



Brussels, 27 October 2022

**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 2020 financial year, COM(2022) 331 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 2020¹, which formed part of the Integrated Financial and Accountability Reporting for 2021.

It presents in detail the answers to 151 requests made by the European Parliament in its resolution forming an integral part of its decisions on the discharge for the financial year 2020.

The follow-up to the political priorities reflected in the discharge resolution was included in the above-mentioned Report on the follow-up to the discharge for the 2020 financial year, as adopted on 30 June 2022.

These detailed replies to the specific requests of the European Parliament therefore focus on the other sections of the discharge resolution.

¹ COM(2022)331 final

Budgetary and financial management

1. (*§55a in relation to §51 and §52 - 2020/PAR/0294*) The European Parliament calls on the Commission to carry out analysis for each individual Member State of the funds received and status of implementation, at the latest in May for the previous budgetary year, in the context of an annual report foreseen under Article 31 of the RRF Regulation; expects the Commission to publish the annual report for the first time early in the second half of 2022 and to promptly inform the discharge authority about the findings.

Commission's response:

The Commission published the first annual report on the RRF in March 2022. The report provides an overview of the implementation of the RRF, an overview of the payment requests received in 2021 and a table showing the pre-financing and payments made to Member States. The Recovery and Resilience Scoreboard displays the progress of the implementation of the recovery and resilience plans of the Member States in each of the six pillars referred to in Article 3 of the RRF Regulation, as well as in relation to the common indicators referred to in Article 29(4) of the RRF Regulation.

2. (*§55b in relation to §16, §48, §49 and §66 - 2020/PAR/0295*) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish a compulsory integrated and interoperable system building on, but not limited to, existing tools and databases in the context of the upcoming revisions of the Financial Regulation; develop the Recovery and Resilience Scoreboard to ensure that the description of milestones and that the target and outcome of the audit are transparent; ensure that all Member States use the systems and central registers to report on beneficial owners and end beneficiaries.

Commission's response:

The Commission is committed to a digital transformation, as set in the “Next generation digital Commission’s Communication (C(2022) 4388 final). In line with this commitment, the Commission’s proposal for the revision of the Financial Regulation foresees the use of digital controls and audits where appropriate. This will lead to more visibility, promote a wider and more consistent use of digital tools for control and audit, increase the efficiency and quality of controls and audits, while decreasing the underlying costs. Furthermore, the Commission proposed horizontal measures to ensure standardised electronic recording and storing of data on the recipients of EU funding, including their beneficial owners and to make the use of an IT system for data-mining and risk-scoring in all methods of EU budget implementation obligatory. This would apply only to programmes adopted under and financed as from the post-2027 MFF.

The Commission will be responsible for the system.

For the current multiannual financial framework period, in light of the Interinstitutional Agreement and the recurrent calls from the European Parliament and in the context of various new legal acts for the 2021-2027 MFF and NGEU (Common Provisions Regulation (CPR), Common Agricultural Policy (CAP), Brexit Adjustment Reserve (BAR), European Globalisation Adjustment Fund for Displaced Workers (EGF) and Recovery and Resilience Facility (RRF), the Commission proposed the mandatory recording and storing of data on the recipients of EU funding and their beneficial owners and the use of a single integrated data-mining and risk-scoring tool to access and analyse those data. The outcome resulted in a fragmented legal framework.

As regards the electronic recording and storing of data on beneficial ownership, in the CPR, BAR, EGF and RRF the legislator agreed to it. However, for CAP the legislator agreed on the collection of data on groups in which the beneficiaries participate.

As regards the compulsory use of a single data-mining and risk-scoring tool for the CPR, EGF, BAR, CAP and RRF only recitals or provisions recalling or requiring the Commission to make it available and encouraging its use by Member States were agreed. In addition, for the CAP, the Commission should, by 2025, present a report on the use and interoperability of single data-mining and risk-scoring tool, accompanied by legislative proposals, if necessary.

Therefore, with the proposals on the recast of the Financial Regulation, the Commission aims to regulate a uniform approach to recording and storing of data on the recipients of EU funding and the use of a single integrated IT system for data-mining and risk-scoring in all methods of EU budget implementation.

3. (§55c - 2020/PAR/0296) The European Parliament calls on the Commission to carry out a series of ex-post on-the-spot checks and controls of national public procurements using Union funds and take note of the audits or media reports already carried out, which point out a considerable risk to legality of these procedures.

Commission's response:

When establishing its risk-based audit plan for 2022-23 in Cohesion, the Commission undertook an annual update of the risk-assessment for the 2014-20 period as well as a critical review of the results of the risk analysis for each Member State, in order to determine high-risks programmes/audit authorities/issues and therefore propose priority risk-based audits.

Public procurement is an inherent risk embedded in the management and control system of ESIF co-funded projects, linked to the capacity of the concerned public authorities in charge of implementing the programmes/projects. The factors of risk are an insufficient knowledge of smaller public beneficiaries, the non-adequacy of the national legislation transposing the EU public procurement

Directives as well as its level of complexity, the lack of transparency of the procedure.

Public procurement issues are the second source of errors in the audits conducted by both national audit authorities and the Commission in the field of Cohesion (see in particular Annex 7I of REGIO 2021 AAR). In particular, in 2020, REGIO identified a high frequency of public procurement issues due to the incorrect transposition in some Member States (IT, ES) of the public procurement Directives into the national law (limitation of sub-contracting without justification). These issues will be followed-up through specific audits and controls.

The 2022-23 audit plan for Cohesion will comprise a substantial number of thematic audits to address specific risks of public procurement irregularities, including conflicts of interest. Those audits will in particular addressed the risks identified in this area in Romania and Hungary, where a horizontal audit on public procurement is planned in the last quarter of 2022.

In parallel, the Commission continues to provide support to public administrations to strengthen their capacity to efficiently and effectively plan and implement high quality investment programmes, managed according to the principles of good governance.

Within the framework of the Public Procurement Action Plan implemented in cooperation with GROW, the other ESIF DGs and the EIB, two actions are particularly useful for Member State administrations:

- the E-library of good practices linked to the management of ESIF, and*
- the Guide for practitioners on how to avoid the most common errors in public procurement linked to the management of the ESIF.*

The pilot action on Integrity Pacts implemented in cooperation with Transparency International to help governments, businesses and civil society to fight corruption in public contracting has been finalised. Within the pilot action, 18 such pacts were implemented in 11 Member States under the 2014-20 period in Cohesion. Based on the experiences and lessons learned of the pilot, a support package has been developed for national actors (managing authorities and civil society organisations) to help them prepare and implement Integrity Pacts and other civil society monitoring tools in the 2021-2027 period. The Commission encourages Member States to continue implementing Integrity Pacts in targeted projects financed by EU funds to gradually mainstream them in their programmes.

DG AGRI's audit program is based on a risk analysis, which determines the high-risk measures/Paying agencies to be audited. Member State's management and control systems, for Public procurement inter alia, are checked during the audits. Public procurement is an inherent risk embedded in the management and control system of EAFRD and EAGF (co-) funded projects, linked to the capacity of the concerned public authorities in charge of implementing the programmes/projects. Specific risks reported by audits from other DGs or Institutions or by other sources of information like media reports may be considered in the risk analysis.

The legality and regularity of the expenditure under Public procurement for the CAP is also covered by the annual audit of the Certification Bodies.

As regards public procurement in the context of RRF please see the reply under no. 8 (§55h in relation to §45 - 2020/PAR/0301).

4. (§55d in relation to §50 - 2020/PAR/0297) The European Parliament calls on the Commission to transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents such as the Summary of Audits (SoA) and information to the discharge authority in a timely manner.

Commission's response:

The Commission is committed to ensure transparency in line with the requirements of the RRF Regulation. The Commission transmits to Parliament the Recovery and Resilience Plans as received by the Member States, all documents shared with the Council relating to the RRF and various information and data requested by the Parliament's RRF Working Group. The Commission has also answered numerous parliamentary questions related to the RRF and NextGenerationEU, participated at Executive Vice President and Commissioner level in bi-monthly Recovery and Resilience Dialogues with Parliament and at Director General level in more than 20 RRF Working Groups organised by the European Parliament. The Commission also has provided various other documents and information requested by the Parliament. The Commission reports extensively through an annual report on the RRF, and regular budgetary documents such as the AMPR.

The Commission receives a management declaration and a summary of audits along with each payment request. These constitute third-party documents, within the meaning of Regulation (EC) No 1049/2001 and can only be transmitted with the consent of the Member States and in accordance with the relevant procedures. The Commission will also continue to publish its preliminary assessment of the satisfactory fulfilment of milestones and targets. The Commission will ensure appropriate follow-up on any points raised by the summary of audits and the management declaration, such as with additional ex ante and/or ex post checks. Relevant open issues will be included in the audit opinion underlying DG ECFIN's Annual Activity Report.

5. (§55e in relation to §25 - 2020/PAR/0298) The European Parliament calls on the Commission to simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all relevant stakeholders; provide the discharge authority with an overview of the trainings conducted.

Commission's response:

The Commission is constantly working on simplifying rules and procedures. The current Financial Regulation already achieved major simplification of grant management reducing the administrative burden for the beneficiaries of Union funding. This included measures such as: focusing more on results rather than reimbursing the costs incurred by the beneficiaries (through a wider use of simplified forms of grants and introduction of the financing not linked to costs and the single lump sum) and simplification of the content of grant applications by allowing the re-use of already existing information on applicants and the reporting by the beneficiaries. The new proposal for the revision of the Financial Regulation adopted on 16 May 2022 (COM(2022)223) includes further simplification measures for the beneficiaries, such as streamlining simplified cost options, simpler calculation with regard to the no-profit principle, easier financial support to third parties in crises and more flexible rules for experts.

