residual risks to an acceptable level. Nevertheless, the latest risk assessment revealed that the residual risks of a successful cyberattack are still considerably above an acceptable level. A new security action plan has been made, listing 12 measures. These measures will be taken by DG CLIMA with the support of the IT and Cybersecurity Board (ITCB) and the close cooperation of DG DIGIT and will be implemented in a two-year timeframe.

Transport and Tourism Committee's Opinions

203. (§ 446 - 2018/PAR/0652) The European Parliament welcomes the completion of the 2017 CEF Transport blending call in 2018 with an innovative approach making available a total indicative budget of EUR 1,35 billion of Union grants to be combined with funding from EFSI, EIB, national promotional banks or private investors; believes that an ex post evaluation of those projects must be carried out in order to assess the effectiveness of this innovative approach; notes that the second deadline for submission of proposals in April 2018, focusing on innovation and new technologies projects, notably in the field of alternative fuels, in support of the Commission's Clean Mobility policy, resulted in 35 projects being selected with a total of EUR 404,8 million in CEF funding; notes the need to improve the level of awareness of the CEF eligibility rules among the beneficiaries, in particular by drawing a clear distinction between implementation contracts and subcontracts; recalls that the amount of money spent under a financial instrument is not its only performance criteria and invites the Commission to deepen its assessment of the achievements completed under Union funded transport projects and to measure their added-value aspect and result-oriented spending.

Commission's response:

The Commission intends to launch an ex-post assessment of the Blending Call experience during second half of 2020.

204. (§ 447 - 2018/PAR/0653) The European Parliament notes that by the fifth year of the current programming period 2014-2020 only around 23 % of the funds initially awarded had resulted in payments by January 2019, putting into question the full implementation of CEF; reiterates that in order to avoid payment delays, decommitments and reflows will build up significantly by the end of the programming period and leaving insufficient time to reroute funds to other projects, it is essential for INEA to monitor the technical and financial implementation of projects closely, so that effective corrective measures can be taken in time; reiterates the recommendations of the Court to the Commission and INEA to ensure greater coherence and transparency of the project selection procedures, to set better conditions for timely programme implementation and to redesign the performance framework to better monitor project results.

Commission's response:

The Commission and the INEA already ensure a thorough monitoring of CEF financed actions both on their operational and financial implementation. In line with the "use it or lose it" principle, a CEF Transport actions mid-term review started in 2018, allowing assessing the delays and risks linked with the implementation of the projects. The assessment still continues and has already resulted in amendments making available additional commitment appropriations to support the CEF MAP 2019 Call, for which the evaluation is currently ongoing.

It is foreseen that the projects' assessment will continue also in 2020 and possibly additional amendments will take place, allowing for the launch of a last CEF Call to be evaluated by mid-2021 and including projects to be implemented by the end of 2023, which currently represents the end date of the programme. Following the COVID pandemic and considering its impact on the CEF actions, DG MOVE is exploring the possibility to allow a further extension of the eligibility period on a case by case basis. Moreover, DG MOVE confirms that in the last call for proposal (CEF Transport MAP 2019) a reference to the date of end 2023 was included in the call text. Similarly, in the next call for proposals a strict implementation deadline will be included, also taking into consideration the crisis situation. Moreover, during the evaluation of proposals particular attention will continue to be paid to their maturity, aiming at the highest possible absorption rate for the programme.

205. (§ 448 - 2018/PAR/0654) The European Parliament welcomes the Court's Special Report No 30/2018, which concludes that the main modes of public transport are covered by Union regulations, making the Union framework for passenger rights unique globally; however, regrets the conclusion by the Court that many passengers were not sufficiently aware of their rights and frequently could not benefit from them, due to problems with enforcement; therefore, reiterates the request of the Court to improve coherence, clarity and effectiveness of the Union passenger rights framework, take action to promote more effective and transparent awareness campaigns and provide national enforcement bodies with further tools for enforcing passenger rights.

Commission's response:

The Commission is currently carrying out an analysis of passenger rights in all modes of transport in order to determine best practices. Formal evaluations of three passenger rights Regulations are also taking place. The Commission will report in the first half of 2021.

206. (§ 449 - 2018/PAR/0655) The European Parliament reiterates its request that the Commission, in view of the multiple sources of funding, provides an easy access to projects, in form of a one-stop-shop to allow citizens to clearly follow the developments and funding of infrastructures co-financed by Union funds and by the EFSI; these one-stop-shops shall have extensive coordinating powers, with Union rules prevailing, with a multilingual dimension, facilitating the management of all environmental impact assessments; notes that in the fifth year of the 2014-2020 multi-annual financial framework the absorption of EFSI funds has continued to be slower than planned; stresses that the errors detected are at the level of the beneficiary, so more guidance is needed as regards cost eligibility.

Commission's response:

The Commission considers that the existing arrangements are sufficient to adequately manage the EU support originating from various sources of funding.

In the case of ESIF, access to funds has been continuously improved thanks to simplification measures (with future measures put forward by the Commission in its proposal for the post-2020 cohesion policy, as well). In particular, blending between the various financing mechanisms is already facilitated and occurring. The Commission's proposal for the post-2020 cohesion policy also envisages this mechanism.

Moreover, transparency of ESIF support is already ensured by virtue of Article 115 of Regulation 1303/2013. This enables all citizens to follow the funding of all ESIF projects (including those related to infrastructure) through a dedicated overview of projects/beneficiaries available on https://ec.europa.eu/regional_policy/en/atlas/beneficiaries/.

The Commission would also like to indicate that, as far as the absorption of EFSI funds in the fifth year of the 2014-2020 multi-annual financial framework is concerned, EFSI reached its intermediate target of EUR 300bn in mid-2018 and its final target of EUR 500bn ahead of the deadline in mid-2020. Consequently, that part of the recommendation is considered as already implemented.

The Commission also underlines that it addressed updated guidance on ESIF to Member States for the 2014-2020 programming period which, combined with the required use of simplified costs options, aims to improve further the quality of management verifications, including the detection of ineligible cost items. To make management verifications more efficient and targeted in the 2021-2027 programming period, the Commission has proposed to the co-legislators that verifications become risk-based in order to better focus the administrative resources available to targeted sources of errors.

Concerning the part of the recommendation related to the creation of a one-stop shop, the Commission's post-2020 legislative proposal for Cohesion does not envisage such creation.

207. (§ 451 - 2018/PAR/0656) The European Parliament welcomes the start of new projects focusing on urban mobility, efficient logistics and infrastructure, including the port of the future, worth around EUR 105 million from the 2017 call of the Horizon 2020 programme; welcomes the adoption of the 3-year Horizon 2020 Transport Work Programme for 2018 - 2020; reiterates the recommendation by the Court to set out an Union-wide port development plan for core ports and to revise the number of core ports.

Commission's response:

The European Coordinator for Motorways of the Sea presented his third Detailed Implementation Plan for Motorways of the Sea on 29 June 2020 which is based on

input received through a wide consultation process with Member States representatives, ports, shipping industry, terminal operators, EU maritime associations and many other stakeholders of the maritime sector and an accompanying study for Motorways of the Sea which runs from 2018 until 2022.

The Commission services have launched the review process of the TEN-T Regulation with a TEN-T evaluation study. In this framework, a wide public consultation has been undertaken in 2019. Commissioner Vălean presented the main lines of the TEN-T revision process to the European Parliament on 23 June 2020. A summary of the results of the full evaluation will be published towards the end of 2020.

This evaluation study looks among others into the methodology applied for defining the TEN-T, including also the definition of TEN-T ports. Following this evaluation process the Commission plans to present a legislative proposal for a revised TEN-T Regulation in mid-2021. Through this accelerated approach the Commission anticipates the date foreseen in the Regulation which provides for a review by 2023. This would allow the Commission to close the recommendation earlier as well, i.e. by 2021.

After the legislative proposal, the final decision on the TEN-T network including the core/comprehensive network ports will depend on the final agreement between the co-legislators.

Regional Development Committee's Opinions

208. (§ 452 - 2018/PAR/0657) The European Parliament underlines that irregularities in the implementation of the budget of the European Union do not automatically imply a fraud and that a thorough analysis of the audit results is required before applying financial corrections against beneficiaries; calls on the Commission to implement its Anti-Fraud Strategy and to continue supporting and assisting Member States in the implementation of anti-fraud measures, including the analysis of irregularities reported by Member States under the ESI Funds.

Commission's response:

In December 2019 the Commission updated its joint anti-fraud strategy for ESI Funds by REGIO, EMPL and MARE to include new measures to increase the prevention and detection capacity of Member States in the current period and to prepare the authorities for the next programming period.

The action plan accompanying the anti-fraud strategy covers the years 2020-2025 and was presented to Member States at the EGESIF of 11 February 2020 and at the technical meeting with Audit Authorities. The Commission will continue to raise awareness and keep up with the latest developments in this field, and implement actions to encourage Member States to improve prevention and detection, even beyond the immediate legal obligations.

The Commission will also continue to assist Member States in the implementation of anti-fraud measures, which has included the following actions so far:

- A stock-taking study of implementation of CPR art. 125(4)(c) in Member States was presented in October 2018: "Preventing fraud and corruption in the European Structural and Investment Funds – taking stock of practices in the EU Member States". In annex to the report is a collection of anti-fraud practices identified in Member States.*
- An e-learning platform and tool box on anti-fraud and corruption is under development and is expected to be ready in 2021 in several EU languages. Building on the stock-taking study, it will amongst others provide case studies and good practices to support practitioners in Member States in their work to prevent and detect fraud and corruption in ESI funded projects.*
- The study "Single bidding and non-competitive tendering" was published in May 2019 to address this topic in more depth.*
- Practical guidance material on fraud risk assessment and risk mitigation, "red flags" (fraud indicators), conflicts of interest in public procurement, developing anti-fraud strategies, etc. are available to Member States.*
- A training module on "Identifying and preventing fraud and corruption in ESI funds 2014-2020" is offered for national and regional authorities responsible for the management of ESI funds several times a year.*

209. (§ 453 - 2018/PAR/0658) The European Parliament calls on the Commission to present a detailed analysis of the reasons for the low funding take-up rates in certain regions and assess specific ways of remedying the structural problems underlying those imbalances and to step up on-the-spot technical assistance; highlights that flexibility and simpler rules can improve the efficiency and effectiveness of ESI Funds.

Commission's response:

Efforts continue to speed up implementation on the ground. The Commission is monitoring closely programmes considered at risk to help prevent under-absorption and potential de-commitment. A close dialogue is in place with the concerned Member States to improve the situation. The Commission services provide substantial support to Member States including technical assistance and advisory services. The Commission is addressing absorption issues in its daily work with the Member State authorities and considers this the best format to help the programmes progress and overcome blockages.

While the payments are slightly lower compared to 2007-13 programming period, project selection is persistently higher than in the previous period and the Commission concludes that overall, the 2014-2020 implementation of ERDF and CF is progressing well.

Furthermore, the COVID-19 crisis has substantially impacted on the implementation of 2014-2020 programmes. The overall impact of factors linked to the COVID-19 crisis is yet to unravel and will be fully visible in 2021, but it is indeed possible that the increased flexibility (by CRII and CRII+ amendments) combined with sharply increased needs will lead to a faster absorption of the remaining 2014-2020 cohesion policy funds.

210. (§ 454 - 2018/PAR/0659) The European Parliament calls on the Commission and the Council to establish an action plan in the first half of 2020 to speed-up the implementation of ESI Funds in the current programming period, with clear incentives for the effective absorption of available funds, strengthening the strategic objectives of the Union, in particular economic, social and territorial cohesion and, in accordance with the objectives of the Paris Agreement, the fight against climate change.

Commission's response:

In 2018, an important acceleration took place in the implementation of Cohesion policy programmes. The project selection rate for ERDF and Cohesion Fund at end 2018 got ahead of the same reference period in 2007-2013. This positive trend has been confirmed at end-December 2019, with the selection rate reaching 92.3% (i.e. about 4.5 percentage points higher compared to 2007-2013 at the same reference period). As for the European Social Funds (ESF), the situation is constantly improving, with the selection rate reaching 85% at end-December 2019

(only about 3.5 percentage points lower compared to 2007-2013 at the same reference period). Furthermore, it should be noted that the average project selection rate of the Youth Employment Initiative (YEI) was close to 100% at the end of 2019.

Efforts continue to speed up implementation on the ground. The Commission is monitoring closely programmes considered at risk to help prevent under-absorption and potential de-commitment, as well as take up of CRII and CRII Plus measures. A close dialogue is in place with the concerned Member States to improve the situation. The Commission services provide substantial support to Member States including technical assistance and advisory services.

As there is substantial monitoring and support already in place, the Commission does not foresee the establishment of further action plans at this point in time.

Furthermore, the COVID-19 crisis has substantially impacted on the implementation of 2014-2020 programmes. The overall impact of factors linked to the COVID-19 crisis is yet to unravel and will be fully visible in 2021, but it is indeed possible that the increased flexibility (by CRII and CRII+ amendments) combined with sharply increased needs will lead to a faster absorption of the remaining 2014-2020 cohesion policy funds.

Agriculture and Rural Development Committee's Opinions

211. (§ 457 - 2018/PAR/0660) The European Parliament highlights that the proper implementation of the CAP interventions is strictly related to the beneficiaries' compliance with the commitments set out at Union level; stresses that the increased flexibility of Member States in allocating CAP subsidies could lead to short-term national political interests, risks further aggravating abuses, and urges, therefore, the Commission to avoid renationalisation of the CAP, in particular the system for monitoring compliance by individual beneficiaries with the rules on eligibility for support, in order to maintain the Union's credibility in managing one of its key public policies.

Commission's response:

The 2018 Commission proposals for the next CAP put performance at the heart of the future policy. A performance-based implementation mechanism ("new delivery model") requires Member States to analyse their needs, define and monitor the results for common CAP specific objectives. The analysis should be based on a common list of indicators and respect a series of common requirements (e.g. minimum standards and budgetary ringfencing), while providing Member States with flexibility to define how best to achieve the planned results.

The CAP proposals thus establish a strong, common policy framework at EU level within which Member States dispose of a well-defined margin of manoeuvre to choose and define details of their interventions targeted to their needs with a view to deliver on the ambition outlined in the CAP strategic plans. The Commission will approve the plans.

In the context of the recent Staff Working Document (SWD (2020) 93) the Commission has identified how it will further reinforce its support to Member States for the preparation of their CAP strategic plan. The Commission will advise Member States in a "structured dialogue". The dialogue will encompass all CAP specific objectives, while paying particular attention to the EU level targets identified in the Farm to Fork and Biodiversity Strategies adopted on 20th May 2020.

The new assurance framework carries forward on the existing governance systems including the governance bodies, such as the accredited paying agencies, the Integrated Administration and Control System (IACS), the Land Parcel Identification System (LPIS) in order to ensure that sound financial management will be applied for the CAP.

Simplification is in the stability of the existing structures. The added flexibility should allow Member States to customise the support to their needs and the needs of their farmers. This will reduce the complexity and administrative burden also vis-a-vis the beneficiaries. The Commission will focus on ensuring that governance systems in each Member State work effectively and continue to have corrective measures in place, such as Action Plans, suspensions and financial corrections.

The Commission proposals are still undergoing ordinary legislative procedure by the European Parliament and the Council.

Culture and Education Committee's Opinions

212. (§ 459 - 2018/PAR/0661) The European Parliament welcomes the positive effect of the Erasmus+ programme in promoting the inclusion of people from disadvantaged backgrounds, as noted in the Court's Special Report No 22/2018; calls for the improvement of the definition, reporting and monitoring in this area to ensure the inclusivity of the Erasmus+ programme, as well as that of the European Solidarity Corps and the Creative Europe programmes.

Commission's response:

All DG EAC's programmes aim to promote social inclusion and to improve outreach to people with fewer opportunities.

With regard to Erasmus, the general objective of the 2021-2027 Erasmus programme, as proposed by the Commission in the draft legal base, foresees the support of the educational, professional and personal development of people in education, training, youth and sport, in Europe and beyond, thereby contributing to sustainable growth, jobs and social cohesion and to strengthening European identity. When implementing the programme, inter alia in the selection of participants and the award of grants, the Commission and the Member States shall ensure that efforts are made to promote social inclusion and improve outreach to people with fewer opportunities. The on-going negotiations on the draft regulation may affect the final shape and framework for future strengthened inclusion measures. In parallel, work is on-going at operational level to prepare an approach for implementing bodies of Erasmus to make the programme more inclusive in the future.

With regard to Creative Europe, the current and future Creative Europe (CE) programmes aim to enhance the economic, international and social dimension of culture. Audience development in particular has been a key priority of the programme which includes reaching out to parts of the population that does not have an easy access to culture. More generally culture and the arts are a powerful tool to facilitate the integration of disadvantaged groups either by involving them directly and empower them in the artistic process or by raising awareness on key societal issues and fighting prejudices. More than 15% of projects financed by the culture strand of Creative Europe have chosen the inclusion of disadvantaged group as their main objective. Many more contribute directly or indirectly to this objective. Following the recommendations of the CE midterm evaluation the collection of statistics have been reviewed to collect data on the demographics of CE project which will include in the future a more precise idea of the number and nationalities of people from disadvantaged groups having directly participated in CE projects.

With regard to European Solidarity Corps, the European Solidarity Corps 2018-2020 continues to offer opportunities for young people of diverse backgrounds. More than a third (34%) of participants involved in European Solidarity Corps realised projects in the period 2018-2019, were young people from inclusion groups/young people with fewer opportunities. The general objectives of the 2021-

2027 European Solidarity Corps programme, as proposed by the Commission in the draft legal base, also highlight particular effort to promote social inclusion and offer accessible activities. The on-going negotiations on the draft regulation may affect the final shape and framework for future strengthened inclusion measures. At operational level, work is on-going to gather knowledge and prepare an approach for implementing bodies of European Solidarity Corps to make the programme even more inclusive in the future.

213. (§ 465 - 2018/PAR/0662) The European Parliament draws attention to the challenges that lie ahead for the European Schools during the process of withdrawal of the United Kingdom of Great Britain and Northern Ireland (the ‘United Kingdom’) from the Union and calls on the Commission and the European Schools to report to the Committee on Culture and Education in relation to the withdrawal of the United Kingdom and on how they intend to continue to offer first class English-language teaching within the European Schools after the withdrawal of the United Kingdom from the Union.

Commission's response:

The European Schools, operating in an intergovernmental framework, with the Secretary-General representing the Board of Governors of the European Schools, are the only party that can commit to achieve inclusive education in policy and practice. As far as the Commission is concerned, it uses its leverage to promote reforms and ensure progress in these regards is being made, also relying on the full commitment of the Member States. The Commission plays its role in providing guidance and support to the European Schools and will continue ensuring that its position is taken into account in the European Schools' supervisory system, i.e. the Joint Teaching Committee, Budgetary Committee and the Board of Governors.

A dedicated working group, monitoring the development of the process of withdrawal of the United Kingdom from the European Union, proposing mitigating measures and reporting to the Board of Governors of the European Schools, was set up already in April 2017. The European Commission has played an active role in its works providing, among others, legal support.

On Commission's initiative, the European Schools were included in the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community. Article 125 thereof addresses the most important concerns of the European Schools: participation of the United Kingdom in the Convention defining the Statute of the European Schools until end of the school year 2020-21 and the recognition of the European Baccalaureate for all pupils who were enrolled in the secondary studies in a European School before 31 August 2021.

In addition, in April 2019 the Board of Governors adopted a series of measures to improve working conditions for both seconded and locally recruited teachers as well as non-teaching staff in the European Schools (so called ‘attractiveness

package’). The Board of Governors intends to make the first evaluation of the impact of the ‘attractiveness package’ in April 2021.

Justice, Freedom and Home Affairs Committee's Opinions

214. (§ 468 - 2018/PAR/0663) The European Parliament welcomes the fact that the Court did not find major flaws in the Commission's clearance procedures regarding the AMIF and ISF and the fact that it agrees with the Commission's clearance decisions; deplores, however, the fact that three out of the 18 transactions examined by the Court contained errors, of which one shared management transaction under AMIF showed an error rate of 9,4 %; urges the Commission to address the systemic weaknesses identified by the Court, such as a lack of ex post checks of supporting documents in case of ex ante administrative checks of payment claims; calls on the Member States to improve checks of the procurement procedures organised by beneficiaries of funds in relation to the legality and regularity of such procedures.

Commission's response:

The methodology for final payment of grants has been updated and the documentation to request from beneficiaries has been further detailed in cases of public procurement. The updated methodology establishes a more efficient way of providing the necessary assurance regarding the legality and regularity of the procurement procedures followed by the beneficiaries. Particularly in the case that supporting documents are asked for procurement procedures, the project officer should clarify the required documentation. The appropriate information should be received from the grant beneficiary, which should explain in writing the procedure followed and confirm the availability of documentation for future audits. In June 2020, a training took place to inform all staff dealing with Union action grants.

In the margins of the AMIF-ISC Committee meetings as well as in its daily contact with the Member States' responsible authorities and monitoring missions, DG HOME is and will continue to give instructions for adequate check of the legality and regularity of the procurement procedures organised by the funds beneficiaries when making administrative checks of their payments.

In relation to shared management, DG HOME implemented also the recommendation. During the Asylum Migration Integration Fund (AMIF) and Internal Security Fund (ISF) Committee meeting held on 17 September 2019, DG HOME informed the responsible Authorities of the Decision of 14 May 2019 C(2019)3452, laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement. The Commission (DG HOME together with DG GROW) also raised awareness among Audit Authorities of Member States on the most common cases of non-compliance with the applicable rules on public procurement during its workshop with the Audit Authorities in September 2019. This information was also presented to the Member States' Responsible Authorities during the AMIF and ISF Committee meeting held in September 2019.

Additionally, DG HOME has held training sessions for the desk officers responsible for assessing the Member States' annual accounts, on the importance

of verifying the procurement procedures chosen and to request further information from the Member State when necessary.

In light of the COVID-19 situation, DG HOME prepared a guidance note for Member States on the possible flexibilities within the 2014-2020 financial framework (Ares (2020)2255902) and held a video conference to explain these measures. Member States were also informed of the Commission communication of 1 April 2020 C(2020) 108 I/01, on using the public procurement framework in the emergency situation related to the COVID-19 crisis, which highlights options under the public procurement framework for the purchase of the supplies, services, and works required to address the crisis.

Women's Rights and Gender Equality Committee's Opinions

215. (§ 470 - 2018/PAR/0664) The European Parliament regrets the tendency of the last years to cut Union funds for combating all forms of violence against women and girls and reaffirms its request to increase resources for the Daphne specific objective; reiterates its call to have a separate budget line for the Daphne specific objective of REC; it takes note of the evolution of the development of an Union-wide survey, with a common methodology and questionnaire, to gather comparable gender-based violence data, on a regular basis, across the Member States; it expects to acknowledge the first outcomes of the pilot exercise of the survey by 2019 in order to comply with the foreseen implementation of the survey from 2020 - 2021 onwards.

Commission's response:

In continuation with the 'Daphne III programme' for the 2007-2013 Multiannual Financial Framework, the Rights Equality and Citizenship Programme has a specific objective with dedicated actions 'To prevent and combat all forms of violence against children, young people and women, as well as violence against other groups at risk, in particular groups at risk of violence in close relationships, and to protect victims of such violence'. It is financed through the budget of the 2014-2020 Multiannual Financial Framework. According to the proposals for the next Multiannual Financial Framework (for the years 2021-2027), the Citizenship Rights Equality and Values Programme will have a dedicated strand and specific objective called Daphne. This will be aimed at supporting actions "to fight violence" and will correspond to a specific budget line.

In line with the request from the European Parliament, and within the possibilities provided by the available budget, the Commission has proposed an yearly increase in funding allocated to the fight against violence for the years 2014 to 2020. These funds raised from EUR 12.5 million in 2014 to EUR 17.1 million in 2020.

In 2019, the Eurostat Task Force for the EU survey on gender-based violence discussed the outcomes of the pilot phase and finalised the questionnaire and methodology. Between mid-2019 and mid-2020, Eurostat published three restricted calls for proposals to support the implementation of the survey as of 2020. The first results (not taking into account possible delays linked to the COVID-19 crisis) should be available in 2023.

EDF

216. (§ 5, in connection with § 3 - 2018/PAR/0665) The European Parliament encourages DG DEVCO to pursue its efforts with regard to EDF old expired contracts as the target value below 15 % was not achieved like in 2017 regardless of the new procedure set up by DG DEVCO (with 17,27 %, a slight but unsatisfactory improvement compared to 18,75 % in 2017); notes that this key performance indicator (KPI) target value below 15 % was achieved for the rest of DG DEVCO's operation with 13,88 %.

The European Parliament calls on DG DEVCO as a matter of priority to close in the short term the remaining operations from the eighth and ninth EDF.

Commission's response:

In 2019, DG DEVCO met its overall KPI target of having no more than 15% of expired contracts still open in the system, achieving 13% across its entire area of responsibility. The KPI for the EDF has continuously improved as a result of new procedures introduced in September 2017 and following a number of monitoring campaigns. The KPI value for EDF has decreased from 19% in 2017 to 17% in 2018 and just above 15% in 2019. Furthermore, the closure of 8th EDF was completed in 2019. The closure of 9th EDF should be achieved by the end of 2020.

217. (§ 9 - 2018/PAR/0666) The European Parliament is deeply concerned that the estimated level of error increased again for a second year in a row to 5,2% for expenditure accepted in the accounts for the eighth, ninth, tenth and eleventh EDF (compared to 4,5% in 2017, 3,3 % in 2016, 3,8 % in 2014 and 2015, 3,4 % in 2013 and 3 % in 2012); expects the Commission to reflect on the reasons and to take the necessary steps to reverse the trend of growing error rate.

Commission's response:

The Commission highlights that the error rate trend has been reversed, in the ECA's estimation the error rate for the EDF for the financial year 2019 was 3.5%.

Measures to prevent errors are a built-in feature of the Commission's control systems. The main tools concerned are ex-ante controls carried out by DEVCO staff on programmes and projects (prior to contracting, payments and clearings of pre-financings) and verifications by external service providers (during and/or after implementation) of reported costs.

All detected errors are subject to assessment as to whether they should trigger specific corrective action. They are also taken into account for a broader assessment of needs and opportunities for improvements of the control system. Such improvements can inter alia take the form of simplification, clarification, revision of templates, provision of guidance and provision of targeted training to

Commission staff as well as external stakeholders. While this broader assessment is continuous in nature, it notably leads to the adoption of an Action Plan every year in June/July when both the Annual Activity Reports and comprehensive information from the ECA's annual DAS audit are available. The Control and Monitoring Strategy for 2020-2024 that DEVCO adopted in June 2020 inter alia includes the following strategic objective: "Maximise the use of findings from existing audits by assessing systematically for recurring findings in which way the simplification and/or clarification of relevant rules, instructions and guidelines can decrease the likelihood of future findings.

For the broader assessment, the Commission also takes the characteristics of certain errors into account:

- "Expenditure not incurred" errors, for example, often are situations where expenditure was cleared by the Commission although it was not yet incurred. These instances of "premature clearing" are usually corrected when final reports are received and scrutinized after the end of the implementation.

- As far as errors due to "missing documents" are concerned, it is indeed difficult to ensure that all implementing partners and recipients can retrieve and provide documents in the tight time-frame of the ECA's audits. In 2019, the Commission took concrete steps to accelerate the provision of documents, notably by systematically approaching sampled international organisations at HQ level to support Delegations' efforts to ensure that they share the documents requested by the ECA in a timely manner.

218. (§ 11, in connection with § 10 - 2018/PAR/0667) The European Parliament notes, that part of the error rates estimated by the Court could be the consequence of very high workload for insufficient staff numbers, in particular in hardship Delegations.

The European Parliament believes it is crucial, when reaching such level of estimated errors, to further invest in the staff awareness and training; calls upon the Commission to find the ways to solve the problem of understaffing, in particular in hardship Delegations.

Commission's response:

The Commission believes that the link between the error rates and the workload in EU Delegations is not so obvious, as the causes of errors are multi-factorial and sometimes depend on the local context. However, it is also clear that in particular, the difficulty of finding suitable candidates in hardship Delegations is an issue which might indirectly contribute to the error rate.

The Commission has been providing for many years dedicated training to colleagues posted in EU Delegations in the field of aid implementation. Long duration missions by deployable staff from Headquarters have also been performed in order to mitigate the effect of vacancies.

The Commission is also reflecting on a fine-tuned organisation among EU Delegations, such as the regionalisation of some functions, which could help to mitigate the shortcomings. It could indeed be possible to set up Cooperation or Finance & Contracts sections providing a regional coverage with an increased staffing that could be located in more attractive locations. This would also enable to better ensure the continuity of operations (with easier back-up functions for instance) and to provide better training of colleagues that would be facing a wider diversity of files and of work experiences among colleagues.

219. (§ 13 - 2018/PAR/0668) The European Parliament notes with grave concern the fact that out of 125 payment transactions reviewed by the Court, 51 (or 41 %) were affected by errors and, in particular, of the 39 payments with quantifiable errors, nine (23 %) were final transactions authorised after all ex ante checks had been performed; calls on the Commission to substantially improve the legality and regularity of the transactions and make sure that the ex ante checks are properly followed up.

Commission's response:

Measures to ensure the legality and regularity of transactions are a built-in feature of the Commission's control systems. The main tools concerned are ex-ante controls carried out by DEVCO staff on programmes and projects (prior to contracting, payments and clearings of pre-financings) and verifications by external service providers (during and/or after implementation) of reported costs.

All detected errors are subject to assessment as to whether they should trigger specific corrective action. They are also taken into account for a broader assessment of needs and opportunities for improvements of the control system. Such improvements can inter alia take the form of simplification, clarification, revision of templates, provision of guidance and provision of targeted training to Commission staff as well as external stakeholders. While this broader assessment is continuous in nature, it notably leads to the adoption of an Action Plan every year in June/July when both the Annual Activity Reports and comprehensive information from the ECA's annual DAS audit are available. The Control and Monitoring Strategy for 2020-2024 that DEVCO adopted in June 2020 inter alia includes the following strategic objective: "Maximise the use of findings from existing audits by assessing systematically for recurring findings in which way the simplification and/or clarification of relevant rules, instructions and guidelines can decrease the likelihood of future findings."

220. (§ 17, in connection with § 15 and § 16 - 2018/PAR/0669) The European Parliament is deeply concerned that, despite the successive corrective action plans implemented by DG DEVCO, the typology of errors identified is, to a large extent, similar to previous years, namely a lack of essential supporting documents (36,6 %), serious failure to comply with public procurement rules (27,1 %), expenditure not incurred (22,7 %), residual error rate (RER) adapted from DG DEVCO's RER study

(5,4 %), ineligible expenditure (4,3 %) and other types of error (3,9 %), non-compliance by beneficiaries with procurement provisions and ineligible expenditure.

Commission's response:

All detected errors are subject to assessment as to whether they should trigger specific corrective action. They are also taken into account for a broader assessment of needs and opportunities for improvements of the control system. Such improvements can inter alia take the form of simplification, clarification, revision of templates, provision of guidance and provision of targeted training to Commission staff as well as external stakeholders. While this broader assessment is continuous in nature, it notably leads to the adoption of an Action Plan every year in June/July when both the Annual Activity Reports and comprehensive information from the ECA's annual DAS audit are available. The Control and Monitoring Strategy for 2020-2024 that DEVCO adopted in June 2020 inter alia includes the following strategic objective: "Maximise the use of findings from existing audits by assessing systematically for recurring findings in which way the simplification and/or clarification of relevant rules, instructions and guidelines can decrease the likelihood of future findings."

In line with this practice, the action plan adopted in July 2019 was established on the basis of the information available at the time. Information subsequently received from the ECA and other control processes will be taken into account for the 2020 action plan.

221. (§ 19, in connection with § 18 - 2018/PAR/0670) The European Parliament expects DG DEVCO to be more rigorous in its use of the management information available and in the consistent running of its overall control system (ex ante checks and external audit or expenditure verification); stresses the importance of and calls on DG DEVCO's continuous efforts to improve the implementation of its preventive controls, in particular the targeting of high-risk areas related to funds under indirect management through international organisations and development agencies and grants under direct management.

Commission's response:

All detected errors are subject to assessment as to whether they should trigger specific corrective action. They are also taken into account for a broader assessment of needs and opportunities for improvements of the control system. Such improvements can inter alia take the form of simplification, clarification, revision of templates, provision of guidance and provision of targeted training to Commission staff as well as external stakeholders. While this broader assessment is continuous in nature, it notably leads to the adoption of an Action Plan every year in June/July when both the Annual Activity Reports and comprehensive information from the ECA's annual DAS audit are available. The Control and Monitoring Strategy for 2020-2024 that DEVCO adopted in June 2020 inter alia includes the following strategic objective: "Maximise the use of findings from

existing audits by assessing systematically for recurring findings in which way the simplification and/or clarification of relevant rules, instructions and guidelines can decrease the likelihood of future findings.