On the level of the operational DGs there is a continuous effort made to improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all relevant stakeholders and trainings for (new) applicants. More details of the measures taken in specific policy areas can be found in the Commission replies to the recommendations 2020/PAR/0320, 2020/PAR/0340, 2020/PAR/0343, 2020/PAR/0359, and 2020/PAR/0383.

Finally, the Annual Activity Reports of the Commission Directorates Generals provide information on the training provided in the specific policy areas.

The Commission is ready to inform the European Parliament further about trainings provided in this field upon request.

6. (§55f in relation to §43 - 2020/PAR/0299) The European Parliament calls on the Commission to follow-up on the recommendations issued by the Court, including a comprehensive and standardised report on expenditure related to the COVID-19 pandemic.

Commission's response:

Since 2021, the Commission has put focus on the recovery from the COVID-19 pandemic and fulfilled its reporting obligations, in particular, for the Next Generation EU (NGEU). The Commission does not intend to prepare further reporting on the immediate response beyond the already existing reports of the various instruments.

7. (§55g in relation to §51 - 2020/PAR/0300) The European Parliament calls on the Commission to share the outcomes on budgetary control contents in light of the review report with the discharge authority by conducting a meeting with the respective committee.

Commission's response:

The Commission is always willing to meet with the respective committee on RRF-related issues.

8. (§55h in relation to §45 - 2020/PAR/0301) The European Parliament calls on the Commission to intensify its work to ensure that the funds under the RRF are used for projects that lead to structural reforms and investments which achieve Union added value and that double funding of projects is avoided; urges the Commission to not only rely on compliance audits by the Member States concerning applicable rules such as public procurement and state aid rules, but to extend its audit activity beyond system audits in a risk-based approach.

Commission's response:

As required by the RRF Regulation, the Member State's control systems are assessed during the assessment of the Recovery and Resilience Plans by the Commission. While the RRF Regulation makes clear that the principal obligation to protect the financial interests of the Union lies with the Member States, the Commission has in addition committed to audit the national control systems, based on a risk assessment, during the lifetime of the RRF and has undertaken the first such audits in 2022. In case of specific risks or identified irregularities, the Commission can undertake additional checks. The Commission has the right to reduce proportionately the support under the Facility and recover any amount due to the Union budget or to ask for early repayment of the loan, in cases of fraud, corruption, and conflicts of interests affecting the financial interests of the Union that have not been corrected by the Member State, or a serious breach of an obligation resulting from the financing, and where relevant, loan agreement signed between the Member State and the Commission.

During its audits the Commission may check specific cases of award of contracts if relevant, e.g. to check the functionality of the national control systems, but given that the principal obligation for the protection of the financial interests of the Union lies with the Member States, the Commission will not systematically audit procurement procedures. Both the state aid legal framework and the public procurement rules continue to be applicable to Member States, since compliance with national and EU law is already an obligation for Member States. In the RRF context however, compliance with such rules would be examined by the Commission only if there was an explicit reference to them in the description of a milestone or target.

9. (§55i in relation to §53 - 2020/PAR/0302) The European Parliament calls on the Commission to ensure that its reporting on the total financial exposure of the Union budget is clear and timely in order for the audit authorities and the public in general to have a clear picture of how the exposure develops in the coming years.

Commission's response:

The Commission reports every year in its annual accounts, based on international accounting standards, its financial exposure, including that generated by NGEU. These annual accounts are audited by ECA and then become part of the discharge process.

The Commission reports on financial exposures through several reports on a yearly basis, among others on financial instruments, budgetary guarantees and contingent liabilities (Art. 250 report, 41.4 report, 41.5 report) and reporting on the Common Provisioning Fund.

10. (§55j - 2020/PAR/0303) The European Parliament calls on the Commission to develop a methodology and multiply ex-post controls and on-the-spot missions regarding the use of NextGenerationEU funds and their impacts on the Member States' recovery.

Commission's response:

Specific legal acts apply to each of the instruments under NextGenerationEU. As regards the RRF, which is the largest instrument, the Commission implements system audits and ex-post checks in line with the requirements of the RRF Regulation. The Commission will undertake risk-based checks where relevant and necessary.

11. (§55k in relation to §9 - 2020/PAR/0304) The European Parliament calls on the Commission to increase the administrative capacity of the Commission and Member States and propose adequate budget lines for the Court, EPPO and OLAF in relation to the implementation of the new upcoming tasks related to the NextGenerationEU instrument in order to protect Union finances.

Commission's response:

The current Multiannual Financial Framework is based on stable staffing for all Institutions. Any increase of establishment plan posts and/or additional external staff will affect salary and pension expenditure, and thus the overall balance of heading 7. The combined need to stabilise the number of staff, and the ability to pay salaries and other administrative expenditure related to staff under the ceiling of Heading 7, means that increasing the staffing of any institution will be very difficult to accommodate. For example, the Commission will have to manage the new initiatives without any additional establishment plan posts.

However, acknowledging the increase in workload linked to the new programmes for the European Court of Auditors (ECA), a request for a limited reinforcement of the Court's establishment plan has been integrated into the draft budget 2022 and the Budget Authority has approved a total increase of 20 posts for the ECA on a temporary basis until 2027.

Also, in view of the increase in European Anti-Fraud Office's (OLAF) workload, some limited reinforcements of 13 full time equivalent (FTE) were included in the 2022 budget (seven FTE) and the 2023 Draft budget (six FTE), offset in other parts of the Commission.

With respect to the EPPO (European Public Prosecutor Office), it is important to recall EPPO's staff has more than tripled between 2020 and 2022, including an EU Contribution which has increased fivefold in the same time. The EU budget is making large efforts to support EPPO in line with their key role in the anti-fraud architecture. More precisely, in budget 2022 EPPO expands by 118 additional staff (76 Temporary Agents, 13 Contract Agents and 29 Seconded National Experts), and its EU contribution increases by EUR 11.2 million to cover the salary expenses. In Draft Budget 2023 the Commission proposes to keep the EPPO's staff stable compared to 2022 and increase the budget only for salary expenditure (in Title 1) due to high inflation, as for all other agencies. The Commission is convinced that the EPPO is now sufficiently equipped with adequate financial and staff resources.

Overall, the European Union (ECA, OLAF and EPPO) is thus well equipped with staff to discourage and address fraud.

12. (55l in relation to §28 - 2020/PAR/0305) The European Parliament calls on the Commission to finalise a concise and concrete gender mainstreaming methodology for use across the budget through targeted and effective incentives by the end of 2022 at the latest, and to follow the recommendations of the Court in its Special Report on gender mainstreaming in the Union Budget.

Commission's response:

The Commission has developed a pilot gender mainstreaming methodology and has applied it for the first time in the context of the Draft Budget for 2023.

Performance of the Union budget

13. (§59 - 2020/PAR/0306) The European Parliament welcomes that the Regulatory Scrutiny Board contributes to improving the quality of evaluations and impact assessments; calls on the Commission to implement the recommendations given by the Regulatory Scrutiny Board and to sufficiently justify when comments have not been taken into account.

Commission's response:

In line with the better regulation guidelines, the RSB assesses the quality of all impact assessments and fitness checks and selected evaluations. For each case it reviews, the RSB issues an opinion, which may be negative, or positive (or, in the case of impact assessments, also 'positive with reservations'). Impact assessments receiving a negative RSB opinion on first submission must be redrafted, taking into account the RSB's comments, and resubmitted for another review. In case of a second negative opinion on an impact assessment report only the Commission Vice-President for Interinstitutional Relations and Foresight can approve the launch of an interservice consultation before the College of Commissioners decides whether or not to go ahead with the initiative. On average in 2020, the RSB scored the quality of final impact assessments and evaluations 15% higher than the first drafts it reviewed. This improvement was greater in cases with an initial negative assessment (29 %), but could also be observed in cases with an initial positive opinion (10%). The improvements were similar between evaluations and impact assessments and between MFF and non-MFF cases. In its 2021 annual report the Regulatory Scrutiny Board noted that despite the surge in the number of files scrutinised, the observed quality of the scrutinised impact assessments improved markedly compared to 2020, returning to a level that is similar to the average of preceding years. The Board's scrutiny continued to improve the quality of the final impact assessments. The average quality of all impact assessments improved to acceptable levels after the Board's opinions. This recommendation is considered implemented with the publication of the revised Better Regulation toolbox on 25 November 2021.

14. (§61 - 2020/PAR/0307) The European Parliament underlines that it is important that the Commission continues to draw lessons from the performance of the programmes also after the end of the MFF period because some results and impacts may only be evident several years after the end of the MFF period especially for programmes with large amounts of outstanding commitments and include these observations and conclusions in its reports to be shared with the discharge authority.

Commission's response:

The updated better regulation toolbox and guidelines of November 2021 reaffirm the Commission's commitment to identify lessons learnt from past implementation of policies and programmes and using them to improve future performance. Ex

post evaluations (mid-term and final) are carried out for MFF programmes in line with their legal basis. These evaluations provide evidence about the impacts of the programmes and for the design of future programmes, in line with the better regulation guidelines. The Commission is also committed to continue reporting on programmes even beyond the formal end of the relevant multi-annual financial framework. The AMPR, part of the integrated financial and accountability reporting package, puts this commitment to practice. On an annual basis, the AMPR draws on lessons learned on the programmes' performance. The 2021 AMPR provided an overview of the performance of the 2021-2027 EU spending programmes as well as of those 2014-2020 programmes for which relevant payments were still implemented in 2021. Hence, this recommendation is considered implemented with the publication of the AMPR 2021 on 7 June 2022.

15. (§63 - 2020/PAR/0308) The European Parliament calls on the Commission to do a more accurate follow up on the recommendations issued by the Court and engage with Parliament's reliable scrutiny and discharge processes in order to better control the implementation of the new delivery models, as well as the RRF and the reformed Common Agricultural Policy.

Commission's response:

The Commission considers it of the utmost importance to follow-up and implement all accepted ECA recommendations and discharge requests, including as far as new performance-based delivery models are concerned, such as under the reformed Common Agricultural Policy and the Recovery and Resilience Facility. The continuous follow-up by the Commission of ECA recommendations is reviewed by the European Court of Auditors itself in the context of its annual report and of its annual report on the performance of the EU budget.

The level of implementation and the timeliness of the follow-up actions is to be seen in conjunction with the acceptance of the ECA's recommendations. While the Commission is fully committed to implement all accepted recommendations within the timeframes set-up in the ECA's reports, this is however not applicable for recommendations which the Commission did not accept in the first place, for the reasons set out in the published replies to the concerned report.

In addition, in some cases, the follow-up actions may require more time than initially expected due to complexity of the measures, legislative or policy-related developments, resources constraints, or external factors such as the Covid-19 pandemic and actions taken in response to this unprecedented crisis, which required reprioritization of many actions. The fact that a recommendation is not fully implemented by the initial expected completion date does not entail that no action has been taken or that this recommendation will not eventually be fully implemented thereafter.

In line with Article 319 of the Treaty on the functioning of the EU, the Commission remains committed to provide the European Parliament with any information which is necessary for the purpose of the discharge procedure.

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16. (§65 - 2020/PAR/0309) The European Parliament takes note of the Commission's statement that it is not required to align its methodology to the one used by the Court, but regrets that it leads to very different figures, in particular in the competitiveness area, where the Commission's estimate of the risk at payment for this MFF heading is even below the Court's range for the estimated level of error; calls on the Commission to step away from a strictly legal requirement and seriously engage in a reflection process on its methodology to ensure that the Court and Commission figures may be more comparable.

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. In addition, the two institutions have different roles. The Commission is managing EU funds on a multiannual basis and the Court is auditing these funds on an annual basis.

The Commission applies an empirical approach dictated by its management role taking into account the applicable legal bases. As manager of the EU budget, the Commission's control strategies aim at:

- giving a detailed view of where the issues are, in order to address weaknesses found by putting in place the relevant and necessary action plan (this is described in detail in the answers to the recommendations for the respective budget headings)*
- applying targeted recoveries and corrections where errors are discovered. This is an important part of the manager's role and the control strategy which is not reflected by the risk at payment. The risk at payment is, by definition, an estimate before any correction has taken place;*
- determining the risk at payment and risk at closure that measure the effectiveness of the control strategies.*

The Court detects errors in a sample of transactions per heading. It then extrapolates the impact to the whole multiannual financial framework heading. For instance, in the case of Cohesion, errors found in one country are extrapolated to the entire Cohesion funds as if these errors took place in all EU countries. The Commission develops very detailed information on error rates. This allows the Commission to extrapolate detected errors precisely in the areas where they are most likely to appear. This enables the Commission to give a nuanced view of the level of error across the payments made. Identification of areas where errors occurred allows also to develop well defined remedial actions.

The Commission's approach is the most cost effective regarding its management role of the EU budget. Aligning its methodology to the Court would mean to depart from its detailed information. Subsequently, this would prevent the Commission to establish the detailed information necessary to develop corresponding remedial action plans. This would also not allow to make the necessary corrections as it is not possible to apply a flat-rate correction to all

beneficiaries / Member States on the basis of an extrapolation but on the basis of an error actually found. Adding one layer of sample testing similar to that done by the Court would be extremely expensive without any added-value since these high level samples do not allow to identify precisely the weaknesses.

The Commission's approach differs from the European Court of Auditors' audit approach. This is justified as it comes from a management perspective, and provides more detailed information. Even if these approaches can lead to differences between the error rates reported by the Court of Auditors and those reported by the Commission, both concepts used largely converge:

- The risk at payment is closer to the Court of Auditors' 'estimated level of error'. For several years the Court of Auditors has recognized that the Commission figures are, in most cases, broadly in line with the Courts' estimates and/or range.

- The Commission basis for calculating the amount at risk - the 'relevant expenditure' - is fully in line with the Court of Auditors' approach.

- The 'materiality threshold' set, in most cases, at 2% of the relevant expenditure is also in line with the Court of Auditors' methodology.

The Commission is constantly working on its control strategies to adapt them to new circumstances and focus on the weaknesses identified with the aim of further decreasing the level of error rate while remaining cost effective. In parallel, it is also simplifying legal bases and promoting the use of simplified cost options to facilitate reimbursements to beneficiaries and make them less error prone. For detailed explanations about the similarities and differences between the Commission's management approach and the ECA's audit approach, see the 2020 AMPR Volume II, section 2.1.3 and Volume III, Annex 5. See also the 2021 AMPR Volume III, Annex 5.

17. (§62 - 2020/PAR/0444) The European Parliament calls on the commission to make sure that its reporting gives a clear idea of the amount of irregular expenditure corrected and returned to the Union budget.

Commission's response:

The amount of irregular expenditure corrected and returned to the Union budget during the reporting year is mentioned in the corresponding AMPR, Annex 5, table p 31, column "Corrections implemented by Commission". Regarding ECA's comments in the AR 2020, the Commission has made significant efforts and improved its reporting on financial corrections and recoveries.

For the 2021 AMPR the Commission provided a complete and transparent picture of all preventive and corrective measures implemented during the financial year, by both the Commission and the Member States. All these measures were presented in a simplified and clearer way, focusing on the amounts 'implemented' (i.e. the established amount actually applied and recorded in the Commission's

accounts) and disclosing as 'corrections' the amounts ultimately refunded to the EU budget by Member States or final recipients.

The ECA has recognized the improvement, in its AR 2021, acknowledging that the revision of the reporting has led to a simplification of the reporting on financial corrections and recoveries and to a clarification of the amount of irregular expenditure corrected and returned to the EU budget.

Revenue

18. (§75a in relation to §72 - 2020/PAR/0310) The European Parliament calls on the Commission to ensure the uniform application of customs controls, and to develop and implement a fully-fledged analysis and coordination capacity at Union level.

Commission's response:

The Commission is committed to enhancing the uniform application of customs controls. The Commission is preparing an impact assessment that looks into several possibilities and will accompany a Commission proposal for the reform of the Customs Union in December 2022. As far as the analysis and coordination capacity at EU level is concerned, a first step has already been taken with the establishment of the Joint Analytics Capability. However, a fully-fledged analysis and coordination capacity at Union level requires not only legal changes and but also financial and human resources and therefore the support of the Council and the EP, therefore the Commission can only partially accept this recommendation.

The completion date will depend on the outcome of COM proposal to be tabled end 2022.

19. (§75b - 2020/PAR/0311) The European Parliament calls on the Commission to review and update its approach to verifying Member States' GNI data in future multiannual cycles to further streamline the process and reduce the period over which GNI data remain open after the end of the cycle.

Commission's response:

The Commission is of the opinion that the 2016-2019 verification cycle was significantly enhanced in particular with extended use of horizontal verification and cross country analyses as well as reinforced direct verification taking into account the past recommendations of the ECA.

Nevertheless, the Commission continues to explore, together with the GNI Expert Group, ways to further improve the process and reduce the period over which GNI data remain open, where feasible.

The Commission has already partially implemented this recommendation in cooperation with the GNI Expert Group, by putting in place the verification framework for the 2020-2024 GNI verification cycle. The GNI verification model for the current cycle foresees a streamlined, risk-based approach to verification, capitalizing on the results of the thorough, in-depth checks performed in the 2016-2019 cycle. Completing the 2020-2024 GNI verification cycle according to the adopted timetable, together with the fact that the GNI reservations that will be placed during the cycle will cover the years 2018 onwards will result in the shortening of the period open for revisions of the GNI OR data and thus contribute to the enhanced budgetary certainty of the GNI own resource.

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20. (§75c - 2020/PAR/0312) The European Parliament calls on the Commission to, in cooperation with the Member States, continue to improve the capture of globalisation in national accounts to address the GNI reservation in this area for the years 2018 onwards, and if needed, to reassess the quality of the GNI data of previous years, to inform the budgetary authority of the possible implications of the resulting revised statistics for the revenue budget since 2010.

Commission's response:

The Commission considers that it is already partially implementing this recommendation in cooperation with Member States using the mechanism of the globalization reservation.

The work on the transversal reservation I (covering the years 2018 onwards) and the cooperation among Member States and with the Commission within this process has been progressing according to plan. Dedicated meetings of the GNI Expert Group (GNIG) on globalization were organized in December 2020, June 2021 and October 2021 and the related issues were also discussed at the regular GNIG meetings in April and November 2021 and in the April 2022 meeting. The risk analysis and the identification of the MNE groups for the scrutiny under the reservation in question have been finalized. The infrastructure for exchanging the micro-data between the countries has been put in place by the Commission for the purpose of the reservation. All country work programmes for the reservation have been agreed by the Commission. The countries have been reporting on the progress made and are preparing their final reports and the possible revisions to GNI data resulting from this work for the September 2022 GNI Questionnaires and Reports on Quality. Eurostat's final assessment of the work done by the countries will continue after the submission of the final reports.

As communicated in the reply to the related ECA's recommendation 2020/AUD/0198 the Commission does not accept the part of this recommendation related to the years of applicability of the transversal reservation I on globalization and sees no need to reassess the quality of the GNI data of previous years. It considers that the timing of the reservation on globalization, i.e. for the years 2018 onwards, is appropriate. The Commission services reiterate that the approach and timing of the reservation thoroughly discussed in dedicated meetings with the NSIs are sound and proportionate, they are based on the risks assessed and they are reconciling the assurance already gathered, with what is practically feasible, avoiding unjustified burden on the Member States.