In line with this practice, the action plan adopted in July 2019 was established on the basis of the information available at the time. Information subsequently received from the ECA and other control processes will be taken into account for the 2020 action plan.

The adoption in 2018 of new terms of references for expenditure verifications increasing their focus on the legality and regularity of expenditure and on providing more factual elements to support follow-up decisions are expected to lead to improvements. These terms of reference have since been rolled out and will soon be used for verifications of all operations based on reported expenditure, including those with international organisations. In addition, starting from 2020, the audit task management for globally operating International Organisations have also been centralised in DEVCO headquarters.

222. (§ 20 - 2018/PAR/0671) The European Parliament notes the DG DEVCO's seventh RER study resulting in an RER of 0,85 % below the 2 % materiality threshold fixed by the Commission; notes, however, that the methodology used has been based for several years on very few on-the-spot checks on transactions and incomplete checks on public procurement procedures and calls on DG DEVCO to work closely with the Court to improve on the reliability of assessing the error rates.

Commission's response:

The number of on-the-spot checks and the way public procurement contracts are checked form part of the RER methodology from the very beginning and are not linked to issues of reliability. The European Court of Auditors performs an annual review of the implementation of the RER study, in 2019, DEVCO has adapted the methodology of the RER study according to ECA's suggestions.

223. (§ 21 - 2018/PAR/0672) The European Parliament observes, however, that the results of external audits for operations implemented in the 'grants in direct management' and 'indirect management with beneficiaries countries' domains show that 4,64% and 3,77%, respectively, of the total amount audited was identified as non-eligible and that this situation has not led to the issuance of differentiated reservations; asks DG DEVCO to provide a further detailed explanation of the underlying rationale used in those two cases.

Commission's response:

The necessity of reservations is determined through the analysis of all information available, grouped into the building blocks described in the Annual Activity Report. The percentage of ineligible expenditure identified for a given domain

does not necessarily lead to the issuance of differentiated reservations. The underlying rationale is the fact that the more ineligible expenditure is discovered by audits, allowing the Commission to take corrective actions as necessary, the smaller the residual error will be at the time of closure of a contract.

Consequently, the RER for the segments concerned (which is the materiality criterion for AAR reservations) may already be below 2% at the time of reporting.

224. (§ 23 - 2018/PAR/0673) The European Parliament calls on DG DEVCO to progressively reinforce its assurance chain in line with the new set of internal control standards putting a greater emphasis both on individual competences and accountability for their roles in materialising controls and on the risk of fraud.

Commission's response:

Principles 1, 5 and 8 of the new Internal Control Framework, and the related characteristics, indeed refer explicitly to individual accountability and/or anti-fraud risks. The Commission reviews annually compliance with the requirements of each of the 17 Principles of the Internal Control System.

In 2020, DG DEVCO will substantially review its Anti-Fraud Strategy (AFS), in line with the 2019 Commission's Anti-Fraud Strategy. DG DEVCO will also update its fraud risk assessment, based on an in-depth analysis of contributions and experiences of staff members representing the main areas in which DG DEVCO operates (financial, operational and thematic in the headquarters and the delegations). In the light of the findings and results obtained, DG DEVCO will reassess the DG's priority risks, objectives and actions in 2020 and update its AFS accordingly. The trainings that are already performed on a regular basis will also be reviewed to include the most updated information on DG DEVCO's AFS.

225. (§ 24 - 2018/PAR/0674) The European Parliament notes that the RER study has become a building block of the DG DEVCO risk assessment, control and auditing strategy, and assurance chain, but invites DG DEVCO to ensure better consistency in the methodological standards used in its RER assessment and, when needed, consult the Court on such issues.

Commission's response:

The European Court of Auditors performs an annual review of the implementation of the RER study, which may lead to adaptations in the methodology. In 2019, DEVCO has adapted the methodology of the RER study according to ECA's suggestions. The Commission is closely monitoring the progress of the RER study. If appropriate, it indeed consults the European Court of Auditors on methodological issues.

226. (§ 26, in connection with § 25 - 2018/PAR/0675) The European Parliament expects all stakeholders to avoid competing justifications on methodologies of assessing estimated error levels in order to present a reliable and more realistic picture of the situation and to increase confidence and fairness both in the control work performed and in the general control systems; underlines also the fact that the concept of estimated amounts at risk at closure used in various forms of reporting such as DG DEVCO's annual activity report or the Commission's annual management performance report should be duly reconsidered.

Commission's response:

The Commission as a manager of EU funds has a different role and thus a different approach than the Court. The Commission considers that this explains the differences in the errors found and the difference between the estimated error level determined by the Court and the risk at payment.

At Commission corporate level, both the similarities and differences between the EC's (management perspective) and the ECA's (auditor perspective) purposes and approaches are detailed in the 2018 and 2019 Annual management and performance report for the EU budget (AMPR).

DEVCO's RER study and European Court of Auditors' Annual Report serve different purposes and were never designed to compete with each other. The comparability of their results is therefore naturally limited. The European Court of Auditors regularly reviews the implementation of the RER methodology and makes recommendations for improvement that are usually accepted and implemented by the Commission.

For its Annual Activity Reports, DG DEVCO strictly follows instructions issued by the Commission's central services and shows estimated error rates at payment and at closure. These estimations are based on the RER study, which, according to the European Court of Auditors, is based on an appropriate methodology and provides useful information.

227. (§ 27 - 2018/PAR/0676) The European Parliament calls on DG DEVCO to continue its efforts to improve the efficient implementation of its control framework and KPIs, in particular KPI 21 on undue payments prevented by ex ante controls and KPI 25 on ineligible amounts identified by external audits; notes that recovery orders were issued for an amount of EUR 18,22 million for the reimbursement of undue payments.

Commission's response:

The Commission considers that this recommendation is implemented. DEVCO continuously assesses the relevance and effectiveness of KPIs. A revision of key performance indicators (KPIs) and benchmarks was decided in 2020 that increased the benchmark for the implementation of audit plans and now includes the follow up of expired audit plans. The KPI results for 2019 for undue payments

prevented by ex-ante controls was at 2.29% against the benchmark of 2% and the KPI ineligible amounts identified by audits at 3.06% against the benchmark of 2%. KPIs on implementation of audit plans in 2019 significantly exceeded the respective benchmarks. In 2019, DEVCO adopted an integrated framework for sound financial management and accounting quality.

228. (§ 33 - 2018/PAR/0677) The European Parliament expresses its deep concern over the fact that international organisations once again did not provide supporting documentation on time, which prevented the Commission and the Court from carrying out rigorous audits; calls on the Commission in that regard to strengthen its efforts in ensuring that information is received in a timely manner from the international organisations concerned in order for the Court to be able to present full and accurate data.

Commission's response:

The Commission has taken further steps to mobilize the resources of international organisations as early as possible in the audit process. Within the 2019 audit, the Commission started to systematically approach sampled international organisations at HQ level to support Delegations' efforts to ensure that they share the documents requested by the ECA in a timely manner.

229. (§ 35 - 2018/PAR/0678) The European Parliament calls on the Commission, to strengthen and consolidate the monitoring of the tendering and contracting procedures to avoid any risk that very few number of public or semi-private Agencies monopolising substantial shares of the EDF projects implemented in developing countries and gain a growing influence on Union development, cooperation and neighbourhood policies which might endanger the independence of Union policy; calls on the Commission to strengthen and broaden its cooperation also with other public and private entities, such as several NGOs working in the field of development.

Commission's response:

It is a historic fact that the size of Member States development organisations differs and the bigger organisations have the capacity to implement a larger number of projects. Therefore, the Commission has been actively promoting the creation of development structures in all Member States and further cooperation among Member States organisations and structures. With "Team Europe" and as part of the 'working better together' approach at country level, we are reaching a new level of European presence in the field. Against the policy context of strategic involvement of the EU and its Member States at country level, there is no risk of re-nationalisation, rather, the European voice and influence is strengthened. Moreover, the EU and the Member States work together in cooperation with civil society, in particular at country level through the Roadmaps for engagement with

civil society that actively promote dialogue and partnership with relevant civil society organisations (CSOs) from donor and partner countries. Finally, concerning the choice of working with public or semi-private Member State organisations, Commission procedures have reinforced requirements that the choice of these implementing partners is fully justified, with a focus on highlighting the additional benefits of a particular partner compared to other potential implementing partners.

230. (§ 36 - 2018/PAR/0679) The European Parliament recommends that the Commission place a greater emphasis on the promotion of the EDFs' cooperative work with international organisations, Union development agencies and NGOs; expresses concern about the inadequate and insufficient visibility of the EDFs' work to the public.

Commission's response:

The Commission gives great and increasing strategic priority to communicating with the public. The Commission fully intends to build on global campaigns which tend to focus on content that resonates emotionally (European values and leadership) rather than promote specific instruments such as the EDF. Taking the general theme of gender equality/SDG 5 as an example, 2018 saw the rollout of two high profile campaigns: #SheIsWe (at our flagship annual event, the European Development Days, attended by numerous heads of state and world/opinion leaders), and #HerWorldOurWorld, a pan-European campaign for which the Commission joined forces with some 20 member states.

231. (§ 38, first indent, in connection with § 37 - 2018/PAR/0680) The European Parliament calls on the Commission to:

(i) strictly respect and make applicable in contributions and framework agreements the aforementioned responsibilities of entities implementing Union funds [respect the principle of sound financial management and transparency, fully cooperate in the protection of the financial interests of the Union, grant the authorising officer responsible, the Court and OLAF with the necessary rights and access required] and the obligation to provide the Court and OLAF with any requested document needed for audit completion.

Commission's response:

In accordance with the contribution agreement's template, the EU's partners must respect the principles of sound financial management and transparency (see article 2.2 of the general conditions). Also, it is to be noted that the principle of sound financial management is clearly defined, in accordance with the Financial Regulation, under article 1 of the general conditions.

The contribution agreement's template also sets out clear obligations, for their partners, to provide access to, and cooperate with, the relevant control bodies of the EU. In accordance with article 17.1, 17.2 and 17.3 of the general conditions of the contribution agreement's template, the partners agree that the European Commission (or any authorized representative), OLAF and the European Court of Auditors may carry out controls/investigations/on the spot checks on the use made of the EU contribution.

In addition, article 17.4 of the same document states the following: "the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules." In this context and according to article 16.2 of the same general conditions, it is important to underline that partners must keep all relevant financial information (originals or copies) related to the agreement for a period of five years from the final date of implementation and, in any case, until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by OLAF, if notified to the partners, has been disposed of.

Finally, in case a partner breaches any of the above-mentioned obligation, the Contracting Authority may suspend and, if necessary, terminate the agreement in accordance with article 12 and 13 of its general conditions. In this context, article 17.7 of the same document states that: "Failure to comply with the obligations set forth in Article 17 constitutes a case of breach of a substantial obligation under this Agreement."

The above-mentioned contractual provisions have also been transposed into the template of the contribution agreement for financial instruments.

In 2019, the Commission has taken further steps to ensure that entities implementing Union funds provide the Court and OLAF with any requested document. For the ECA audit of the EDF for the financial year 2019, we have increased the monitoring of the transactions sampled where the implementing partners are international organisations, to support the Delegations in their efforts to ensure that our partners share information with the ECA in a timely manner.

232. (§ 38, second indent - 2018/PAR/0681) The European Parliament calls on the Commission to:

(ii) pay regular attention to the pillar assessment requirements and reports of the international organisations and NGOs concerned by this lack of cooperation to review the appropriateness of their accountability tools; to reconsider related provisions or terms of reference when pillar assessment methodology is to be reviewed to comply with the EDF Financial Regulation; calls for an adaptation,

where necessary, of the existing delegation agreements in force with those international entities.

Commission's response:

The Commission has been ensuring regular monitoring of pillar assessment requirements and reports. A revised pillar assessment methodology was approved by the College on 17 April 2019 with COM Decision C(2019)2882 to reflect the changes concerning the pre-conditions for indirect management with regard to the protection of the EU's financial interests listed in Article 154 of the Financial Regulation 2018. The ex-ante assessment requirements have been strengthened under existing pillars. Moreover, there are now nine pillars, including three new pillars on exclusion from access to funding, publication of information on recipients and protection of personal data, while previously there were seven pillars. Pillar-assessed partner organisations were informed to proceed rapidly to update their assessments, as appropriate. In the meantime, compliance with Financial Regulation 2018 is ensured through specific clauses included in the relevant contractual templates to be used in the context of projects concluded with pillar assessed organisations.

For additional details regarding our partners' obligations to cooperate with the ECA, OLAF or the European Court of Auditors, please see Commission's reply to § 38, point (i).

233. (§ 38, *third indent* - 2018/PAR/0682) The European Parliament calls on the Commission to:

(iii) notes that there is still a need for a more systematic approach to the communication of the Union's grant-funded activities to enhance the Union's visibility, and to strengthen transparency, accountability and human rights due-diligence along the chain of funding; calls on the Commission to introduce in the framework agreements the obligation for the leading agency to ensure the visibility of the Union in multi-donor projects; calls on the Commission to carry out sample-based on-the-spot controls some years after the completion of the co-financed projects to check the continued impact of EDF interventions and to take the necessary steps to ensure the long-term impact of their operations.

Commission's response:

The Commission entirely shares the Parliament's determination that partners respect their contractual obligation to ensure the visibility of the Union in multi-donor projects, and refers Parliament to the "Requirements for Communication and Visibility for EU-financed external actions" adopted in 2018 and available at https://ec.europa.eu/international-partnerships/system/files/communication-visibility-requirements-2018_en.pdf. Section 5.6 of the Requirements deals specifically with partners' contractual obligations in respect of "Visibility in multi-

donor setups", and section 2.5 with "EU visibility after completion of the EU-financed phase". The publication of the requirements has been accompanied by the introduction of regular training and information sessions on communication and visibility for Commission project managers and implementing partners (NGOs, financial institutions, multilateral and EU member states' agencies). With regard to the long-term impact of interventions, the Commission relies on its tools, e.g. Result Oriented Monitoring reviews, project and programme evaluations, and country evaluations, to ensure the sustainability of EU-funded interventions.

234. (§ 43 - 2018/PAR/0683) The European Parliament calls for a close monitoring and thorough policy dialogue with partner countries regarding objectives, progress towards agreed results and performance indicators; calls once again on the Commission to better define and measure the expected development impact and, in particular, to improve the control mechanism with regard to the conduct of the beneficiary state in the areas of corruption, respect of human rights, rule of law and democracy; remains deeply concerned about the use that can be made of Union budget support in recipient countries where there is limited or no democratic control.

Commission's response:

The Commission updated in 2017 its budget support guidelines, and reinforced guidance and instructions on performance indicator design and expected results. The update of the budget support guidelines reinforced the guidance on the fight against corruption and increased the emphasis and inclusion of respect of human rights, rule of law and democracy.

Further actions will also be taken to strengthen indicator verification and data quality in the context of the follow-up of ECA's Special Report on Budget Support Data Quality (25/2019) and the corresponding Council Conclusions (8627/20). The fight against corruption and fraud is a key concern in the Commission's budget support. The Commission assesses the partner government's efforts to improve public financial management and to fight corruption. A risk management framework is used to identify and monitor risks and develop mitigating measures in a structured way, including on corruption and fraud.

235. (§ 45 - 2018/PAR/0684) The European Parliament supports the focus on progress achieved in public finance management, budgetary transparency and democratic control and oversight bodies and macro conditionality in partner countries in order to optimise capacity development; calls on the Commission to systematically monitor the reforms undertaken and results achieved, demonstrating that Union budget support has effectively contributed to the recipient countries' own development agenda and strengthened its democratic ownership.

Commission's response:

The Commission updated in 2017 its budget support guidelines, and reinforced guidance on assessing and monitoring the four eligibility criteria, including macroeconomic stability, a relevant and credible development- or sector strategy, public financial management and transparency. Progress in these areas is carefully monitored before each disbursement, based on actual results achieved. Budget support is only disbursed if these general conditions have been met. The updated budget support guidelines contain revised templates for monitoring eligibility criteria as well as a new Annex to guide the policy dialogue.

236. (§ 46 - 2018/PAR/0685) The European Parliament points out that appropriate monitoring tools have to be reinforced to assess the way in which budget support has contributed to improving domestic revenue mobilisation and related reforms; notes with appreciation that domestic revenue mobilisation accounted in 2018 for 19 % of the value of variable tranches (compared to 3 % in 2014); encourages DG DEVCO to continue providing regular information in its budget support reports concerning the use of budget support contracts for domestic revenue mobilisation.

Commission's response:

The Commission continuously monitors progress monitored via the domestic revenue mobilisation (DRM) part in Budget Support disbursement files, the risk management framework as well as analysis of DRM related indicators. The Commission also supports the continuous development and use of the Tax Administration Diagnostic Assessment Tool (TADAT), which also contributes to assessing weaknesses as well as progress made, in particular for repeated assessments.

237. (§ 47 - 2018/PAR/0686) The European Parliament calls on DG DEVCO, however, to strictly assess in its policy dialogue the risks related to corporate tax avoidance, tax evasion and illicit financial flows affecting, in particular, developing countries; encourages DG DEVCO to assess the fiscal impact and to help to the definition of oriented investment objectives.

Commission's response:

The Commission provides information on domestic revenue mobilisation in the Budget Support report trends and results report since 2017 as well as through the reporting on the implementation of the Addis Tax Initiative (since June 2017). Both reports are regular and are maintained on an annual basis. Risks related to illicit financial flows are monitored, e.g. through the Risk Management Framework used for budget support operations to identify and monitor risks and develop mitigating measures in a structured way including through policy dialogue. Capacity building for partner countries is provided to reach international standards base erosion and profit shifting (BEPS) and tax

transparency and exchange of information, which also helps to respond to commitments taken in relation to the EU list of non-cooperative tax jurisdictions.

238. (§ 48, in connection with § 49 - 2018/PAR/0687) The European Parliament expresses great concern about the risk that EDF will be pushed into responding to agendas that distance them from their primary objective of poverty alleviation that are irreconcilable with the EDF's core values and carry a risk of compromising what was previously done well; notes with concern the risk of diversion and invites the Commission to take this into account in the generation of projects and programmes in line with policy coherence for development; calls on the Commission to select future aid programmes in accordance with the EDF's core values and consider withdrawing subsidy to programmes diverting from those values.

Commission's response:

The EU is present worldwide and is the largest world donor, contributing, together with its Member States, to more than half of global Official Development Assistance. Following the Consensus for Development adopted in 2017, the EU and the EU Member States are committed to the application of a rights-based approach, encompassing all human rights, to all our development cooperation. The promotion, development and consolidation of the principles of democracy, the rule of law and respect for human rights and fundamental freedoms on which the EU is founded is one of the principles that is already enshrined in its 2014-2020 external financing instruments and should be achieved through dialogue and cooperation with partner countries and regions.

For instance, among the funding instruments for EU external action, both the 11th European Development Fund and the Development Cooperation Instrument have as main objective, together with the eradication of poverty, consolidating and supporting democracy, the rule of law, good governance, human rights and the relevant principles of international law.

In cases where EU-funded projects are implemented by the local government on the basis of a financing agreement between the EU and the Government, this agreement includes a clause (art. 26.1 of the General conditions) that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law.

In the Commission's proposal for a Neighbourhood, Development and International Cooperation Instrument, (NDICI) which includes former EDF funding, the objectives of the instrument include pursuing the principles of the EU's external action, including to consolidate and support democracy, the rule of law, human rights and the principles of international law. The NDICI proposal allows for more consistency between geographical and thematic support, hence between government- and non-government-based cooperation, thus offering increased responsiveness to developments in the partner country, including on human rights and democracy.

Whilst democracy and human rights, including gender equality and women's empowerment, should be reflected throughout the implementation of this Regulation, the Commission has also proposed specific thematic programmes for human rights and democracy and civil society organisations. These thematic programmes will have a complementary and additional role in promoting human rights, democracy and the rule of law by virtue of their global nature and independence of action from the consent of the governments and public authorities of the third countries concerned.

It is also important to note that the NDICI proposal includes also performance-based implementation modalities (article 17 on Neighbourhood countries), and stipulates that programming should be based on the partner's capacity and commitment to promote shared interests and values (article 11).

239. (§ 50 - 2018/PAR/0688) The European Parliament appeals to the Commission to put greater emphasis and focus on improving and maintaining well-functioning aid programmes; calls on the Commission to secure greater media coverage and visibility of best practice and success stories.

Commission's response:

The Commission is strategically committed to creating and building media partnerships as a means of generating informed coverage of EU development cooperation programmes. In 2018, 66 media partnerships were concluded for the European Development Days (EDDs), which are a key moment to generate media coverage in the area of development cooperation. Media partners produced 223 articles, TV or radio broadcasts out of a total of 563 media "pieces", reaching a worldwide audience of 532 million. Also in 2018, the Commission created a digital repository designed to build a library of success stories and case studies using high-quality audio-visual and other content from EU-funded development programmes.

240. (§ 51 - 2018/PAR/0689) The European Parliament stresses the significance of the risks to sustainability, transparency and good coordination that the Union aims to address with its development aid funding in the face of a significant increase of emerging donors and new actors such as Russia and China in Africa; calls on the Commission to work towards a better alignment of international cooperation with partner countries' own development priorities.

Commission's response:

The Commission fully shares the Parliament's concern to enhance coordination amongst Member States, the sustainability of development aid and the alignment of international cooperation with partner countries' development priorities.

The Commission recalls that Article 12 of the proposed Neighbourhood, Development and International Cooperation Instrument (NDICI) establishes that Multiannual indicative programmes (MIPs) shall set out the priority areas selected for Union financing, and that these MIPs shall be built on: “(a) a national or regional strategy in the form of a development plan or a similar document or (b) a framework document laying down the Union policy towards the concerned partner or partners, including a joint document between the Union and Member States.”

In view of preparing the basis for country programming documents, taking into account the NDICI and the current EU policy commitments, the Commission and EEAS have instructed EU Delegations to analyse and assess the National Development Plans (NDPs) of all partner countries to determine to what extent NDPs could serve as the basis for the programming of future EU cooperation or duly justify why this is not the case. Furthermore, and in order to search alignment with partner countries’ priorities, the Commission aims to ensure that geographic programming is synchronised, when possible, with the strategy cycles of partner countries.

Additionally, the Commission would like to reassure the Parliament that consultation with partner countries will take place during the programming phase to ensure that EU interests are in line with partner countries priorities. Consultation with partner countries is also foreseen during the implementation and execution of development programmes. These consultations have already been organised during the pre-programming phase, in which EU Delegations carried out in country dialogues with partner countries, including not only government actors, but also Civil Society, private sector, academia, local authorities, as well as other relevant local stakeholders.

Regarding coordination with Member States, the Commission would like to highlight the ongoing work with Member States to address the COVID-19 pandemic through the Team Europe initiatives. The use of joint programming in the next programming exercise is fully supported by the Commission, as agreed in the European Consensus on Development and articles 10 to 15 of the proposed NDICI, which state that joint programming will be the preferred approach for country programming.

241. (§ 53 - 2018/PAR/0690) The European Parliament recalls that the effectiveness of aid, the partner country's ownership of development results and the reliance on partner countries' governance frameworks are guiding principles to be regularly refined; highlights further that good governance, the rule of law and the respect for human rights are unavoidable preconditions concurring to the effectiveness of aid; calls upon the Commission to set the rule of law and the respect for human rights as the ultimate precondition for approving financial aid.

Commission's response:

The EU is firmly committed to the fundamental values of human rights, democracy and rule of law, which are essential elements of all the EU's

partnerships and cooperation agreements with third countries. The primary objective for our development cooperation (external aid) being poverty reduction, cooperation with most countries include support a number of key sectors and substantial support to democratic governance. Support will often cover a broad range of governance issues, addressing the needs of both duty bearers and rights holders. Principal areas include support to the justice sector, the rule of law, where programmes build capacity and independence, as well as improving access to justice and promoting human rights. In our development cooperation, the EU can work with and through governments, in which case mostly a financing agreement is signed. This agreement includes a clause (art. 26.1 of the General conditions) that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law. Putting ex-ante pre-conditions would not be conducive and in any case would be very difficult to measure. Other key issues such as the needs of a given partner country and its absorption capacity have to be taken into account.

242. (§ 55 - 2018/PAR/0691) The European Parliament reiterates its call on the Commission to include in the next annual activity report a structured assessment of the impact of the activities of the EDFs, with a particular focus on human rights.

Commission's response:

The Commission rejects this recommendation as this reporting requirement is already fulfilled through the production and transmission to the European Parliament of the annual report on the implementation of the European Union's instruments for financing external actions. The annual report is produced each year by the Commission in order to fulfil legal obligations on reporting (i.e. Regulation (EU) No 236/2014 and Regulation (EU) 2015/322) but also to provide a detailed overview of our external assistance policies, activities and results. With chapters on policy, implementation, management of aid and financial annexes giving detailed breakdowns by instrument, theme, regions and countries, this annual report demonstrate the impact of the European Union's instruments for financing external actions. The report includes specific sections on Democracy, Human Rights and Good Governance.

243. (§ 56 - 2018/PAR/0692) The European Parliament asks the Commission to carry out an evaluation on a country-by-country basis of the long-term on-going EDF financed projects in order to demonstrate the true impact of decades-long Union investment on the ground and how it has effectively helped beneficiary countries' economic, social and sustainable development; consequently appeals to the Commission to reflect on the result of the evaluation and limit and/or terminate further funding of ineffective projects.

Commission's response:

The Commission has conducted a large number of both strategic evaluations and project/programme evaluations during the 11th EDF, including a meta-evaluation in preparation for the multiannual financial framework 2014-2020.

The Commission is indeed planning to conduct more evaluations in 2020-21 both at country and sector level. The Commission is planning to launch about nine strategic evaluations in African, Caribbean and Pacific (ACP) countries and three sector evaluations in the fields of Public Finance Management, International Development Banks and Renewable Natural Resources. These evaluations will be complemented by specific research designed to collect key findings on “what works”, i.e. how to enhance the effectiveness of EU interventions. The findings of such activities will be most likely be available by the end of 2021 or the beginning of 2022. All strategic evaluations are made public.

244. (§ 61 - 2018/PAR/0693) The European Parliament recalls Parliament’s regular stance that the Commission should ensure that any trust fund established as a new development tool must always be in line with the Union’s overall strategy and development policy objectives, i.e. the reduction and eradication of poverty, and must, in particular, ensure that the security interests of European countries do not override the needs of the recipient populations; encourages the Commission to consider limiting financial aid to EUTF projects that deflect from this centreline.

Commission's response:

The requested action has already been taken. EUTF Africa programmes focus on assisting people in need to fight poverty and build a future, and improve management migration as a means to contribute to inclusive growth. EUTF-funded actions have a clear developmental objective to assist partner countries to build capacities to assist migrants and forcibly displaced people, strengthen their and the host communities’ resilience, and ensure that their rights are protected. EUTF programmes give priority to the needs and challenges of partner countries.

245. (§ 67 - 2018/PAR/0694) The European Parliament notes that not only did migration management increase as a share in all EUTF-approved projects but funds have also increasingly prioritised North African countries, from 23 % of total migration management funds in 2016 to 52 % in 2018; deplores the fact that while the Union aims to support “vulnerable and marginalised populations” at the forefront of the EUTF, 55 % of the funding from the migration management window went to projects that aimed to “restrict and discourage irregular migration through migration containment and control” in 2017; warns that using development aid as a means of addressing migration and security not only undermines Union development priorities but can create more poverty and instability that forces people to leave their communities; encourages the Commission in that regard to consider limiting and/or cancelling financial aid provisions to EUTF projects that disrespect the long-term Union development policies.

Commission's response:

The requested action has already been taken. EUTF funding is not apportioned among the main four priority areas, one of which is migration management. The Commission underlines that migration management is in fact covered by official development assistance (ODA) eligibility criteria under the OECD/DAC code 15190.

Funding has been approved over the years based on evolving needs and challenges of partner countries and in full agreement with the EUTF's Board. Based on the distribution of EUTF approved funding as of 31/01/2020, 66% is concentrated in areas that represent core development objectives: 21% to economic and employment opportunities; 24% to strengthening resilience of vulnerable communities including refugees and internally displaced people, through access to basic services; and 21% to promoting governance and conflict prevention. In the areas of migration management (31% of approved funding), the EUTF has invested in supporting irregular migrants who voluntarily decided to return and reintegrate to their country of origin, in full respect of their human rights; has strongly supported interventions aimed at dismantling networks of migrant smugglers and traffickers in human beings putting people's life at risk; has developed community stabilisation programmes to help local communities, and protect migrants and internally displaced people; and has supported border management capacities of partner countries.

246. (§ 68 - 2018/PAR/0695) The European Parliament recalls the fact that regional and local authorities, civil society organisations and NGOs and the private sector are partners for an effective development policy, and that a constant dialogue with national authorities and local communities is essential in order to establish common strategies and priorities; calls on the Commission to ensure that the EDFs and the Union budget do not finance projects through the EUTF implemented by governmental and local forces (militias) that are involved in serious human rights violations, especially in countries such as Libya and Sudan.

Commission's response:

The requested action has already been taken. Regional, national and local authorities in partner countries are closely associated with the formulation and implementation of EUTF-funded programmes. International and local NGOs and, to some extent, private sector are also associated as partners in the implementation of EUTF programmes. The Commission has constantly ensured that EUTF-funded programmes are not implemented by government authorities, and does not benefit local irregular forces (militia) involved in any serious human rights violations, including in countries such as Sudan and Libya, where EUTF programmes are implemented exclusively through pillar-assessed UN agencies, international NGOs or bilateral EU MS agencies. EU headquarters and the EU Delegations are regularly in touch with the implementing partners of the EUTF-

funded programmes on the ground. Should respect for human rights not be ensured in the implementation of EUTF projects, the Commission can suspend activities in line with contractual arrangements with the relevant implementer. Moreover, the EU relies on project monitoring missions undertaken by external experts, who report on whether the conditions on the ground are conducive to achieving the planned objectives, also in respect of human rights international standards. In the case of Libya, the EUTF has launched a unique and independent third party monitoring on outputs and on conflict sensitivity of the programme.

247. (§ 69 - 2018/PAR/0696) The European Parliament recalls that EUTF funding coming from development budget lines must not be used for security measures jeopardising migrants' rights; calls on the Commission to put in place tangible guarantees that migration-related EUTF projects are not used by the implementing authorities to violate migrants' basic human rights, and that in the long term the EUTF migration-related projects do not contribute to the destabilisation of countries and sub-regions, as has been pointed out more and more by the NGOs and local people in northern Niger; stresses that EUTF projects must integrate human rights at the core of programming and contribute to the realisation of human rights in the countries concerned.

Commission's response:

The requested action has already been taken. The EUTF does not divert official developed assistance (ODA) resources from the development priorities of partner countries towards the immediate interests of the EU to address migration from Africa. On the contrary, Trust Fund activities are targeted to help people in need to build a future and fight poverty as well-managed migration contributes positively to inclusive growth and sustainable development. Migration management takes place in line with international humanitarian and human rights law. In Northern Niger, the criminalisation of smuggling has led to a loss of income for a number of inhabitants of the Agadez region. In this context, the EUTF is funding a set of actions aiming at supporting the development of alternative sustainable economic and employment opportunities, mostly targeting the youth and the most vulnerable populations. The strategy behind our job-creation programmes, such as the "Plan d'Action à impact économique rapide – PAIERA", is to offer credible economic activities that are legal, provide sufficient economic resources and enable individuals to contribute to the stable long term development of the region.

248. (§ 70 - 2018/PAR/0697) The European Parliament calls on the Commission to include clear and transparent human rights clauses in the contribution agreements it concludes with implementing partners (UN agencies, Member State development agencies) in order to avoid situations whereby the Union could indirectly finance projects that violate human rights; points in that regard to the 'Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea' project,

funded by the EUTF and managed by the United Nations Office for Project Services, which finances Eritrean national construction companies using forced labour via national service.

Commission's response:

Contribution Agreements signed between the EU and implementing partners already contain relevant provisions on respect for human rights, these are spelled out within the General Conditions under article 2 'General Obligations' and under Article 12 'Suspension'. Further details can also be added, where relevant, under the Description of Action – which is part of the contract.