Concerning the quality of the GNI data of years before 2018, Commission points out that according to the findings of "Report on the GNI MNE Pilot Exercise" (November 2019), that summarized the results of an in-depth scrutiny of a selection of MNEs launched in 2016, no evidence of major distortions to value added was identified (the year on which the approach followed in the MNE pilots was based was 2016). This evidence also supported the decision to apply the reservation on globalization to the years 2018 onwards.

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21. (§75d - 2020/PAR/0313) The European Parliament calls on the Commission to ensure that for all Member States their monthly and quarterly TOR statements are reliable, by solving weaknesses in their customs IT system in relation to the lack of audit trail, the risk of double entries, and the incorrect allocation of partial payments.

Commission's response:

With a view to fully implement the recommendation, the Commission has focused its inspection activities in 2020 and in 2021 (27 Member States and UK) on the reliability of the TOR accounts and related statements. On top of this and on the

Commission's own initiative targeted desk reviews on TOR accounting are taking place in 2022 for all Member States in addition to the normal inspection programme. Finally, all TOR statements are checked on a monthly or quarterly basis to identify unusual patterns. The Commission will closely supervise the IT weaknesses identified in some Member States. If no or insufficient progress is made within the set timeframe the Commission services will not hesitate to consider the file under the infringement proceedings laid down in Article 258 TFEU.

22. (§75e - 2020/PAR/0314) The European Parliament calls on the Commission to take action in the fight against fraud in e-commerce and VAT collection, particularly by making use of the additional benefits of digital means available for tracking invoices and VAT payments.

Commission's response:

Commission partially accepts the recommendation. The Commission itself cannot make use of digital means to fight fraud but can only provide for a proper legal basis and helping in IT development.

The necessary digital means are not available yet, but the Commission and Member States must develop something new taking into account the available technology.

Tracking invoices as such is not possible, while tracking individual taxable transactions (intra-EU) is possible (of course exploiting the invoicing systems in the Member States). For this new digital reporting obligations must be developed. In this sense, the Commission will adopt a proposal as part of the package called VAT in the digital age by November 2022.

Finally, the same argument applies to payments. The Commission is developing together with the Member States the Central Electronic System for Payment information (CESOP) that will enter into force in January 2024. Member States anti-fraud experts only will access the database from this date on.

For e-commerce goods imported from 3rd countries (including parcels sent by post), the Commission introduced a requirement for an electronic customs declaration as of 1 July 2021, regardless of the value of the goods. The data of those declarations are monitored through the Commission's Surveillance system. In addition, the Commission has launched an integrated study on overhauling the customs and taxation rules applicable to e-commerce goods imported from outside the EU. The results of the study will feed into the proposals on the Customs Union Reform and the VAT in the Digital Age.

23. (§75f in relation to §55b - 2020/PAR/0315) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases.

Commission's response:

Customs Administrations are in charge of the control of goods passing the EU external borders and are hence first line of defence when it comes to the proper application of the customs and other relevant legislation governing entry, import, transit and export. This is with the objective to protect security, health and safety, environment, economic and financial interests of the Union . Customs controls shall be performed within a common risk management framework (CRMF), based upon the exchange of risk information and risk analysis results between customs administrations and establishing common risk criteria and standards, control measures and priority control areas. The Commission has in recent years established and upgraded in cooperation with the Member States several information systems to strengthen customs controls.

There is an active sharing of risk information between Member States, and with the Commission via the Customs Risk Management System "CRMS2", allowing sensitive information to be shared between Member States customs authorities and to instantly communicate with one another on risky consignments. National authorities and the Commission thus provide via CRMS that all relevant and critical risk information is instantly available to all national risk management centres and to all customs offices at the external border.

The European customs authorities are collecting electronic data (entry summary declarations) for all shipments coming from third countries to the European Union prior to arrival of packages at its external border. Data is submitted by the economic operators to Import Control System (ICS) to the first MS of entry and contains details about the goods, senders, receivers etc. On this basis customs authorities perform automated risk assessment, applying common risk criteria and risk information exchanged through CRMS2, aimed to identify consignments that may pose a danger to public security, health and safety or other serious infringements to applicable prohibition and restrictions. Under the new ICS2 system, this risk analysis is made jointly by all relevant MS concerned by specific transaction (e.g. MS of entry and destination) and depending on the seriousness of

the risk controls take place either at the first MS where the package arrives or at the destination country prior to release of goods to the internal market.

Serious progress to build an EU-wide analysis of financial risks in customs was made in 2021. Following the signature of a Memorandum of Understanding between several Commission services in September 2021, the EU's new 'Joint Analytics Capabilities (JAC)' has started working on concrete projects to develop a tool to identify financially risky trade flows, a trade mirror analysis of imports to the EU, and algorithms to identify risky operators.

DG TAXUD considers "strengthening custom controls in various IT systems" as an on-going process and hence we consider it "done and continuous".

Competitiveness for growth and jobs

24. (§96a - 2020/PAR/0316) The European Parliament calls on the Commission to extend the scope of the certificates on financial statements to include unit cost categories for the new research framework programme, Horizon Europe, in order to increase the level of detection and correction of errors in unit costs; calls for the simplification of the rules on personnel costs under Horizon Europe.

Commission's response:

Horizon Europe follows the corporate Model Grant Agreement (MGA) rules, as adopted by Commission Decision as part of the Internal Rules for Implementing the Budget, which state in Article 24.2: The certificates must be drawn up using the template published on the Portal, cover the costs declared on the basis of actual costs and costs according to usual cost accounting practices (if any), [...].

Therefore, the Commission has defined the scope of the certificates on financial statements through its Decision adopting the new Model Grant Agreement, which applies to Horizon Europe and all other EU funding programmes in the 2021-2027 MFF period.

The rules for personnel costs under Horizon Europe were considerably simplified, applying the approach in the new corporate model grant agreement applicable to all centrally managed funding programmes.

Therefore, the scope of the certificates on financial statements has been dealt by in the new Model Grant Agreement.

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25. (§96b - 2020/PAR/0317) The European Parliament calls on the Commission to implement actions, including a periodical review of the main causes of error in financial statements, provide guidance on complex issues such as subcontracting rules, and conduct information campaigns in order to reduce the error rate for H2020.

Commission's response:

The Commission has further reinforced its information campaign throughout 2021 and 2022, targeting error-prone beneficiaries such as SMEs and newcomers and paying special attention to the most recurrent errors found in the ex post audits.

Moreover, the Commission has provided specific guidance to auditors, both internal and external, as well as to beneficiaries, in the form of training, communication campaigns, written guidelines, etc.

Since December 2020 the European Commission has organised eleven (11) webinars on the reduction of the Error Rate: “Avoiding errors in declaring personnel costs in Horizon 2020 grants”.

For five (5) of those webinars we have invited specifically project participants with a higher risk of financial errors, as SMEs, newcomers to the framework programme, third countries, etc. In the other six (6) webinars an open invitation to all project participants was sent through the Funding and Tenders Portal, the National Contact Points, Research Organisations, etc.

The total live attendance to those webinars was over 11,000 participants.

The recording of those webinars in YouTube has accumulated, until June 2022, over 172,000 views.

Next H2020 webinar will be in October 2022.

Moreover, we are starting to prepare similar sessions dedicated to Horizon Europe.

The Commission is also focussing on the necessary circular feedback mechanism between the two arms of control (ex-ante and ex-post). Lessons learnt from ex post controls (e.g. major sources of errors and irregularities detected during ex post audits) will be continuously fed back to the ex-ante controls ensuring continuous improvement in the effectiveness and efficiency of the control strategy overall.

The Commission’s Horizon Europe ex-post audit strategy will be based on the experience gained during the implementation of the audit strategy for H2020 and on the observations issued by the European Court of Auditors

26. (§96c - 2020/PAR/0318) The European Parliament calls on the Commission to further improve the quality of ex post audits by addressing the weaknesses in the sampling procedures at the level of cost statements and apply the corrections to the error calculation method for Horizon Europe.

Commission's response:

The Commission has undertaken concrete actions in order to improve the quality of its audits. These measures include:

- Review of sampling methodology by the second auditor (for in-house audits) and the monitoring auditor (for outsourced audits). The CAS organised further trainings in 2022 to the in-house and external auditors focusing on the sampling methodology.*
- Communication of the Court’s findings with regard to the outsourced audits to the audit firms, with a clear and explicit request to take them into account for future audits;*
- A robust quality control by a dedicated team in the Common Audit Service (CAS) which ensures quality and consistency in all audits (own audits as well as outsourced ones);*

- *Information campaigns and intense training for auditors (in-house as well as contracted auditors);*
- *Regular meetings with (including visits to) the audit firms in order to discuss quality requirements;*
- *Introduction of improved Terms of Reference in the new framework contract with the external audit firms, including stricter quality requirements;*
- *The CAS undertakes joint audit missions with the external audit firms and quality reviews on-the-spot. Such visits have continued in 2022, including with the newly selected audit firms;*

Horizon Europe ex-post audit strategy will be based on the experience gained during the implementation of the audit strategy for H2020 and on the observations issued by the European Court of Auditors.

27. (§96d - 2020/PAR/0319) The European Parliament calls on the Commission to continue working towards achieving a level of error below 2% in this area of expenditure.

Commission's response:

DG RTD is committed to using more simplified cost options (SCOs) in Horizon Europe, with the double aim to reduce the financial error rate and further simplify the programme. Two key measures are lump sum funding on a broad scale and a unit cost system for personnel costs.

In lump sum grants, we expect a financial error rate of 0% or close to 0% because lump sums remove the need to report actual costs. The lump sum approach has been tested successfully under Horizon 2020 and is rolled out gradually in Horizon Europe. The approach is designed in close collaboration with DG BUDG and the European Court of Auditors. The first substantial wave of lump sums comes with the work programme for 2023-2024, which uses lump sums for approx. 30% of the topics and 25% of the budget. At this level, we can already expect a noticeable contribution to fewer errors. As lump sums are still new for many participants, DG RTD is communicating intensively with all stakeholders of Horizon Europe. We also continue monitoring lump sum calls very carefully. Depending on the results, the share of lump sum funding might grow further in subsequent years.