This is the case, for example, in the quoted 'Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea' project, funded by the EUTF and managed by the United Nations Office for Project Services (UNOPS). This is a procurement project and the EU is not involved in the actual road construction of the Eritrean Government; specific provisions are included for the delivery of health and safety equipment that will contribute to the respect of basic standards and safeguards. The Commission, together with UNOPS, closely monitors and follows up on project activities. This has been ensured by the EU Delegation through several field missions, including one together with EU Heads of Mission in February 2020, and via tripartite meetings with UNOPS and the Red Sea Trading Corporation (the Government procurement agency). The implementation of this project remains in line with EU standards on project and sound financial management. Should these not be respected within the limits of the EU-funded procurement project, the EU and UNOPS reserve the right to take appropriate action, including suspending activities.

Beyond the scope of the EU financing of the project, the Commission is aware that, among the people employed by the Government of the State of Eritrea, by construction companies and through cash for works schemes, there are individuals belonging to the National Service, as is the case for all Eritrean economic sectors and social services. The EU deeply regrets the practice of the indefinite National Service and continues to push the Eritrean authorities to reform it in line with the ILO 29 Convention ('Forced Labour Convention').

249. (§ 71 - 2018/PAR/0698) The European Parliament calls on the Commission to ensure that no forced labour and conditions of slavery are used at the working sites of Union co-funded projects, in accordance with international and Union legal frameworks; recommends that the Commission implement a transparent and rigid monitoring system for Union co-funded projects, which should include an anonymous complaints procedure and follow-up.

Commission's response:

In no cases are forced labour or conditions of slavery used in activities implemented under the EU funded projects. This would be a violation of

customary international law. The EU strongly supports ILO through EU funding to promote and enforce international labour standards in partner countries, including the respect of the ILO 29 Convention ('Forced Labour Convention').

The delivery of the EU funded projects is always subject to the rule of law and it follows commitment, contracting, paying modalities specified in the contract agreements. All types of contracts, agreements, tender and grants guidelines include a code of conduct laying down ethical clauses as a contractual obligation for the respect of human rights and labour standards, such as the elimination of forced and compulsory labour. Failure to comply with these ethical clauses may lead to termination of contracts, sanctions or exclusion from tenders or grants.

A solid, transparent and rigid monitoring system is already in place and applied for each project implemented with the EU funding to ensure EU-financed actions pursue stated objectives and are not diverted. Actions implemented in third countries are closely scrutinised by EU Delegations. The monitoring system includes regular reporting, on the spot visits and audits.

The Commission has been closely monitoring and evaluating the EU Trust Fund for Africa projects, notably through the dedicated Monitoring and Learning System, which aims at measuring the collective outcomes and impact of EUTF projects, and to create a learning mechanism that ensures that lessons learnt and best practices are exchanged among stakeholders. This innovative monitoring platform provides quarterly results achieved through each on-going EUTF-funded programme.

The Commission has constantly ensured that the EUTF-funded programmes do not benefit local irregular forces involved in serious human rights violations. EU headquarters and the EU Delegations are regularly in touch with the implementing partners of the EUTF-funded programmes on the ground. Should respect for human and labour rights not be ensured in the implementation of EUTF projects, the Commission can suspend activities, in line with contractual arrangements. Moreover, the EU relies on project monitoring missions undertaken by external experts, who report on whether the conditions on the ground are conducive to achieving the planned objectives, also in respect of human rights international standards.

Concerning the 'Reconnecting Eritrea and Ethiopia through rehabilitation of the main arterial roads in Eritrea' project, see recommendation 2018/PAR/0697 concerning specific monitoring mechanisms and safeguards in place. In addition, the Commission would like to specify that given this is a procurement contract, there are no 'working sites' applicable to it, apart from where equipment and materials delivered are stored.

In relation to the establishment of an anonymous complaints procedure, two main systems are already in place and could be accessed should there be violations. The EU Ombudsman can review any complaint lodged by a citizen of the Union or any natural or legal person residing or having his registered office in a Member State. In addition, the Ombudsman can use its powers to open its own inquiry, in line with article 3 of the Ombudsman's statute: "The Ombudsman shall, on his own

initiative or following a complaint, conduct all the enquiries which he considers justified to clarify any suspected maladministration in the activities of Community institutions and bodies.”

Secondly, as Eritrea has ratified ILO C029 (Forced Labour Convention) and ILO C105 (Abolition of Forced Labour Convention), complaints could also be filed using the ILO complaint procedure, which is governed by articles 26 to 34 of the ILO Constitution. Such a complaint may be filed against a member state for not complying with a ratified Convention by another member state which has ratified the same Convention, a delegate to the International Labour Conference or the Governing Body of its own motion. Upon receipt of a complaint, the Governing Body may establish a Commission of Inquiry, the ILO’s highest-level investigative procedure, which is generally set up when a member state is accused of committing persistent and serious violations and has repeatedly refused to address them.

250. (§ 72 - 2018/PAR/0699) The European Parliament is concerned that the Court found examples of projects addressing similar needs to those of other Union instruments with the risk of duplicating other forms of Union support; calls on the Commission to take particular care to ensure that its actions are consistent and coordinated with Regional Development Programmes and to maximise the impact and effectiveness of global aid in order ensure that the main focus is on development and not on border control and security to the detriment of migrants.

Commission's response:

The requested action has already been taken. As indicated to the European Court of Auditors, during the early stages of the EUTF Africa, a number of actions approved by the EUTF Operational Committees addressed similar needs of those covered by other EU instruments. At that time, it was considered that these actions were fully consistent with the EUTF objectives, and that their funding under the EUTF Africa would speed up their implementation, thus creating a comparative advantage. In other cases, EUTF-funded activities either complemented or extended actions developed under other instruments, without ever overlapping with existing initiatives. EUTF-funded activities thereafter have been developed and implemented in full coherence with national and regional plans and programmes through strong coordination mechanisms at country level.

251. (§ 77 - 2018/PAR/0700) The European Parliament regrets the fact that the shortage of African ownership and financial sustainability with a high dependency on donors and international partners leads to operational shortcomings; invites the Commission to foster African Union ownership of the APSA in order to achieve greater financial independence and refocus Union support away from supporting operational costs towards supporting capacity-building measures.

Commission's response:

The EU is monitoring the implementation of the African Union's (AU) commitment to achieve financial independence, notably through the participation of EU Delegation representatives in various African Union-led meetings including. The EU is, along with the UN, the only external member of the Board of Trustees of the re-vitalised AU Peace Fund. In addition, the EU also actively supports the AU bid to access UN-assessed contributions for financing part of its Peace Support Operations.

Positive trends regarding increased financial independence are already noticeable. Although lower than planned, AU Member States contributions will finance 100% of the AU operating budget and 56% of the AU programme budget. Looking at the overall AU budget, the progress toward financial independence is clear, as AU Member States contributions cover 39,4% of it in 2020, compared to 26,2% in 2017. A second example is the revitalisation of the AU Peace Fund, which has collected over USD 167 million as of early June 2020. Only 4 AU Member States have not yet contributed to the Fund. Thirdly, looking directly into our support to the APSA at contract level, another indicator of this trend is the fact that EU financial support is no longer needed for paying salaries of AUC Peace and Security Department staff since the end of 2018.

252. (§ 79 - 2018/PAR/0701) The European Parliament is seriously concerned by the insufficiencies in the monitoring system with regard to its capability to provide adequate data on the results of activities; asks the Commission to increase the evaluation system's capability of activities and performance to clearly show that Union contributions can be mostly linked to tangible and positive effects on peace and security on the ground; asks the Commission's services to launch a 'Results-Oriented Monitoring' mission and to report to Parliament as soon as possible.

Commission's response:

The results-oriented monitoring and reporting systems for the fourth phase of the APSA Support Programme (APSA IV) are based on a clear results chain, accompanied by a detailed logical framework (logframe). The logical framework includes a list of indicators and sources of verification to ensure measurability. The section of the Description of the Action on 'Performance and Results monitoring and reporting' details the relevant systems and processes to be used throughout the implementation of the programme. The contract entered into force on 1 March 2020.

The implementation of APSA IV will be accompanied by a monitoring and evaluation technical assistance contract, which is currently under preparation. The specific objectives of this assignment will be to assist the African Union Commission in establishing outcome level baselines for logframe indicators; to design a system for monitoring and following-up activities being implemented and results achieved; and to provide technical assistance for implementing this continuous monitoring system.

An external evaluation of the JRC - AU Continental Early Warning System (CEWS) cooperation is ongoing and should be finalised by November 2020. A ROM report exercise for the APSA Support Programme III (APSA III) is also planned in 2020. This process is currently on hold due to the travel and meeting restrictions related to the COVID-19 pandemic; a virtual ex post ROM might be considered instead.

253. (§ 80, in connection with § 75 - § 79 - 2018/PAR/0702) The European Parliament based on the abovementioned concerns, recommends that the Commission consider cancelling all the financial funding to the APSA.

Commission's response:

The African Peace and Security Architecture constitutes the backbone of African solutions to African peace and security problems. The recent joint communication "Towards a comprehensive Strategy with Africa" confirms that ensuring long-lasting peace and security in Africa is as much in Africa's interest as it is in the EU's, and stresses that the EU is willing to markedly step up its support to Africa in cooperation with the international community and as a complement to African States' own efforts.

On the basis of the findings and recommendations the European Court of Auditors made in its 2018 special report "EU support to the African Peace and Security Architecture", the Commission, in collaboration with the EEAS, developed and is implementing an action plan to improve the impact of EU support to APSA. Its content focuses on shifting support away from basic operational costs (mainly salaries) toward well-defined, results-oriented capacity building programmes. This shift is being accompanied by the set-up of stronger monitoring, reporting and evaluation processes, which also allow the Commission to gain more visibility on the achievement of results. Moreover, within the wider framework of the Africa-EU partnership, the Commission ensures that the EU support to the APSA serves the joint interests of both sides, is aligned with the reform agenda of the African Union and encourages the fulfilment of African calls for greater financial independence in the area of peace and security.

On 28 February 2020, in the margins of the latest College-to-College meeting of the European and African Union Commissions, the fourth phase of the APSA support programme was signed. It thoroughly implements the abovementioned action plan and therefore, incorporates in its design the recommendations put forward by the Court of Auditors. This new generation programme will support the strengthening of specific capacities in the area of peace and security by the African Union Commission and the relevant African sub-regional organisations, over the next four years, with an envelope of 40.5 million euros.

254. (§ 82 - 2018/PAR/0703) The European Parliament encourages DG DEVCO to further increase the awareness of the leverage possibilities offered by the External Investment Plan by attracting private sector investment in development partnerships;

recalls, however, that specific attention should be given not only to the additionality of the External Investment Plan but also to the criteria applied in its management in order to avoid any diversion of development funding to private investors or to interest or profit outcomes.

Commission's response:

The Commission fully agrees that mobilising the private sector and attracting further investments is key to assist our partner countries in filling the funding gap to reach the Sustainable Development Goals. In 2019 alone, the External Investment Plan (EIP) invested over 900 million to support countries' efforts to attract more investment, by mixing EU contributions with finance from partners (blending). In total, from the launch of the EIP in 2017 blending projects and risk-sharing guarantees for a total EU contribution of EUR 4.6 billion have been approved, expected to leverage up to EUR 47 billion in new investment. The Commission's implementation report COM(2020)224 on the European Fund for Sustainable Development (EFSD) under the EIP, addressed to the European Parliament and the Council in June 2020 and based on an independent assessment, characterised the EFSD approach as highly relevant in the 'new Sustainable Development Goals-led global development finance model', and appreciated also the effectiveness, additionality, efficiency and coherence of the mechanism. Finally, the efforts to reach out to the private sector as partners for sustainable development should be highlighted. The Commission has a team dedicated to raising awareness of the Plan. During 2019 alone, they organised outreach missions to seven countries in Sub-Saharan Africa and two in the EU Neighbourhood region. These missions targeted private sector companies and government representatives, and included presentations and Business-to-Business sessions. They reached around 1500 private companies. Moreover, the EIP's new website clearly explains the way in which the Plan leverages investment, with detailed information on each guarantee and blending project. It also allows potential private sector investors to submit project proposals or contact partner financial institutions directly.

255. (§ 85 - 2018/PAR/0704) The European Parliament calls on the Commission to place greater focus on the dissemination of successfully implemented projects and to raise public awareness about the Union's investments in global sustainable development.

Commission's response:

With the endorsement of the Council, in 2018 the Commission launched an EU development communication network with the objective of campaigning jointly with the Member States to raise public awareness of Europe's global leadership in the field of sustainable development. The first such joint campaign, entitled #HerWorldOurWorld reached an audience of over two million across Europe in the summer of 2018. The Commission intends to build on successful campaigns of this kind to promote the sustainable agenda as a whole.

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256. (§ 91 - 2018/PAR/0705) The European Parliament calls on the Commission to develop a “more is more approach” with our partners allowing for the possibility to adjust our aid to the respect by third countries of democratic rights, rule of law, respect of the international conventions etc.

Commission's response:

EU values should be the compass of EU development assistance. Predictability of funding and partners' ownership are essential conditions of a true partnership among equals. The EU aims to use its full weight to promote democratic governance and the rule of law, including through its policy dialogues with partner countries. This is mutually beneficial to both us and our partners and an enabler for the achievement of the SDGs. An assessment of the respect of the rule of law (as part of EU fundamental values) is carried out by the Commission to inform decisions on budget support. Adherence to fundamental values, including the rule of law, also play a central role in our programmes. Proposed programming principles for geographic programmes of the NDICI take due account of the partner's commitments and performance, established on the basis of criteria such as political reform and economic and social development, as well as the partner's capacity and commitment to promote shared interests and values. For Neighbourhood countries specifically, a performance-based approach was incorporated in the new NDICI proposal (art. 17).

Finally, we reiterate that the EU can work with and through governments, in which case a financing agreement is signed. Such agreements include a clause that enables the Commission to suspend or to terminate the agreement in case of breach of an obligation relating to respect for human rights, democratic principles and the rule of law.

Bodies set up under the TFEU and the Euratom Treaty - Joint Undertakings

257. (SESAR, § 31 - 2018/PAR/0706) The European Parliament calls on the Commission to inform the discharge authority of the measures they have taken to mitigate possible conflicts of interest, particularly as regards project selection.

Commission's response:

The problem of the potential conflict of interest within the SESAR Deployment Manager (SDM) was raised when the Specific Grant Agreement No5 was agreed between the SDM and the Commission. As one of the outputs of the 5th financing period, the SDM prepared a set of activities and published a document: "Preparation of applications for Common Projects implementation to CEF Transport Calls Key steps and mitigation measures to prevent potential conflicts of interest, January 2020." The new rules will ensure that no conflict of interest situations could emerge at the project selection or Deployment planning phases of the SESAR project.

Performance, financial management and control of EU agencies

258. (§ 7 - 2018/PAR/0707) The European Parliament observes that, according to the Court's report, the risk to sound financial management is medium and is identified mainly in the areas of information technology (IT) and public procurement; regrets that IT and public procurement remain areas prone to error; reiterates its call on the Commission to provide for additional training and exchange of good practices for Agencies' procurement teams.

Commission's response:

With the entry into force of the new Framework Financial Regulation (Commission Delegated Regulation (EU) 2019/715), agencies have adopted their financial rules.

The new Framework Financial Regulation contains relevant provisions on performance as well as on the strengthening of the governance of the decentralised agencies. The alignment with the general Financial Regulation has also led the addition of the performance concept in all steps of the budgetary cycle.

Therefore, the new financial rules of decentralised agencies will provide for alignment with the general Financial Regulation 2018 with regards to procurement procedures. In addition, the reinforced governance rules contained in Delegated Regulation (EU) 2019/715 will apply, providing also additional information to the Commission e.g. with respect to the follow-up to audit recommendations.

Article 89 and 90 of Delegated Regulation (EU) 2019/715 refer to procurement, stating that Title VII of Regulation (EU, Euratom) 2018/1046 and Annex I thereof shall apply, subject to Article 90. Article 90 (procurement procedures) states that Union bodies may conclude service level agreements without having recourse to a public procurement procedure and also states that joint procurement may occur subject to the application of Article 165 of Regulation (EU, Euratom) 2018/1046.

The Commission is providing general trainings opened for participation also to EU agencies and specific trainings on procurement/Expenditure life cycle to decentralised agencies. In 2019 Commission (DG BUDG) provided a capacity building seminar, on public procurement and Expenditure Life Cycle to EASO' procurement team.