The new unit cost system is a complementary measure that will reduce errors in actual cost grants. It targets personnel costs because these represent more than 60% of the budget of an average grant, and by far the biggest source of errors. By fixing a daily rate for personnel costs upfront, it limits the possible error to the number of days declared by the beneficiary. Once available, any beneficiary can choose this new option, strongly reducing their risk to make errors with personnel costs (from end-2022).

Especially SMEs and newcomers stand to benefit from lump sums and unit costs. They lack the experience and administrative capacity to handle complex actual

costs rules as shown by their above average error rates. Small and new actors represent the majority of beneficiaries in the programme (more than 60% of the beneficiaries had only one single grant in FP7 or Horizon 2020).

Moreover, the Commission undertakes massive information campaigns to better inform beneficiaries on the financial rules and the possibilities for avoiding errors (see above under 2020/PAR/0317)

28. (§96e in relation to §55e - 2020/PAR/0320) The European Parliament calls on the Commission to simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders; develop a digital compendium for European SMEs and mid-cap companies for regulatory information on jobs and growth opportunities support within the MFF and RRF framework similar to the Access2Markets Trade Assistant.

Commission's response:

Rules for Horizon Europe, in particular for personnel cost accounting, were considerably simplified. In addition, guidance for SMEs is available to all beneficiaries in the web of the European Commission (<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/how-to-participate/reference-documents>) and the European Innovation Council (https://eic.ec.europa.eu/index_en). Since early 2021, the Commission has organised fifteen (15) specific training sessions on Horizon Europe for applicants and project participants, as How to create a successful proposal, legal and financial aspects, rules and procedures, the Funding and Tenders Portal, dissemination and exploitation, intellectual property management, lump sum funding, gender equality plan, etc. Those webinars are addressed to project coordinators and participants (9 webinars in 2021 and 6 until June 2022). Some of those, the so-called Coordinators' Days on "Grant Agreement Preparation" and "Amendments and Reports" are scheduled about four times a year and specifically designed for new Horizon Europe participants. All training sessions are recorded and available in YouTube, where total views are over 200,000.

The Commission constantly elaborates on the actions which could simplify rules and procedures and enhance training for SMEs. SMEs are supported in the Innovative Europe's pillar (Pillar III) Horizon Europe, which includes the European Innovation Council (EIC), the European Institute of Innovation and Technology (EIT) and its Knowledge and Innovation Communities (KICs), and the European Innovation Ecosystems (EIE). They all work in coordination and synergy with each other.

Moreover, the EIC WP utilises a new AI Platform which facilitates the submission of proposals from SMEs for equity as it includes methodology to help users develop a detailed business-plan and a number of automatic checks and feedback

to guide them, contributing substantially to the simplification the applications procedure.

The EIC WP provides also the Business Acceleration Services (BAS), offered to all the EIC awardees (from the EIC Accelerator, EIC Transition, EIC Pathfinder), Seal of Excellence holders, applicants to the EIC Accelerator (full proposal), Women Leadership programme participants, as well as to innovators and companies coming from other European or national initiatives that have entered into a specific agreement with the EIC. BAS consist of business coaching, business advice, networking opportunities to expand the client base and to find co-investors. Coaching is mainly about proposal preparation for EIC Accelerator applicants and training is provided for startups and SMEs to compete in public innovation procurement bids.

29. (§96f - 2020/PAR/0321) The European Parliament calls on the Commission to take a better approach to gender balance in relation to beneficiaries of the Horizon Europe funds, and to geographical balance from underrepresented Member States and provide better support to research and cooperation in universities in all Members States; report to Parliament about the proportion of the male and female researchers participating in the programme.

Commission's response:

Horizon Europe is one of the most comprehensive Multiannual Financial Framework programmes in its approach to promoting gender equality. The programme addresses gender equality in a systemic manner, requesting, among other requirements, that all applying research organisations, higher education establishments and public bodies have in place a Gender Equality Plan (GEP) in order to be eligible to participate and receive funding. One of the key recommended objectives of such GEPs is to promote gender balance, and, more broadly, gender equality, in recruitments and career progression. Beneficiaries signing Horizon Europe contracts “must take all measures to promote equal opportunities between men and women in the implementation of the action and, where applicable, in line with their gender equality plan. They must aim, to the extent possible, for a gender balance at all levels of personnel assigned to the action, including at supervisory and managerial level” (Article 14 of the Model Grant Agreement) and they report on the gender composition of their research teams in each periodic reporting.

Furthermore, gender balance among researchers named in project proposals is a ranking criterion for ex aequo proposals.

Additionally, to increase inclusiveness, Horizon Europe introduced a third gender category for researchers to self-report their gender identity, which can be “woman”, “man” or “non-binary”.

As of 1 July 2022, women represent 37% of researchers funded through Horizon Europe projects currently running, i.e. funded through the first year of the Programme (2021).

In order to increase women's participation to research and innovation in Europe, in light of the European Year of Youth, and in line with the European Strategy for Universities adopted by the Commission in January 2022, we have already launched a roadmap of activities to promote women's and girls' full participation to science, technology, engineering and mathematics (STEM) and initiatives will be rolled out throughout this year.

Should the outcomes of the 2022 calls for proposals not show increasing trends regarding women's representation among funded researchers, we would devise new approaches to improve gender balance.

30. (§96g in relation to §55b - 2020/PAR/0322) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases.

Commission's response:

General and systematic use of digital and automated systems is already made for the full process chain of grant management, covering call publication, proposal submission, evaluation, granting, reporting, payments and audit. The modules are fully integrated and interoperable (including with EDES). This 'eGrants' system is used not only for Horizon Europe but for the majority of centrally managed funding programmes under the current MFF

31. (§96h - 2020/PAR/0323) The European Parliament calls on the Commission to manage expectations by setting realistic and achievable objectives and targets; considers that the new reinforced EU Youth Guarantee should have more positive results on young people's access to the labour market; calls on the Commission to cooperate better with member states to develop Erasmus+ for professional training, especially for certain technical professions, the artisans, etc.; calls on the Commission to encourage the UK to rejoin the Erasmus programme; also calls for the development of student and scientific exchanges for the Eastern Partnership countries, especially Ukraine; further increase its widening activities to improve access to excellence throughout the Union and report back to the discharge authority.

Commission's response:

The objectives and targets are those set out in the Erasmus+ Regulation, which the Commission is supposed to implement according to the will of the EU Co-legislators. The upcoming monitoring and evaluation framework that will be set up as stipulated in article 23 of the Regulation will provide an additional basis to measure the programme implementation against its objectives. The Commission supports the aim to ensure that the resulting framework will remain realistic, and

targets will continue being achievable. Also, the programme mid-term evaluation, foreseen under article 24 of the Regulation, will provide evidence-based elements to assess how the programme is being rolled out, also taking into account the challenging circumstances of its first years of implementation.

In line with the provisions of the Erasmus+ Regulation (in particular article 19), the Commission offered the UK full association to the programme. For the 2021-2027 programming cycle, the UK authorities decided not to associate to Erasmus+. While expressing deep regrets for this decision, the Commission remains open to consider any future request from the UK to associate with Erasmus+.

The programme supports a number of partnerships for excellence in the area of vocational education and training (for example Centres of Vocational Training - COVEs, Erasmus+ Teacher Academies,), which entail projects with a long-term sustainable prospect and a strive for excellence in their respective field. COVEs support a bottom-up approach to Vocational Excellence involving a wide range of local stakeholders. They enable VET institutions to rapidly adapt skills provision to evolving economic and social needs, including the digital and green transitions. COVEs operate in a given local context, being the linchpin of skills ecosystems for innovation, regional development, and social inclusion, while working with COVEs in other countries through international collaborative networks. They provide opportunities for initial training of young people as well as the continuing up-skilling and re-skilling of adults, through flexible and timely offer of training that meets the needs of a dynamic labour market, in the context of the green and digital transitions. They act as catalysts for local business innovation, by working closely with companies and in particular SMEs. Vocational Excellence ensures high quality skills and competences that lead to quality employment and career-long opportunities, which meet the needs of an innovative, inclusive and sustainable economy.

The Erasmus+ Teacher Academies aim to create European partnerships of teacher education and training providers to develop a European and international outlook in teacher education. These Academies will embrace multilingualism, language awareness and cultural diversity, develop teacher education in line with the EU's priorities in education policy and contribute to the achievement of the objectives of the European Education Area. In doing so, the Academies will contribute to the improvement of teacher education policies and practices in Europe by creating networks and communities of practice on teacher education, will enhance the European dimension and internationalisation of teacher education through innovative and practical collaboration with teacher educators and teachers in other European countries, will develop and test jointly different models of mobility (virtual, physical and blended) in initial teacher education, and will foster sustainable collaboration among teacher education providers. Erasmus+ also supports learning mobility in the area of VET, offering opportunities for young people in vocational education strands, including apprentices, the possibility to spend a part of their training abroad.

Also in the field of higher education, excellence is promoted, inter alia through the European Universities initiative, where excellence and inclusion go hand in hand. European Universities are alliances of higher education institutions from

across Europe that cooperate on education, research and innovation for the benefit of students, educators and society. Following the 2022 Erasmus+ call for proposals, we now have 44 European Universities involving around 340 higher education institutions in both capital cities and remote regions of 31 countries, including all European Union (EU) Member States, as well as Iceland, Norway, Serbia, and Turkey. These alliances are testbeds for further innovation in the higher education sector. They are encouraged to adopt a challenge-based approach allowing students, academics and external partners to cooperate to tackle the biggest issues facing Europe today. They create campuses that span between universities and cross borders and disciplines, where students, staff and researchers from all parts of Europe can enjoy seamless mobility, and create new knowledge together.

As outlined in the Joint Staff Working Document - Recovery, resilience and reform: post 2020 Eastern Partnership priorities adopted in July 2021, the Commission is working towards achieving the target of providing 70 000 individual mobility opportunities for students and staff, researchers, young people and youth workers from the Eastern Partnership Countries. The students and researchers can benefit from opportunities, in particular under the Erasmus+ Programme. Since the beginning of the Russian invasion of Ukraine, the European Commission mobilised all resources to support the integration of Ukrainian pupils, students and staff into the EU. Students and recent graduates from Ukrainian universities can undertake a mobility under the Erasmus+ programme. Likewise, teachers and trainers from Ukraine can be offered grants for short-term training or teaching mobility through Erasmus+.

Improving access to excellence is an important element of the Erasmus+ programme. The current Erasmus+ programme includes a new action, Erasmus Mundus Design Measures - which are a form of preparatory activity to help partnerships of universities develop their joint teaching to the point where it is an accredited joint programme and therefore eligible for Erasmus Mundus Joint Master status. This action is conceived to encourage the development of excellent Joint Masters from institutions or EU regions less involved in Erasmus Mundus to date (i.e. Central and Eastern Europe), and therefore spread techniques and practice aimed at transnational higher education excellence and student-centred learning across the Union.

32. (§96i - 2020/PAR/0324) The European Parliament calls on the Commission to create a new budgetary line for tourism, to support the recovery of a sector severely hit by the COVID-19 crisis, making it resilient for the future, digitalised and sustainable.

Commission's response:

The EU budget supports tourism through several instruments and funds, such as the European Regional Development Fund (ERDF), the European Agricultural Fund for rural Development and European Maritime, fisheries and Aquaculture Fund, the Single Market Programme, Horizon Europe, the InvestEU Programme, Creative Europe Programme and Digital Europe Programme. In particular, the

main financial support for tourism from the EU budget is available from the ERDF. Such a crosscutting approach allows for synergies and complementarities in the EU support for the sustainable and competitive recovery of tourism and therefore a specific budget line dedicated to tourism would not be necessary. DG GROW makes available an online Guide on EU funding for tourism (https://single-market-economy.ec.europa.eu/sectors/tourism/funding-guide_en) to help actors in the tourism sector, including SMEs, find appropriate funding.

33. (§96j - 2020/PAR/0325) The European Parliament calls on the Commission to continue its action on the grouped purchase of vaccines to protect against COVID-19 which allows savings and develops the Union's sovereign autonomy in the field of health and which can be extended to other areas such as energy, semiconductor or rare earth elements.

Commission's response:

HERA welcomes the support of the European Parliament in its work on the grouped purchase of vaccines against COVID-19. HERA will continue its work, on behalf and with the Member States contributing to the development of an autonomous Union in the field of health.

As regards Energy purchases, the European Commission has proposed the outline of a plan to make Europe independent from Russian fossil fuels well before 2030 (see REPowerEU Communication "Joint European Action for more affordable secure and sustainable energy" of 8 March 2022). This plan includes the setup of the EU Energy Platform (established on 7 April 2022) to secure the EU's energy supply at affordable prices.

34. (§96k - 2020/PAR/0326) The European Parliament calls on the Commission to ensure that sufficient resources are available for Horizon Europe and its pillars, IPCEIs and other funding instruments and projects also in relation to job creation, ensuring synergies with the national recovery plans in order to promote research and develop a growth strategy and launch new Union partnerships in areas such as clean hydrogen, fuel cells, wind energy, electric traction, photovoltaic energy, robotics, drones, 3D printing batteries, clean aviation, rail, connected and automated mobility, zero-emission road and waterborne transport and abroad range of digital technologies, in particular for the Work Programme 2021-2022 and welcomes the progress of Horizon Europe in this sense; stresses the need to support projects that contribute, in particular, to a future-proof, sustainable, smart, competitive, affordable and climate-friendly European transport network.

Commission's response:

The Horizon Europe strategic plan for 2021-2024, adopted by the Commission in June 2021, defines the strategic orientations for the EU's research and innovation investments over the period 2021-2024 and acts as a compass to stay on course

with the political priorities of the Commission with a focus on a climate-neutral and green Europe, fit for the digital age, where the economy works for the people. The strategic plan sets out four key strategic orientations:

- Promoting an open strategic autonomy by leading the development of key digital, enabling and emerging technologies, sectors and value chains to accelerate and steer the digital and green transitions through human-centred technologies and innovations;*
- Restoring Europe's ecosystems and biodiversity, and managing sustainably natural resources to ensure food security and a clean and healthy environment;*
- Making Europe the first digitally enabled circular, climate-neutral and sustainable economy through the transformation of its mobility, energy, construction and production systems;*
- Creating a more resilient, inclusive and democratic European society, prepared and responsive to threats and disasters, addressing inequalities and providing high-quality health care, and empowering all citizens to act in the green and digital transitions.*

The main Horizon Europe work programme for 2021-2022, adopted by the Commission in June 2021 and amended in December 2021 and May 2022, provides nearly €16 billion in support of research and innovation actions along these key strategic orientations. The expected impacts targeted by the actions in Pillar II of the programme, notably 'Climate, energy and mobility' and 'Digital, industry and space', address most directly the areas highlighted by the Parliament, for example: 'Cross-sectoral solutions for the climate transition' (which includes actions addressing batteries), 'Sustainable, secure and competitive energy supply' (which includes support for a range of renewable energy sources), 'Efficient, sustainable and inclusive energy use', 'Clean and competitive solutions for all transport modes' (which includes zero-emission transport), 'Safe, Resilient Transport and Smart Mobility services for passengers and goods', 'Climate neutral, circular and digitised production' (which includes 'Twin green and digital transition' and 'Climate neutral, circular and digitised production'), 'A digitised, resource-efficient and resilient industry', 'World leading data and computing technologies', and 'Digital and emerging technologies for competitiveness and fit for the green deal'. Moreover, actions from the work programme 2021-2022 with a total budget of over €2.6 billion are funded by Next Generation EU (the European Union Recovery Instrument), directing investments to help repair the immediate economic and social damage brought about by the coronavirus pandemic and to create a post-COVID-19 Europe that is greener, more digital, more resilient and better fit for the current and forthcoming challenges.

The main Horizon Europe work programme for 2023-2024, which is currently in preparation, will continue to address these key strategic orientations, while taking into account the new geo-political and policy developments since 2020.

Moreover, the strategic plan 2021-2024 also set out the new European Partnerships that will address these strategic orientations. In the areas highlighted by the Parliament, these include the European Partnerships for: Driving Urban

Transitions to a Sustainable Future; Clean Energy Transition; Innovative SMEs; Artificial Intelligence, Data and Robotics; Photonics; Connected, Cooperative and Automated Mobility (CCAM); Batteries: Towards a competitive European industrial battery value chain; Zero-emission Road Transport (2ZERO); and Zero-emission Waterborne Transport. These complement the institutionalised European Partnerships (“Joint Undertakings”) which have been launched under Horizon Europe, which include: Clean Aviation; Clean Hydrogen; Europe’s Rail; Key Digital Technologies; Single European Sky ATM Research; and Smart Networks and Services.

35. (§96l - 2020/PAR/0327) The European Parliament calls on the Commission to propose a new result-oriented mechanism including short, mid and long-term planning and technical assistance, as well as to enhance the link between funding and the achievement of project milestones, to increase the added value of Union Funds and to ensure that Member States meet the 2030 and 2050 completion targets for the core and comprehensive TEN-T networks respectively.

Commission's response:

The Commission has already established a performance base technical assistance for Member States, in the form of lump sums in the framework of the 2021-2023 Multi-Annual work programme. The Commission will continue technical assistance to help Member States to reach their targets.

Economic, social and territorial cohesion

36. (§133a - 2020/PAR/0328) The European Parliament calls on the Commission to provide an error rate at payment and not a residual error rate in order to improve the evaluation of the scrutiny undertaken.

Commission's response:

The Commission already provides in its Annual Activity Reports both total error rates at payment (before financial corrections) and residual error rates (after financial corrections) for each programme, based on the reporting of Audit Authorities. This allows to have a detailed situation of the risks and the corrections needed for each programme. The residual error rates are confirmed by the Commission after its review which aims at ensuring that all risks have been detected and appropriately covered by the necessary financial corrections to ensure a residual risk below the materiality threshold of 2%.

The Commission aggregates programme error rates to report a total weighted average error rate for each policy once the control cycle is completed. The Commission considers that this residual total error rate – estimated and reported for each reporting year - represents the most relevant indicator of the overall residual risk to the underlying programmes expenditure because it takes account of and is calculated when the whole control process at national and Commission levels has been performed. The methodology for estimating this KPI and its maximum rate has also been established taking account of the ECA Statement of Assurance annual process, in order to provide a better alignment of respective methodologies.

In addition, thanks to its assessment of all national and audit results received from audit authorities as well as its own audit results, the Commission is able to conclude on the functioning of management and control systems for each programme. The Commission has therefore the tools to analyse the individual payment risks and the situation of each programme and to report the specific individual weaknesses identified in the respective REGIO and EMPL AARs (see Annex 7B, 7C and 7D).

37. (§133b - 2020/PAR/0329) The European Parliament calls on the Commission to continue its cooperation with the Court in order to further harmonise data standards and align the interpretation of legal texts.

Commission's response:

The Commission will continue to work in close collaboration and in full transparency with the ECA to progress towards a further alignment of audit methodologies and interpretation of EC rules, under the overall objective to further improve its current control and assurance framework.