Moreover, the Commission is organising regular Communities in practice for procurement officers (at both general and advanced level), to which the EU agencies are invited to participate. In addition, the Commission participate to the yearly Network of the Agencies procurement Officers meetings (NAPO) aiming to exchange good practices in procurement procedures.

259. (§ 10 - 2018/PAR/0708) The European Parliament notes, according to the Court's report, that, following observations raised in previous years and due to known Union policy developments in certain areas, the risk identified in relation to the level of

cooperation of Member States is high for some agencies, namely the European Borders and Coast Guard Agency (Frontex), EASO, and the European Chemicals Agency (ECHA); reiterates its call on the Commission to put these issues on the agenda of Council with a view to strengthening Member States' cooperation.

Commission's response:

The Commission underlines the importance of cooperation of Member States with decentralised agencies. Member States have a crucial role in decentralised agencies due to their position in the agencies' Management Boards, which are composed of a majority of the Member States' representatives. In several areas the decentralised agencies also concretely depend on Member State cooperation and support, be it for example by providing human resources or information. This is normally addressed and provided for in the respective legal framework. The situation is very different from agency to agency. The Commission has therefore been addressing concrete situations in which Member States do not live up to their obligations or commitments. For example, the European Asylum Support Office (EASO) has set up, by Decision of 1 April 2019 of the Management Board, a Preparatory Group which organises, at the Commission's initiative, a meeting before the regular Management Board meetings. The meetings of the Preparatory Group are attended by the EASO Executive Director, the EASO Liaison Officer to the Management Board, the Commission representatives in the Management Board, and the representatives of a limited number of Member States on a rolling basis. This practice allows for closer involvement of the relevant Member State representatives in the issues handled by the Management Board as well as of the functioning of the Board. As for the European Border and Coast Guard Agency (Frontex), it is worth noting that its founding Regulation (EU) 2019/1896 sets out that Frontex, together with the border guard authorities of the Member States, constitute the European Border and Coast Guard, bearing a shared responsibility for implementing a European integrated border management. Consequently, this shared responsibility applies also for the implementation of technical and operational strategy on European Border and Coast Guard adopted by its Management Board. The Commission also ensures that the timely and smooth implementation of the new extended mandate of Frontex set out by the Regulation is followed up by the Council and its relevant working structures. It is also worth noting that the Commission informs the Council and the Member States regularly in the framework of the Council's integrated political crisis response (IPCR) arrangements about the state of play related to the ongoing operations of Frontex, including the gaps in deployment of human resources and assets and urges them to fill those gaps.

260. (§ 13 - 2018/PAR/0709) The European Parliament Notes that the level of detail provided in the audited budgetary implementation reports of certain agencies differs from that of the majority of agencies, which demonstrates the need for clear guidelines on agencies' budget reporting; acknowledges the efforts made to ensure consistency in the presentation and reporting of accounts; observes, again this year, discrepancies in information and documents disclosed by the agencies, especially

regarding staff-related figures, including in reports on the establishment plan (posts filled, or maximum posts authorised, under the Union budget); notes the reply from the Network that it is following the guidelines from the Commission, which were revised following the Regulation (EU) 2019/715 [footnote: Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1)] and adopted on 20 April 2020; furthermore, reiterates its calls on the Commission in the coming years to automatically provide the discharge authority with the official budget (in commitment appropriations and in payment appropriations) and staff figures (establishment plan, contract agents and seconded national experts as of 31 December of the year in question) in respect of the 32 decentralised agencies.

Commission's response:

The Commission would like to point at the Articles 97-102 of Regulation (EU) 2019/715 (Framework Financial Regulation, FFR), which set out provisions with regard to the Accounting Framework. In terms of guidance, the new guidelines on Article 32 FFR (Single programming document) and Article 48 FFR (Consolidated Annual Activity Report) adopted in April 2020 by the Commission intends to streamlines reporting obligations including in terms of the implementation of the agency work programme, budget, staff policy plan, agencies' management, financial management and internal control systems.

261. (§ 14 - 2018/PAR/0710) The European Parliament encourages the agencies and the Commission to further develop and implement the principle of performance-based budgeting, to consistently seek the most effective ways to provide added value, and to explore possible improvements in efficiency in relation to resources management.

Commission's response:

The Commission accepts the recommendation. The Commission reports annually on the performance of its spending programmes through the Programme Statements and Programme Performance Overview, which also provide information on the programmes' added value. The improved Single Programming Document and the Consolidated Annual Activity Report facilitate performance-based budgeting. The allocation of resources for decentralised agencies reflects the priorities of the EU budget, as decided by the budgetary authority. The funding process is subject to a well-established regulatory framework defined in Article 314 TFEU, the Financial Regulation and the Framework Financial Regulation (FFR) of the bodies set up under the TFEU. Both the Commission and each decentralised agency must respect these rules, which ensure predictability of funding. At the same time, the rules provide for the necessary flexibility to adapt to new or changing circumstances. The budget allocation decided by the budgetary authority should reflect the performance of a decentralised agency by adjusting its

budget upwards or downwards, taking into account its performance indicators, possible efficiency gains and synergies including between agencies belonging to the same cluster. Cooperation between decentralised agencies is encouraged and the new FFR facilitates the use of service-level agreements to formalise such cooperation.

262. (§ 17 - 2018/PAR/0711) The European Parliament notes that, according to the Court's report, in 2018, some progress was made in relation to the introduction of SysperII (the human resources management tool developed by the Commission), with five additional agencies signed up to it in 2018; notes, however, that progress in its implementation varies, due to the project being complex and each agency having its own specificities; invites the Commission therefore to assist in ensuring that good use is made of the tool.

Commission's response:

There are currently 23 agencies in service phase, with 15 still onboarding. The Commission ensures an individual follow-up with each agency, both for the technical aspects as well as for service activities (including support to communication, provision of a service desk, organisation of training, and the onboarding of new modules); an overall Sysper Interinstitutional Governance Board has been established to bring together DG HR, DIGIT and all Institutions and Agencies that use SYSPER. The scope of the Board meetings is to discuss planned SYSPER developments, user feedback, as well as evolving HR service trends and needs.

263. (§ 36 - 2018/PAR/0712) The European Parliament reiterates its call on the Commission to review how the salary coefficient for staff working in different Member States is calculated with the aim of providing for a better geographical balance of staff in agencies.

Commission's response:

The correction coefficient puts into practice the general principle of equal treatment, which in this particular case corresponds to the equality of purchasing power between all staff of the EU institutions, bodies and agencies regardless of their place of employment.

Against this background, Annex XI to the Staff Regulations concerning notably correction coefficients entails precise provisions on the timeline, reporting and necessary elements for any possible amendment of this Annex. A report on the implementation of Annex XI shall be submitted by the Commission to the European Parliament and the Council before March 2022.

264. (§ 37 - 2018/PAR/0713) The European Parliament notes with concern that low correction coefficients applied to staff salaries create difficult situations that may hamper an agency's ability to effectively perform its daily duties and may lead to high levels of staff turnover; stresses that agencies located in countries where a low correction coefficient is applied should receive further support from the Commission in implementing complementary measures in order to make them more attractive to current and prospective staff, such as establishing European schools and other facilities; calls on the Commission to assess the impact and viability of applying salary correction coefficients in the future.

Commission's response:

The correction coefficient puts into practice the general principle of equal treatment, which in this particular case corresponds to the equality of purchasing power between all staff of the EU institutions, bodies and agencies regardless of their place of employment.

Against this background, Annex XI to the Staff regulations concerning notably correction coefficients entails precise provisions on the timeline, reporting and necessary elements for any possible amendment of this Annex. A report on the implementation of Annex XI shall be submitted by the Commission to the European Parliament and the Council before March 2022.

The Commission closely monitors geographical balance amongst the staff of the agencies, and encourages the provision of multilingual schooling, child care, and other social measures to assist in the recruitment of staff from across the Member States. Following the recent and upcoming accreditation of several new European Schools, 24 out of 45 agencies and joint undertakings will have access to a European School or accredited European School for their staff children. A further 18 facilitate access to international schools and/or multilingual tuition in the host country.

265. (§ 40 - 2018/PAR/0714) The European Parliament notes with concern that, according to the Court's report, shortcomings were found related to excessive dependency on contractors, external consultancy and interim workers, to the use of inadequate award criteria and to the conclusion of contracts with abnormally low tenderers without reasonable justification; notes that several agencies have outsourced, extensively, regular activities and, occasionally, core business activities, thereby weakening internal expertise and control over contract execution, with some weakening in the procurement process which may impair fair competition and the achievement of best value for money procurements; recommends an adequate ratio between price and quality when awarding contracts, an optimal design of framework contracts, justified intermediary services and the use of detailed framework contracts notes that for six agencies the framework contract terms for the provision of IT maintenance and equipment were weak, as they allowed the purchase of items which were not specifically mentioned therein and were not subject to an initial competitive procedure, and they also allowed the contractor to charge uplifts on the prices of items purchased from other suppliers; notes that although agencies have no

power to change the basic contractual arrangements, their related ex-ante controls did not check the accuracy of the up-lifts charged by the contractor; calls on all agencies and bodies of the Union to strictly abide by public procurement rules; underlines that digitalisation is a great opportunity for agencies to increase efficiency and transparency, including in the field of procurement; calls, therefore, on all agencies and bodies to rapidly finalise and implement e-tendering, e-submission, e-invoicing and e-forms for public procurement; asks the Commission and the agencies to address necessary improvements in procurement teams as a matter of urgency, taking into account that the problem persists and needs to be addressed systemically.

Commission's response:

The Commission takes note on the recommendation. The Commission is committed to implement eProcurement for its procurement procedures and in this respect is building the future corporate eProcurement solution. The new solution is partially developed and implemented and it aims to be a fully automated and paperless solution covering the whole procurement end-to-end process, with full integration with the financial, budgetary & accounting system (i.e. ABAC Workflow which will be replaced by SUMMA).

The eProcurement solution, as one of the 'Digital solutions' of the EC Digital Strategy, will be used by all EC services, but will be offered also to other EU institutions and bodies. A number of EU agencies use already some existing modules such as eTendering, eSubmission and PPMT and will further take benefit of the full solution when finally developed.

Electronic management of procurement procedures will ensure lower risk of procedural errors, simplification and harmonisation of business processes and represent an efficient tool for reliable and accurate reporting.

266. (§ 47 - 2018/PAR/0715) The European Parliament considers it regrettable that there are still no clear guidelines and that there is no consolidated policy on the revolving doors issue; stresses the fact that this issue is of key importance, particularly in the case of those agencies working with industries; calls on the Commission to provide stronger rules, better controls and clearer guidelines on cooling-off periods for outgoing staff, as well as other revolving-doors related measures.

Commission's response:

Rules concerning revolving doors contained in the Staff Regulations are also applicable to agencies and implementing rules on the matter are applied by analogy by the agencies. In case an agency wishes to adopt complementary implementing rules, the Commission ensures, via Article 110(2) of the Staff Regulations, that those respect the applicable legal framework which also includes the agencies' founding act. The Commission, upon request from the agencies, can provide advice by illustrating how these rules are applied at Commission level.

However, the Commission cannot enforce the rules in agencies, as these are independent and separate legal entities and are independently responsible for the implementation of the rules, the compliance and for adopting individual decisions concerning their staff. The representatives of the Commission in agencies accord the highest priority to the respect of ethical standards within the agencies.

267. (§ 49 - 2018/PAR/0716) The European Parliament reiterates its concern that agencies which receive a large part of their revenues as fees paid by the industry are more prone to the risk of the conflict of interests and their professional independence; calls on the agencies and the Commission to reduce dependency on industry fees.

Commission's response:

The Commission invites the EP to also address the recommendation to the agencies concerned.

The Commission acknowledges the need for good governance of fee-financed agencies, including the need for procedures to avoid conflict of interest.

The Common Approach for decentralised agencies agreed between the EP, the Council and the Commission underlines the independence of decentralised agencies from commercial interests. The Common Approach provides that each Member State designates one member of the Management Board. These are appointed in light of their expertise in the agency's core business.

The Commission's 2019 Framework Financial Regulation 2019/715 (FFR) contains key measures improving the framework for avoiding conflict of interests. These rules have been incorporated into the financial rules of all decentralised agencies, including fee-financed ones. Members of the Management Board are now explicitly subject to rules on conflict of interests. Each decentralised agency shall adopt rules on the prevention and management of conflict of interests and shall publish annually on its website the declaration of interests of the management board members. (Article 42). A declaration of interests has a wider scope than a declaration of absence of conflict of interest. In addition, Article 32(1)(h) FFR asks each decentralised agency to set out the anti-fraud strategy and measures to prevent recurrence of conflict of interest and irregularities in its single programming document. The Commission shall provide an opinion on this. If a decentralised agency does not fully take into account the Commission's opinion, it shall provide the Commission with adequate explanations. Article 48 FFR on the Annual Activity Report asks the director of an agency to report on the efficiency and effectiveness of the internal control systems, audit recommendations

The FFR has also reinforced the reporting requirements around whistleblowing and anti-fraud measures to allow the Commission to react rapidly.

268. (§ 58 - 2018/PAR/0717) The European Parliament stresses the possible negative effects of the United Kingdom's withdrawal from the European Union on the organisation, operations and accounts of the agencies, specifically when it comes to a reduction in direct contributions; urges the Commission to act with extreme diligence when handling risk prevention and risk mitigation for the agencies.

Commission's response:

In the Communication of 20th May 2020 on the MFF, the Commission proposed an ambitious level of funding for the decentralised agencies, building upon the whole of the adopted legislations, budgetary decisions and workload up until now, even though the EU is one Member State less. The draft budget 2021 recently proposed by the Commission is based on the assumption that the EU contribution to the decentralised agencies is consolidated at the 2020 level. In other words, even though the UK will not be an active member anymore of the Union (and of most decentralised agencies), the EU contribution to the agencies has, in general, not been reduced.

As regards the effects of the UK withdrawal from the EU, the Union is presently negotiating the future partnership agreement with the UK that will address all the topics related to the future relationship, including in relation with decentralised agencies. Only once the final form of the UK-EU relation is known, the impacts on the envelopes proposed for decentralised agencies in the next MFF may be revisited.

Bodies set up under the TFEU and the Euratom Treaty

269. (**BEREC, § 9 - 2018/PAR/0718**) The European Parliament notes with concern that the Agency is dependent on external resources and on one company, which creates a risk to business continuity; notes with concern that the Agency does not possess the critical mass of staff and competence; calls the Commission to present appropriate resource allocation to the budgetary authority.

Commission's response:

The new BEREC Regulation 2018/1971, which entered into force as of December 2019, foresees additional tasks for the BEREC Office, which led to an increase of financial and human resources under the BEREC Office budget 2019. Therefore, the Commission considers that appropriate resources were allocated to the BEREC office in 2019.

These additional resources were maintained in the following budgetary exercise.

Regarding external resources, BEREC is no longer dependent on one single company. The previous framework contract expired (as stated by the European Court of Auditors' annual report on Joint Undertakings) and a new procurement methodology with the reopening of competition is now in place increasing the opportunities to multiple providers.

270. (**BEREC, § 10 - 2018/PAR/0719**) The European Parliament notes with satisfaction that at the end of 2018 gender balance was almost achieved at staff level (52 % women and 48 % men) and was achieved in middle management positions (50 % women and 50 % men), and notes that a good geographical balance was achieved, with the Agency employing staff from 13 Member States; is concerned, however, that gender balance was not achieved among the members of the management board, with only 5 women among the 28 members; asks in this regard the Commission and the Member States to take into account the importance of ensuring gender balance when presenting their nominations for members of the management board.

Commission's response:

The Commission agrees with the importance of ensuring gender balance in the management boards of EU Agencies, in line with its own internal policy on the subject. Therefore, the Commission will bring the issue of gender balance and the specific concerns of the European Parliament to the attention of the Body of European Regulators for Electronic Communications' (BEREC's) Managing Board.

However, it needs to be stressed that the composition of the Board of Regulators/Management Board (BoR/MB) cannot be controlled by the Commission or the Agency alone, since Article 7, par 1 of the BEREC Regulation 2018/1971 establishes that:

“The Board of Regulators shall be composed of one member from each Member State. Each member shall have the right to vote. Each member shall be appointed by the National Regulatory Authority (NRA) that has primary responsibility for overseeing the day-to-day operation of the markets for electronic communications networks and services under Directive (EU) 2018/1972. The member shall be appointed from among the head of the NRA, a member of its collegiate body, or the replacement of either of them”.

The Commission’s only representative in the Management Board is the Director General of DG CONNECT.

The members of the Board of Regulators are the Heads of the NRAs (the same members sit on the Management Board). The Agency and the Commission have no influence on the national appointments.

271. (Cedefop, § 7 - 2018/PAR/0720) The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of, if not fully merging, then at the very least setting up shared synergies with Eurofound; calls on the Commission to evaluate both scenarios, namely the transfer of the Centre to the Eurofound Headquarters in Loughlinstown, Ireland, and the transfer of the Eurofound Headquarters to the Centre’s Thessaloniki Headquarters; notes that this would result in the sharing of corporate and support services and the common management of premises, as well as the sharing of ICT, telecommunications and internet-based infrastructures, saving a significant amount of costs, which could be used on further funding for both agencies; acknowledges that the effective, efficient and error-free work of the agencies is closely linked to an adequate level of funding to cover their operational and administrative activities; therefore, calls on Member States to accommodate the activities the agencies have to perform to the funding they are assigned.

Commission's response:

The Commission considers the recommendation implemented. In 2018, the Commission completed a cross-cutting evaluation of the European Commission Agencies working in the employment and social affairs policy field- EUROFOUND, CEDEFOP, ETF and EU-OSHA. This cross-cutting evaluation aimed to assess retrospectively the individual performance of the Agencies, and to determine possible synergies and efficiency gains. Different merger scenarios, including merging CEDEFOP and EUROFOUND, were analysed. The SWD concludes that the Agencies have been overall successful in fulfilling the tasks stemming from their mandates. They have provided high value for money and their work has been relevant and useful for their stakeholders. It also concluded that there would be no straightforward added value gained from mergers, the costs outweighing the benefits. The evaluation did conclude that reinforced cooperation, including the sharing of services, should be encouraged. Such cooperation is being pursued by the agencies concerned, who adopted related

action plans as a follow-up to the recommendations made in Commission Staff Working Document SWD(2019)160. Information on the evaluation can be found on the Commission's dedicated webpage: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8206>. The Commission will be closely monitoring the implementation of the action plans and will continue to foster synergies and cooperation between the agencies.

272. (CEPOL, § 7 - 2018/PAR/0721) The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of (if not fully merging) at the very least setting up shared synergies with the European Union Agency for Law Enforcement Cooperation ('Europol'); calls upon the Commission to evaluate both scenarios, namely the transfer of the Agency to the Europol headquarters in The Hague, and the transfer of the Europol headquarters to the Agency's headquarters in Budapest; notes that such an act would mean sharing corporate and support services and the management of common premises, as well as shared ICT, telecommunications and internet-based infrastructures, thereby saving huge amounts of money which would be used to fund both agencies further.

Commission's response:

While the potential budgetary benefits of increasing synergies between both agencies are worth exploring, Commission considers that it would be premature to decide on a feasibility study before having received the conclusions of the statutory periodic evaluations of CEPOL and Europol, as provided for in the agencies' respective founding regulations. The evaluations will assess in particular the impact, effectiveness and efficiency of the agencies and their working practices. The deadline for CEPOL's evaluation is 1 July 2021. The deadline for Europol's evaluation is 1 May 2022.

The Commission notes that it published a Staff Working Document in 2013 summarising the Impact Assessment of a merger between CEPOL and Europol at that time (<https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52013SC0099>). Both the Council and European Parliament rejected the idea of a merger.

273. (CEPOL, § 12 - 2018/PAR/0722) The European Parliament observes that, as a consequence of its relocation from the United Kingdom to Hungary and the lower correction coefficient applied to staff salaries as a result, the staff turnover has been high and geographical balance has not always been maintained as applications from Member States other than the host country have decreased; notes that in 2018, the Agency continued to receive a significant number of applications from Hungarian citizens and host Member State nationals continued to be overrepresented in the total number of staff; observes that the legal dispute regarding the relocation was closed by the judgment of the General Court in 2018 [footnote: Judgment of the General Court of 25 October 2018, FN and Others v CEPOL, T-334/16 P, ECLI:EU:T:2018:723.], and the initial judgment was confirmed; highlights that a

low correction coefficient applied to staff salaries may create difficult situations which may hamper an agency's ability to effectively perform its daily duties; stresses that agencies located in countries where a low correction coefficient is applied should receive further support from the Commission for implementing complementary measures in order to make them more attractive to current and prospective staff; calls on the Commission to assess the impact and viability of applying salary correction coefficients in the future.

Commission's response:

The correction coefficient puts into practice the general principle of equal treatment, which in this particular case corresponds to the equality of purchasing power between all staff of the EU institutions, bodies and agencies regardless of their place of employment.

Against this background, Annex XI to the Staff Regulations concerning notably correction coefficients entails precise provisions on the timeline, reporting and necessary elements for any possible amendment of this Annex. A report on the implementation of Annex XI shall be submitted by the Commission to the European Parliament and the Council before March 2022.

The Commission continues to monitor the geographical balance at CEPOL, and encourages the provision of multilingual schooling, child care, and other social measures to assist in the recruitment of staff from across the Member States. To this end, CEPOL covers the cost of international school fees for non-Hungarian language tuition for its staff.

274. (EASO, § 4 - 2018/PAR/0723) The European Parliament notes, in light of comments and observations from the discharge authority related to the Office's high dependency on sufficient resources, mainly on experts being made available by Member States, that shortages of experts are reported to the Member States and Commission at different levels; notes, furthermore, that, in order to compensate for the shortages faced in Member States' nominations and deployments, the Office has increased the deployment of locally recruited interim staff and that, in 2018, only 26 % of the deployments of the operational needs were covered by Member State experts; points out the fact that the Office would not be in position to provide Member States with critical support to their asylum systems without the use of temporary agents; acknowledges the Office's proposal suggesting an Asylum Reserve Pool of 500 Member State experts; calls on the Member States and the Commission to urgently assess and address this proposal.

Commission's response:

The Commission is aware of the proportion of interim staff deployed by the European Asylum Support Office (EASO) to support Member States, and supports EASO to explore alternative ways to ensure both the flexibility and rapidity of deployments to Member States. The 2016 proposal for an EU Asylum Agency

(EUAA), on which a political compromise was reached in 2017, provides for a reserve pool of 500 experts. It is concluded that the adoption of the proposal will lead to implementation of the request of the EP.

275. *(EASO, § 14 - 2018/PAR/0724)* The European Parliament notes with satisfaction that, as regards housing arrangements concerning the accommodation of asylum support teams and other Office forces in the Member States (e.g. as regards privileges and immunities for the Office's own staff, Member States' experts and contracted experts), the Office signed a hosting arrangement with Cyprus in July 2019, was to sign a hosting agreement with Greece in January 2020 and is in the process of concluding a new agreement with Italy to fully respect Regulation (EU) No 439/2010 and in line with other hosting arrangements of the Office; calls on the Office, together with the Commission, to continue seeking effective arrangements with Member States concerning the accommodation of asylum support teams and other Office forces.

Commission's response:

EASO and the Greek Government signed a Seat Agreement for the Hosting of the EASO Operational Office in Greece in January 2020; the agreement was ratified by the Greek Parliament in June 2020. Discussions between EASO and Italian authorities on a hosting agreement are well advanced and expected to be concluded in the near future (signature foreseen in 2020 and ratification in 2021).

276. *(ECHA, § 3 - 2018/PAR/0725)* The European Parliament Emphasises that the Agency is partly financed from the fees it receives from companies that request the registration of chemicals as required under Regulation (EC) No 1907/2006; notes that the fees applicable depend on the size of the companies and the volume of chemicals registered; notes that the Agency has identified that some 52 % of the companies had incorrectly declared their size, resulting in lower fees; stresses that this finding demonstrates the limitations of a system that relies excessively on self-declarations made by applicants; notes that the Agency has, over the years, invoiced fee corrections and administrative charges amounting to EUR 17,9 million and that the Agency has made considerable progress in recovering undue fee reductions and collecting overdue administrative charges; notes, however, that there is still a considerable verification workload ahead and that the remaining amount of necessary fee corrections was unknown at the end of 2018; urges the Agency to put in place similarly thorough ex ante verifications to minimise the risk of fraudulent self-declarations; furthermore, urges the national enforcement authorities to enhance the verification systems used to check and publish the volumes of chemicals declared by the companies; calls on the Agency to report to the discharge authority on its efforts, and on the results achieved, to continue to reduce the considerable verification backlog and to implement the fee corrections and the recovery of unpaid fees; calls on the Commission to propose measures to resolve this situation in order

to avoid fraud in declarations of the size of applicants and to allow the Agency to plan its budget on a more stable basis.

Commission's response:

The verification of company size of registrants and applicants is a core task of ECHA and falls fully in its remit under Commission Regulation (EC) 340/2008 of 16 April 2008 on the fees and charges payable to the European Chemicals Agency pursuant to Regulation (EC) 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). In case of a wrong declaration of the company size, ECHA recovers the unpaid fees and an additional charge is paid to ECHA by registrants when they elude to declare the real size of their companies. The fees and charges recovered constitute an additional income for ECHA in particular that the fees deriving from REACH substance registration have dropped drastically since the last regulatory registration in 2018. The Commission through its representatives in the Management Board has urged the Agency since 2015 to put in place a credible action to step up the SME status verification for REACH to reduce the backlog and recover unpaid fees by undertakings. Reduced fees and charges for SMEs in the meaning of Recommendation 2003/361/EC are applied also by other EU bodies. ECHA has also been encouraged to explore the practices in other executive and decentralized agencies. The Commission is in the process of evaluating reviewing Recommendation 2003/361/EC. However, in case changes were to be made, potential simplifications will not affect the backlog accumulated by ECHA but will apply to future registrants and applicants to ensure equal treatment. After the last regulatory registration deadline under REACH, the EU contribution represents two thirds of the ECHA total budget for its activities under REACH/CLP and thanks to the income from fees and charges, ECHA has not used so far its income to the full. The Commission has launched the process of assessing the sustainability and the stability of ECHA's financing after 2020 as announced in the REACH review communication COM(2018)116 final.

277. (EIGE, § 4 - 2018/PAR/0726) The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of, at the very, least setting up shared synergies with the European Union Agency for Fundamental Rights (FRA), if not fully merging them; calls on the Commission to evaluate two scenarios: the transfer of the Institute to FRA' headquarters in Vienna and the transfer of FRA's headquarters to the Institute's headquarters in Vilnius; notes that such an act would mean sharing corporate and support services and the management of the common premises, as well as shared ICT, telecommunications and internet-based infrastructures, saving huge amounts of money which would be used to fund the Institution and FRA further.

Commission's response:

The Commission fully shares the objectives of the Parliament to seek synergies between agencies. However, the Commission finds that it is not necessary to conduct the requested feasibility study as there are already arrangements in place to foster synergies and avoid overlaps between the two agencies and the assessment of the cooperation between EIGE and FRA is positive.

In order to optimise synergies between the FRA and EIGE, the two agencies entered into a Cooperation Agreement in 2010 (<https://eige.europa.eu/about/documents-registry/cooperation-agreement-between-eige-and-fra?lang=fr>). It entered into force on 22 November 2010 and it is being applied since then.

The agreement establishes a general framework for cooperation to:

- foster close collaboration in research, communication and networking;*
- strengthen the promotion of human rights and gender equality;*
- make the best possible use of the human and financial resources in their respective agencies;*
- increase efficiency and avoid duplications;*
- ensure coherence and synergy of research with a view to optimising the impact of all initiatives taken in the EU with the aim to improve equality between women and men in Europe.*

FRA and EIGE are following the cooperation agreement and making sure that overlaps are avoided, while synergies are utilised. To mention a couple of examples, the two agencies have cooperated on the use of the Violence Against Women survey's results. EIGE was given privileged first access to FRA's survey dataset, which was used as the basis of EIGE's data input for the 'violence' domain in the EIGE gender equality index. FRA also provided EIGE with the analysis of its survey data on Roma on the basis of gender, which EIGE used for its own publication work.

The 2015 external evaluation on the EIGE (available at: <https://eige.europa.eu/about/documents-registry/external-evaluation-european-institute-gender-equality>) underlined that "the cooperation agreement signed between EIGE and FRA in 2010 established the framework for the two agencies to complement each other's work and avoid duplication in research, communication and networking activities. To date all the provisions in the cooperation agreement have been implemented as planned. The agencies regularly consult on activities of common interest (mainly in the field of gender-based violence), which is reflected in their mid-term and annual work programmes".

FRA and EIGE also have regular meetings to continuously improve their cooperation and at times participate at each other's Management Board meetings. Moreover, the Commission plays an active role to ensure the best use of resources (this is facilitated by the fact that both agencies are within the remits of one Directorate-General).

The 2015 external evaluation on the EIGE also concluded that “evaluation findings suggest that there was no duplication of EIGE’s work with the activities of other national, European or international actors working in the field. Specific formal precautions were taken to avoid duplications”. The evaluation found “that EIGE explores synergies best with other decentralised agencies (mostly FRA and Eurofound) and Eurostat – the actors which provide data crucial for EIGE’s work. This relationship is mutually beneficial, as cooperation with EIGE helps these organisations mainstream gender equality in their work.”

Previously, the feasibility study carried out for the Commission in 2002 prior to the establishment of EIGE (European Commission Feasibility Study for a European Gender Institute conducted by PLS Ramboll Management, DK, 2002) concluded that there is a clear role for a European Institute for Gender Equality to carry out some of the tasks with which the existing institutions do not deal, specifically in the areas of coordination, centralisation and dissemination of research data and information, network building, the raising of visibility of equality between men and women, highlighting the gender perspective and the development of tools for improved integration of gender equality in all Community policies, as mentioned in EIGE’s founding Regulation (Regulation No 1922/2006).

Moreover, the specificity of gender equality in the context of EU policy (gender equality is a fundamental value and task of the EU, as enshrined in the Treaties, and is also a key priority of the current Commission, which recently adopted a Gender Equality Strategy; gender mainstreaming is also a requirement of the Treaties) justifies the need for having an agency specifically contributing to the promotion of gender equality. Having an agency with this specific mandate also allows for better tracking the resources made available for the agency to accomplish its tasks and better assessing its performance. EIGE has established itself as the European knowledge centre on gender equality and has brought an indispensable gender perspective in many policy areas, supporting both EU institutions and Member States.

Finally, the issues of relevance, coherence, effectiveness, efficiency and EU added value of EIGE will be duly assessed in an upcoming external evaluation, for which preparations have already started and which will be finalised in 2022.

278. *(EIGE, § 15 - 2018/PAR/0727)* The European Parliament notes the ruling of the Vilnius City District Court in February 2019 in favour of five former employees of the Institute who had accused the Institute of exploiting the 'temporary employee' status for a period of five years in order to pay them less than staff with long-term employment statuses; calls on the Commission to carry out an overview analysis of the ways in which agencies employ their staff and of the Institute itself and to inform the discharge authority of the final outcome of the analysis.

Commission's response:

The Commission is aware of the judgement mentioned and of the appeal against the Vilnius City District Court judgement submitted by the interim service provider concerned. In 2020, the supreme Lithuanian jurisdiction submitted questions referred for a preliminary ruling before the Union's Court of Justice. These questions are currently under the Union's Court of Justice remit before giving a preliminary ruling. Therefore, the final judgement of the Lithuanian jurisdiction is not yet issued.

In this context, the Commission suggests to abstain from engaging in an overall analysis of the situation in all the agencies, pending the finalisation of the ongoing legal affair. However, the Commission will carefully examine the final judgement once available.

279. (EIT, § 18 - 2018/PAR/0728) The European Parliament notes from the Court's report that in 2014 the Commission signed, on behalf of the Institute and other Union institutions and bodies, a framework contract for the acquisition of software, licences and the provision of related IT maintenance and consultancy, and that the Institute in the ex-ante control did not systematically check the framework contractor's prices and uplifts charged with the suppliers' quotes; stresses that total payments to the framework contractor amounted to EUR 64 000; notes the Institute's reply that it followed the mechanism prescribed in the framework contract and that the framework contract in question has expired and has been replaced by a new one requiring that each quotation shall provide a split between the original pricing and the uplift; highlights the fact that the framework contract itself may restrict competition, as there is no evidence that the framework contractor chooses suppliers on a competitive basis; calls on the Commission to report on the competitiveness of the framework contracts; calls on the Institute to adapt ex-ante controls on payments under such contracts and to ensure there is a competitive procedure for all procurements.