In particular, the ECA is systematically involved and invited in all technical meetings and annual coordination meetings with programme authorities. The ECA is also consulted on relevant methodological aspects (for instance methodology relating to the estimation and reporting of the maximum error rate for Cohesion in the AARs), audit guidance and interpretation notes shared with programme authorities so that there is a common understanding of applicable rules.

The ECA will notably also be consulted on the methodology relating to the use and assurance model for the new financing schemes of Financing not linked to costs for the 2021-27 programming period.

38. (§133c - 2020/PAR/0330) The European Parliament calls on the Commission to encourage and closely monitor the Member States using its standard scale of unit costs, as further simplification of rules and procedures can contribute to a more efficient use of funds and a reduced error rate, while ensuring that the scheme does not result in excessive imbalances in favour of Member States.

Commission's response:

In 2021 and 2022, while performing its remote and on-the-spot audits, the Commission has been closely monitoring the systems of the Member States using standard scales of unit costs, to ensure that the scheme did not result in excessive imbalances in favour of the Member States. These audits did not give rise to further audit findings. Furthermore, in the meantime the Commission has already corrected the excessive imbalance discovered by DG EMPL in its audit in Italy and re-used by the ECA in its 2020 Statement of Assurance audits. In case further excessive imbalances would occur, the Commission will make sure that at closure public expenditure and EU reimbursements will be re-balanced as necessary.

In 2021 and 2022, more generally, the Commission has continued to support the development of Simplified Cost Options and other simplification measures related to the ESF/ESF+ and Structural Funds in order to prepare and assess the planned simplified cost options schemes for 2021-2027 programmes. It has elaborated and provided guidance on relevant SCO-legislation and delivered adequate interpretation on the above-mentioned legislation, through guidance to DG EMPL and DG REGIO units, other related DGs and Commission services in order to support the coherent implementation and interpretation of the Regulations, related legislation, policies and guidelines. It has given the necessary support to the managing and the audit authorities through targeted support and continuous training, in particular through participation in the transnational network of ERDF and CF SCO practitioners and organisation of other dedicated meetings.

39. (§133d - 2020/PAR/0331) The European Parliament calls on the Commission to encourage audit authorities explicitly to introduce specific questions in their checklists on fraud risks and document the steps taken to address any such risks discovered in the course of an audit; pay increased attention, and allocate increased

technical support, to Member States, whose management and control systems are only partially reliable, or not reliable at all, where there is an increased risk of fraud and corruption related to funds.

Commission's response:

The Commission has worked with audit authorities in order to complete the checklists for audit operations and better document the steps taken to address any fraud risks discovered.

In the technical multi-lateral group meeting of 7 December 2021, the Commission informed AAs (Audit Authorities) of its updated checklist for audits of operations covering the anti-fraud aspect and requested AAs to adapt their checks accordingly. This aspect has been verified with the review of the assurance packages and will be followed up, where still needed, in the Annual Coordination Meetings with AAs in 2022.

40. (§133e in relation with §152c - 2020/PAR/0332) The European Parliament calls on the Commission to make the use of IT tools such as EDES and Arachne mandatory and systematic for all Union funds including shared management and ensure better use of new technology in order to increase controls and protect the Union budget against fraud and misuse of funds.

Commission's response:

The Commission is striving to enhance the interoperability of its IT tools, also to prevent and detect fraud. This reflection is ongoing for example in the development of ARACHNE and EDES, notably in the context of the revision of the Financial Regulation. The Commission constantly assesses Member States' suggestions for improvement and considers them whenever the need for updates to ARACHNE arises. The Commission adopted a proposal for a targeted amendment of the Financial Regulation on 16 May 2022. In this context, the Commission proposed the mandatory use of a single integrated IT system for data-mining and risk-scoring in all management modes of the EU budget. The new provisions will apply to programmes adopted under and financed as from the post-2027 MFF. Voluntary application will remain possible and will be encouraged during that transitional period.

41. (§133f in relation to §55b - 2020/PAR/0333) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases.

Commission's response:

For the 2021-2027 MFF and NGEU, the Commission has put forward proposals to improve the quality and interoperability of data on recipients of EU funding where the budget is implemented under shared management and under the RRF. The co-legislators accepted the Commission's proposal to require the Member States to record and store data on the recipients of EU funding and on those recipients' beneficial owners.

The Commission invites the legislator to use the targeted adjustment of the Financial Regulation to further improve the monitoring and transparency of the use of funds and also further protect the EU budget against irregularities, fraud, corruption, and conflicts of interest. It has then proposed to make the use of a single integrated IT system for data-mining and risk-scoring compulsory. This IT system allows identifying measures, contracts and recipients that are vulnerable to irregularities, fraud, corruption, and conflicts of interest.

The Commission has already developed and supplied the IT tool Arachne, to Member States implementing the EU budget under shared management, but its use is currently voluntary. Even though it is currently widely used by MS (more than 38.000 connections in 2021 compared to around 12.000 in 2017, about 6.400 named users in Arachne end of 2021), it is not systematically used in all MS. Making its use compulsory would be an important step forward.

The Commission also proposes to extend the scope and effectiveness of the Early Detection and Exclusion System (EDES). This system provides a set of measures to protect against fraudulent or unreliable economic operators. In particular, EDES enables authorising officers to detect and possibly blacklist (exclude) fraudulent or unreliable economic operators at an early stage. The Commission has proposed to better target the application of the EDES to funds under both shared management, and direct management where funds are disbursed as financial contributions to Member States, for instance under the RRF. The objective is also to make sure that exclusion decisions taken at the EU level are enforced at national level in the context of shared management.

Finally, the proposed adjustment to the Financial Regulation will, if endorsed by the co-legislators, increase the efficiency and quality of controls and audits with the help of digitalisation and emerging technologies such as machine learning, robotic process automation and artificial intelligence. This should in turn help to further ensure the proper use of EU funds, while reducing the cost of audits and controls.

42. (§133g - 2020/PAR/0334) The European Parliament calls on the Commission to ensure that the Member States take into account and promote the implementation of the partnership principle and of gender equality throughout the preparation, implementation, monitoring and evaluation of all programmes as laid down in Regulation (EU) No 1303/2013 and Regulation (EU) 2021/1060.

Commission's response:

The Commission, while negotiating the new partnership agreements and programmes will assess the Member States commitment to the horizontal principles and specific targeted actions as well as the new tracking mechanism for gender related expenditure. Furthermore, ESF+ will promote the horizontal principles of gender equality, respect for fundamental rights, equal opportunities and non-discrimination.

43. (§133h - 2020/PAR/0335) The European Parliament calls on the Commission to ensure sound financial management in the use of funds, including respect for the rule of law and fundamental rights, as essential preconditions for sound financial management and effective funding.

Commission's response:

The Commission is working with all legal instruments at its disposal to ensure sound financial management in the use of funds, including respect for the rule of law and fundamental rights. It has developed a clear methodology for the assessment of the fulfilment by Member States of the horizontal enabling conditions such as compliance with the Charter of Fundamental Rights, for negotiating programmes for 2021-2027.

Under Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget (Conditionality Regulation) which applies since 1 January 2021, the Commission can propose the Council to adopt measures in case breaches of the principles of the rule of law in a Member State that affect or risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way.

The Conditionality Regulation complements other tools and procedures established by EU legislation to protect the budget. These include investigations by OLAF, checks and audits, and financial corrections.

In March 2021, Hungary and Poland challenged the Conditionality Regulation before the Court of Justice of the European Union (CJEU). In February 2022, the CJEU dismissed their actions and confirmed the validity of the Conditionality Regulation. In March 2022, the Commission published guidelines on applying the Regulation that consider the CJEU's judgment.

In April 2022, the Commission sent a written notification to Hungary under Article 6(1) of the Regulation. This is the first step in the procedure set by the Conditionality Regulation to protect the EU budget. The procedure is currently ongoing.

The work under the Conditionality Regulation continues. The Commission is monitoring the situation across Member States and if the conditions are fulfilled, we will start the procedure.

44. (§133i - 2020/PAR/0336) The European Parliament calls on the Commission to ensure that the Member States make sufficient information available in the annual summary on conclusions and follow-up of operations for which they have withdrawn amounts from accounts that are still under an ongoing regularity assessment.

Commission's response:

This resolution is similar to the recommendation 5.3 from the 2020 ECA Annual Report on compliance.

The Audit Authorities have already been requested to provide additional information on amounts under ongoing assessment. This was done at the technical meeting held on 7 December 2021, as well as in the Council working group discussing and approving the ECA 2020 recommendations, which met on 13 January 2022.

The Commission considers the recommendation as implemented, as is the case for the related ECA recommendation 2020/AUD/0203.

45. (§133j - 2020/PAR/0337) The European Parliament calls on the Commission to put forward a legislative proposal linked to the upcoming revision of the Financial Regulation to ensure that the payment retention is adequately protected before it is released, to improve its audit work, audit documentation and review process, to strengthen the main elements of the regularity of information provided in the AARs, and to ensure that the College of Commissioners provide relevant and reliable information in the AMPR; underlines that the proposal should have a clear, limited scope, in order not to negatively affect the performance of the funds.

Commission's response:

As regards the proposal of a legislative revision for the payment retention, the Commission has not accepted the related recommendation issued in the ECA's Special Report 26/2021 "Regularity of spending in EU Cohesion Policy: Commission discloses annually a minimum estimated level of error that is not final". The Commission therefore also rejects the similar EP resolution.

In the CPR 2021-2027, which was recently adopted by the co-legislator: a retention of 5% until acceptance of the annual accounts is foreseen under a new condition aiming to further safeguard the EU budget. This condition requires Member States to undertake the necessary corrections to reduce the residual error rate on the legality and regularity of the expenditure included in the accounts to 2% or below before the accounts are submitted to the Commission (see Article 98(5) of the CPR 2021- 2027). If the accounts show a higher error rate, they shall not be admissible and the Commission cannot release the payment retention.