Commission's response:

Every party signatory to an inter-institutional framework contract (FWC) is bound to respect and follow the terms and implementation conditions of the signed FWC. If there are ex-ante controls in the FWC that foresee that the Contracting Authority should apply during the management of a contract, then the Contracting Authority is bound to correctly implement such instructions and obligations.

Concerning the restriction of competition among the suppliers of a contractor, please note that these suppliers are in practice subcontractors on whom the contractor relies in order to perform the contract. In accordance with the EU procurement rules, the contracting authority cannot exclude or limit the share of subcontracting. A contractor is free to select its subcontractors as he/she may think appropriate to duly implement a contract. The contracting authority has no direct legal relationship with the subcontractor(s). The contracting authority is

responsible to ensure that the principle of fair competition is complied with at the moment of the launching of a procedure, in accordance with Title VII FR and Annex I FR.

280. (EMA, § 29 - 2018/PAR/0729) The European Parliament notes that the Court issued an emphasis of matter paragraph in relation to the two London-based agencies, concerning the United Kingdom's decision to withdraw from the European Union; notes that the seat of the Agency moved to Amsterdam in March 2019 and that the Agency's accounts at 31 December 2018, included provisions for related costs amounting to EUR 17 800 000; regrets that the lease agreement for the London-based premises sets a rental period until 2039 with no exit clause; also regrets that on 20 February 2019, the High Court of Justice of England and Wales ruled against the Agency's request to cancel the lease; notes, however, that the lease agreement allows reassignment or subletting of the premises to third parties, subject to the landlord's consent; deeply regrets that the notes to the accounts at 31 December 2018 disclosed an amount of EUR 468 000 000 remaining rent until 2039, of which an amount of EUR 465 000 000 for the lease period after the Agency's planned move to Amsterdam is disclosed as a contingent liability; recognises the Agency's significant efforts to find a subtenant for its London premises; highlights that although a sublease of the premises was concluded by the Agency with effect from 1 July 2019, the future net cost of the lease agreement being uncancellable is unknown; urges the Commission to do its utmost to minimise the long-term financial, administrative and operational impact on the Agency of the unfavourable lease agreement; calls on the Agency to involve the Commission, in particular the legal service and the negotiating team acting in relation to the United Kingdom's decision to withdraw from the European Union, in an examination of the legal problem since it raises the legal and financial responsibility of the government of the United Kingdom for invoking Article 50 of the Treaty on European Union, a situation which the High Court did not recognise as a matter of force majeure; calls on the Agency to report back to the discharge authority on the matter.

Commission's response:

The headlease with the landlord allows the EMA to sublet or assign its former premises in the UK subject to the landlord's consent. In 2019, the EMA has reached an agreement with the landlord of the premises at 30 Churchill Place to sublet the premises to the sub-tenant. The agreement also includes the withdrawal of the EMA's appeal against the decision of the High Court of 20 February 2019 that the EMA would remain bound by the terms of the lease for its contractual term notwithstanding the departure of the UK from the EU and/or the relocation of the EMA from London to Amsterdam. Therefore, the decision of the High Court of 20 February 2019 stands.

Following the submission of its request to the budgetary authority on 4 March 2019, the EMA obtained the European Parliament's approval on 18 March 2019 and Council approval on 2 April 2019, to enter into a sub-lease contract for the London building.

The EMA reached an agreement with the landlord of the London building in July 2019, in accordance with the discussions held with the EU budgetary authorities. As a result of the agreement, the EMA has sublet the premises at 30 Churchill Place until the expiry of its lease in June 2039.

With regard to seek an arrangement with the UK in order to release the EMA from the obligations that result from the sublease agreement, the financial settlement with the UK has been closed, and there is no possibility to re-open the negotiations on this point.

281. (ENISA, § 6 - 2018/PAR/0730) The European Parliament calls on the Commission to conduct a Feasibility Study in order to assess the possibility of setting up shared synergies with the Cedefop which has its headquarters in Thessaloniki; calls on the Commission to evaluate both scenarios, namely the transfer of the Agency to the Cedefop headquarters in Thessaloniki, and the transfer of the Agency's headquarters to its Heraklion headquarters; notes that the transfer of the Agency to the Cedefop headquarters would entail the sharing of corporate and support services and the management of the common premises, as well as shared ICT, telecommunications and internet-based infrastructures, saving very significant amounts of money which would be used for the further funding of both agencies.

Commission's response:

With the signing of a Service Level Agreement (SLA) between the two agencies in April 2020, ENISA and Cedefop are consolidating their long-standing cooperation. The objective of this SLA is to realise efficiency gains by sharing services, knowledge and expertise and by shifting resources. Furthermore, ENISA was able to move its headquarters from Heraklion to Athens through an act signed by the Greek Parliament in 2019, in order to better realise its new and expanded mandate through the Regulation (EU) 2019/881 of the European Parliament and of the Council of 17 April 2019 on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification and repealing Regulation (EU) No 526/2013 (Cybersecurity Act). In light of the above, the Commission considers that the EP discharge request has been addressed.

282. (EU-LISA, § 3 - 2018/PAR/0731) The European Parliament notes with concern that, according to the Court's report, the Agency's budget implementation rate was less than planned because of the late adoption or entry into force of legal acts (a matter which is outside the Agency's control), affecting both the evolution and the development of existing and new systems; notes that in response the Agency returned to the Commission EUR 74 000 000 in payment appropriations and carried forward EUR 49 000 000 of commitment appropriations, thereby calling into question the planning assumptions contained in the legislative financial statements prepared by the Commission; highlights that the inscription of budgetary resources in the Agency's voted budget in respect of legal acts not yet adopted introduces

significant risks to sound financial management; calls on the Commission, together with the Agency, to improve the alignment of budgetary planning with the timing of adoption or entry into force of legal acts.

Commission's response:

The Commission works closely with eu-LISA to align as much as possible the proposed budget to the needs and absorption capacity of the Agency with the aim to ensure sound financial management.

The timing of the adoption of Union legal acts depends on several factors, including the duration of the legislative process involving the EU co-legislators.

283. (EU-LISA, § 14 - 2018/PAR/0732) The European Parliament notes in light of comments and observations made in 2018 by the discharge authority that the Agency acknowledges the significant risks for the continuity of its operations of having a small number of staff; highlights the fact that the Agency has requested additional staff in its programming documents; acknowledges that such staff increase is subject to approval by Parliament and Council, and that the Agency is trying to mitigate the risk through reprioritisation of tasks and speedy recruitment; points out that the current practice of recruiting the staff necessary for the implementation of a legal act only once such legal act is in force implies reliance on existing staff to conduct preparatory measures for the implementation of such legal act, stretching the Agency's core team capabilities and, therefore, carrying the risk of affecting the Agency's performance of its daily activities; calls on the Commission to allow for the front-loading of some of the staff foreseen in a proposal for a legal act in order to allow the Agency to efficiently prepare for the implementation of such legal act.

Commission's response:

The Commission recognises the efforts of the Agency to mitigate the risk through reprioritisation of tasks and speedy recruitment. The Commission encourages the Agency to continue its efforts towards filling the vacant posts and preparing for the recruitment of new staff by launching preparatory actions, such as the creation of reserve lists.

However, the Commission can allow for recruitment of new staff only on adoption of the corresponding legal act.

The number of posts foreseen are assessed during the preparation of the draft budget for the following year, taking into consideration the specific needs for the operations and on the basis of the Legislative Financial Statements.

284. (EUROFOUND, § 7 - 2018/PAR/0733) The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of merging the Foundation with Cedefop; underlines that the Foundation and Cedefop have a very similar field of operation and that such a merger would simplify the

funding of the two Agencies, as well as clarify the system of Union agencies in the eyes of the public; calls on the Commission to consider at least setting up shared synergies with Cedefop; calls upon the Commission to evaluate the following alternatives: the transfer of the Foundation to the headquarters of Cedefop in Thessaloniki and the transfer of Cedefop transfer to the headquarters of the Foundation in Loughlinstown; notes that this would mean sharing corporate and support services and the management of the common premises, as well as shared ICT, telecommunications and internet-based infrastructures, saving large amounts of money which would be used on further funding of both agencies.

Commission's response:

The Commission considers the recommendation implemented. In 2018, the Commission completed a cross-cutting evaluation of the European Commission Agencies working in the employment and social affairs policy field- EUROFOUND, CEDEFOP, ETF and EU-OSHA. This cross-cutting evaluation aimed to assess retrospectively the individual performance of the Agencies, and to determine possible synergies and efficiency gains. Different merger scenarios, including merging CEDEFOP and the Foundation, were analysed. The SWD concludes that the Agencies have been overall successful in fulfilling the tasks stemming from their mandates. They have provided high value for money and their work has been relevant and useful for their stakeholders. It also concluded that there would be no straightforward added value gained from mergers, the costs outweighing the benefits. The evaluation did conclude that reinforced cooperation, including the sharing of services, should be encouraged. Such cooperation is being pursued by the agencies concerned, who adopted related action plans as a follow-up to the recommendations made in Commission Staff Working Document SWD(2019)160. Information on the evaluation can be found on the Commission's dedicated webpage: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8206>. The Commission will be closely monitoring the implementation of the action plans and will continue to foster synergies and cooperation between the agencies.

285. **(EUROPOL, § 9 - 2018/PAR/0734)** The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of, at the very least, setting up shared synergies with the European Union Agency for Law Enforcement Training ('CEPOL'), if not of fully merging them; calls upon the Commission to evaluate two scenarios: the transfer of the Agency to CEPOL's headquarters in Budapest and the transfer of CEPOL's headquarters to the Agency's headquarters in The Hague; notes that such an act would mean sharing corporate and support services and the management of common premises, as well as shared ICT, telecommunications and internet-based infrastructure, thus saving huge amounts of money which would be used to fund both agencies further.

Commission's response:

While the potential budgetary benefits of increasing synergies between both agencies are worth exploring, Commission considers that it would be premature to decide on a feasibility study before having received the conclusions of the statutory periodic evaluations of CEPOL and Europol, as provided for in the agencies' respective founding regulations. The evaluations will assess in particular the impact, effectiveness and efficiency of the agencies and their working practices. The deadline for CEPOL's evaluation is 1 July 2021. The deadline for Europol's evaluation is 1 May 2022.

The Commission notes that it published a Staff Working Document in 2013 summarising the Impact Assessment of a merger between CEPOL and Europol at that time (<https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A52013SC0099>). Both the Council and European Parliament rejected the idea of a merger.

286. (**EUROPOL, § 11 - 2018/PAR/0735**) The European Parliament requests the Agency to make financial resources for translations available to the extent possible and urges the budgetary authority to provide sufficient financial resources to allow for the translation of the Agency's official reports into all official languages of the Union, given the importance of its work for Union citizens, the obligation to ensure transparency with regard to its activities and the fact that the Joint Parliamentary Scrutiny Group composed of national and European parliamentarians from all Member States should be able to do its work properly; invites the Commission and the Agency to establish a cooperation framework with the Translation Centre for the Bodies of the European Union in order to reduce the financial burden regarding translation.

Commission's response:

The Commission welcomes the importance that the Parliament attaches to the reports of Europol and to their translation. There has however been a valid service level agreement between the Translation Centre and Europol since 1996. It was last updated to accommodate for minor administrative changes in 2016. The Commission considers that the recommendation to establish a cooperation framework is already implemented.

287. (**FRA, § 8 - 2018/PAR/0736**) The European Parliament calls on the Commission to conduct a feasibility study in order to assess the possibility of, at the very least, setting up shared synergies with the European Institute for Gender Equality (EIGE), if not fully merging them; calls upon the Commission to evaluate two scenarios: the transfer of the Agency to the EIGE's headquarters in Vilnius and the transfer of the EIGE's headquarters to the Agency's headquarters in Vienna; notes that such an act would mean sharing corporate and support services and the management of common premises, as well as shared ICT, telecommunications and internet-based

infrastructure, thus saving huge amounts of money which would be used to fund both agencies further.

Commission's response:

The Commission fully shares the objectives of the Parliament to seek synergies between agencies. However, the Commission finds that it is not necessary to conduct the requested feasibility study as there are already arrangements in place to foster synergies and avoid overlaps between the two Agencies and the assessment of the cooperation between EIGE and FRA is positive.

In order to optimise synergies between the FRA and EIGE, the two agencies entered into a Cooperation Agreement in 2010: <https://eige.europa.eu/about/documents-registry/cooperation-agreement-between-eige-and-fra?lang=fr>. It was signed and entered into force on 22 November 2010 and it is being applied since then.

The agreement establishes a general framework for cooperation to:

- foster close collaboration in research, communication and networking;*
- strengthen the promotion of human rights and gender equality;*
- make the best possible use of the human and financial resources in their respective agencies;*
- increase efficiency and avoid duplications;*
- ensure coherence and synergy of research with a view to optimising the impact of all initiatives taken in the EU with the aim to improve equality between women and men in Europe.*

FRA and EIGE are following the Cooperation Agreement and making sure that overlaps are avoided, while synergies are utilised. To mention a couple of examples, the two agencies have cooperated on the use of the Violence Against Women survey's results. EIGE was given privileged first access to FRA's survey dataset, which was used as the basis of EIGE's data input for the 'violence' domain in the EIGE gender equality index. FRA also provided EIGE with the analysis of its survey data on Roma on the basis of gender, which EIGE used for its own publication work (see FRA 2017 external evaluation report . https://fra.europa.eu/sites/default/files/fra_uploads/2nd-fra-external-evaluation-october-2017_en.pdf).

The 2015 external evaluation on the EIGE (available at: <https://eige.europa.eu/about/documents-registry/external-evaluation-european-institute-gender-equality>) underlined that "the cooperation agreement signed between EIGE and FRA in 2010 established the framework for the two agencies to complement each other's work and avoid duplication in research, communication and networking activities. To date all the provisions in the cooperation agreement have been implemented as planned. The agencies regularly consult on activities of common interest (mainly in the field of gender-based violence), which is reflected in their mid-term and annual work programmes".

FRA and EIGE also have regular meetings to continuously improve their cooperation and at times participate at each other's Management Board meetings. Moreover, the Commission plays an active role to ensure the best use of resources (this is facilitated by the fact that both Agencies are within the remits of one Directorate-General).

It should also be noted that FRA was subject to an external evaluation in 2017, which highlighted how FRA is contributing importantly and in a unique way to the promotion and protection of fundamental rights in the EU. Based on the recommendations formulated in the evaluation report and by the Management Board of the Agency, the Commission, on 5 June 2020, tabled a proposal for a Council Regulation amending the FRA founding Regulation (COM(2020)225 final), primarily to align it with the 2012 Common Approach on decentralised agencies for improved governance and efficiency gains, as well as deal with other issues linked to improving the functioning of the Agency.

The proposal was presented in the Council FREMP working group, on 11 June. Adoption is envisaged by the end of the first semester 2021.

288. (*FRONTEX, § 13 - 2018/PAR/0737*) The European Parliament notes furthermore, from the Court's report, that although the Agency continued further recruitment efforts and increased the number of staff from 526 to 630 in 2018, it still did not achieve the number of 760 staff authorised in its 2018 establishment plan; notes the Agency's reply that a total of 187 vacant posts were filled, but that due to a high internal and external turnover, the net staff increase in 2018 as compared to 2017 was 117 since many posts had become vacant during the year; notes furthermore that the Agency faces challenges in attracting a large number of suitable external candidates and achieving a sound geographical balance mainly due to the low correction coefficient, which is the lowest among all the Union agencies; stresses that agencies located in countries where a low correction coefficient is applied should receive further support from the Commission in implementing complementary measures in order to make them more attractive to current and prospective staff; calls on the Commission to assess the impact and viability of applying salary correction coefficients in the future; notes that the Agency continues to have difficulties in maintaining a desirable and sound geographical balance in staff deployed.

Commission's response:

The Commission continues to monitor the recruitment efforts and the geographical balance at Frontex, and is committed to developing social measures that respect the existing legal framework in order to improve the attractiveness of the agency.

The correction coefficient puts into practice the general principle of equal treatment, which in this particular case corresponds to the equality of purchasing power between all staff of the EU institutions, bodies and agencies regardless of their place of employment.

In the particular case of Frontex, the Commission proposed the introduction of a differential payment for a limited period of time. The co-legislators rejected this Commission proposal. Against this background, it should be stressed that Annex XI to the Staff Regulations concerning notably correction coefficients entails precise provisions on the timeline, reporting and necessary elements for any possible amendment of this Annex. A report on the implementation of Annex XI shall be submitted by the Commission to the European Parliament and the Council before March 2022.