Furthermore, the legal possibility to interrupt the payment of the balance, if positive, and the release of the 5% retention of the accepted accounts remains (provided that conditions of Article 96(1) of the new CPR are fulfilled). Moreover,

the 2021-2027 legal framework continues to provide the Commission with the necessary subsequent legal tools to protect the EU budget when irregularities are identified in accepted accounts (financial corrections), and modified the conditions for net financial corrections (see Article 104(1)(b) of the CPR 2021-2027).

Given that the co-legislators concluded the negotiations of these provisions, the Commission considers that a proposal for a legislative revision is not warranted at this juncture, and that efforts should focus on concluding programming without further delay.

The Commission also points out that conditioning the acceptance of the accounts with the finalisation of the legality/regularity assessment, as suggested by the ECA and the EP, would significantly slow down the annual process of accounts by the Commission.

Finally, the Commission considers that the detailed instructions and guidance to services and quality review by Central Services ensure that the information and data contained in the AARs is a relevant and reliable source for the AMPR.

The AMPR is subject to a rigorous preparatory and decision-making process. Moreover, the Central Services receive detailed orientations from the Corporate Management Board concerning the content and structure of the AMPR. Based on this process in place for its elaboration, the Commission considers that the information provided in the AMPR is relevant and reliable.

The Corporate Management Board (CMB), at the apex of the Commission's corporate governance structure, oversees the preparation of the AMPR and is therefore the appropriate body to provide guidance on the content of the report. The Cabinets of the President and the Commissioner responsible for the budget, as observers in the CMB, are part of these discussions.

46. (§133k - 2020/PAR/0338) The European Parliament calls on the Commission to improve the approach taken in relation to studies of administrative costs by announcing what will be examined and when, as well as to assess whether estimated administrative cost savings have materialised.

Commission's response:

Due to the delayed take up of the 2021-2027 programmes, the launch of the study on administrative costs had to be postponed to be able to effectively evaluate administrative costs of implementation of these programmes. The current planning envisages the publishing of the terms of reference in early 2023, with the aim to sign around mid-2023. Subsequently, the Member States will be informed accordingly.

47. (§133l - 2020/PAR/0339) The European Parliament calls on the Commission, in the context of performance-based financing in Cohesion policy, to make the best use of enabling conditions in the 2021-2027 period, to prepare the ground early for an

effective mid-term review, and to clarify the rules and the approach for providing assurance on Union funding in the 'financing not linked to costs' funding model.

Commission's response:

The Commission has accepted the recommendations issued in the ECA special report on performance-based financing in Cohesion policy, aiming at:

- *making the best use of the enabling conditions - it will act accordingly in the monitoring committees for CPR Funds programmes;*
- *informing the Member States in due time of the approach to be applied for the mid-term review taking, and*
- *providing clarification on the funding model and approach to assurance regarding the financing not linked to costs (FNLC) model – it has initiated a number of actions for the new programming period to further promote their use, such as the set-up of a subgroup dedicated to FNLC in the framework of the Transnational Network of ERDF/CF practitioners, the launch of a study looking at the feasibility of setting up EU level FNLC in a number of areas, and the preparation of further guidance to Member States regarding the design, implementation and audit of FNLC schemes in the 2021-2027 programming period.*

Guidance on the use and authorisation of FNLC is being developed to support Commission services in their implementation of the recommendation of the ECA.

48. (§133m in relation to §55e - 2020/PAR/0340) The European Parliament calls on the Commission to simplify rules and procedures, encourage Member States and the Commission to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders.

Commission's response:

Simplification of implementation and rules will continue to be promoted under the 2021-27 period in COHEsop, to tackle eligibility issues, reduce gold plating and ease management verifications.

For ERDF/CF projects, the Commission is promoting the use of simplified cost options (SCOs) and Financing not linked to costs (FNLC) through its Transnational Network (TN) of ERDF and CF SCO practitioners. The focus of this work is to support Member States in their preparations for the 2021-27 period. As a result, Member States submitted more than 20 SCOs methodologies to which the Commission has provided comments. This will eventually reduce the administrative burden for many applicants under shared management.

To enhance simplification in the implementation of ERDF/CF programmes, the Commission worked closely with Member States to identify best practices regarding two of the most burdensome activities for programme authorities,

selection of operations and management verifications. TN members identified 16 case reports on better administrative practices with regard to selection of operations and gave substantial feedback on the REGIO's draft reflection paper on the use of risk-based management verifications in 2021-2027 programmes.

For ESF projects, in terms of simplified cost options, 19 Member States and the UK were covered by unit costs or lump sums set out in Delegated Regulation 2015/2195 at the end of 2021. The Commission also developed unit costs for four areas (education, training for unemployed people, employment-related counselling services and training for employees) for use by all Member States. These initiatives have reduced the administrative burden and facilitated implementation for both programme authorities and beneficiaries, allowing them to focus on performance and results. Simplified cost options can also help reduce the error rate and facilitate access to funding for small beneficiaries. In 2021, DG EMPL completed a study on the development of EU-level simplified cost options and financing not linked to costs schemes for the 2021-2027 period in community social services and for ALMA (active inclusion measures for disadvantaged young people). In 2022, it will adopt a delegated act and Member States will be able to use these off-the-shelf tools in order to simplify the implementation of their ESF+ programmes.

The Commission will continue to provide support to administrative capacity building actions through guidance, targeted support, continuous training and professional development, and transnational networks to simplify and avoid excess of procedures.

In terms of external communication in 2021, the creation of the RegioWiki Extranet has offered to external stakeholders the possibility to consult the 2021-2027 regulation and the related Questions and Answers. In addition, Kohesio is a comprehensive public platform for cohesion policy projects and beneficiaries. It aims to increase communication, visibility and transparency on cohesion policy projects. Public, journalists, researchers and policy-makers can browse and discover, through concrete examples, how cohesion policy contributes to strengthen economic, social and territorial cohesion in the EU. Kohesio also offers up-to-date information at project level to support evidence-based and data-driven policy-making. After a successful pilot project developed by REGIO, CNECT and DIGIT, featuring six Member States, Kohesio scaled-up in 2021 to cover all 27 Member States. In January 2022, Kohesio contained information on 1.5 million projects and approximately 500,000 beneficiaries supported by the ERDF, CF and ESF, for a value of over EUR 500 billion in total investments.

49. (§133n - 2020/PAR/0341) The European Parliament calls on the Commission to provide guidance and controls that ensure that adequate minimum standards of social and labour rights are requirements in calls for public procurement, particularly in construction tenders, to avoid putting Union companies at a competitive disadvantage compared to third country bidders; calls on the Commission to ensure that only companies from third countries that allow Union companies to participate in their public calls and tenders to participate in European public calls and tenders to

ensure a level-playing field and equal access among Union and third country companies.

Commission's response:

The Commission promotes the application of adequate labour standards in public procurement contracts. In this context, in May 2021, the Commission published updated guidance on socially responsible public procurement, which provides useful indications to EU public buyers as to how to implement social considerations, labour clauses and human rights due diligence in public procurement. The guidance followed a 2020 collection of 71 good practices on socially responsible procurement, covering over 10 different sectors and including examples on setting and monitoring adequate working conditions. To promote these documents, a number of short webinars was organised, which are now also published on DG Growth's You Tube channel. They showcase inspiring examples of how public buyers across the EU work to ensure adequate labour conditions, human rights due diligence, gender equality and pursuing other social objectives in public procurement. The Commission's services are designing new projects and activities to continue building the awareness and capacities of EU public buyers in this domain.

50. (§133o - 2020/PAR/0342) The European Parliament calls on the Commission to facilitate the adoption of the European Cross-Border Mechanism which has the potential to positively impact the pace of implementation of cross-border transport projects and ultimately increase the efficiency of transport services in these areas.

Commission's response:

The Commission stresses that the European Cross-Border Mechanism proposal has been rejected by a fierce opposition from a majority of Member States in the Council. The Commission has already tried hard – in vain – to push it back.

At this stage, the Commission considers that making further efforts to revive the file in the Council would lack a reasonable chance of success and even counter-productive.

At the same time, the Commission expects positive impacts on the implementation of cross-border transport projects by the Streamlining Directive (EU) 2021/1187 that was adopted on 7 July 2021 and which must be transposed in the Member States by 10 August 2023.

The main provisions of the Streamlining Directive to facilitate the timely implementation of projects on the TEN-T network are: 1) one designated authority for each project/permit granting procedure; 2) a maximum of four years for permit granting authorisation; 3) clear and transparent permit-granting procedures; and 4) coordination of cross-border permit granting and procurement.

Natural resources

51. (§152a in relation to §55e - 2020/PAR/0343) The European Parliament calls on the Commission to simplify rules and procedures, encourages Member States to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for young farmers, SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders.

Commission's response:

In the current CAP, the Commission has already proceeded to several legal simplification initiatives under the Integrated Administration and Control System (IACS), such as the “yellow card” system for penalties or penalties for the animal-Voluntary Coupled Support schemes. In addition, significant efforts are committed to offer assistance and guidelines for paying agencies in respect to IACS and more specifically with regard to the implementation of the Checks by Monitoring. Commission actively supports Member States in that respect through conferences, seminars, bilateral meetings as well as general guidance through documents that are published online such as guidelines and Question and Answer documents gathering replies to most common queries on the legal framework.

In the future CAP, Commission sets a EU framework with fewer rules at Union level, aiming to address the issue of simplification in several ways.

Firstly, the Commission has proposed a major shift in the way the policy is to be implemented with the New Delivery Model. The aim is to replace the current compliance approach, based on detailed rules at beneficiary level, with a performance-based framework, focusing on the achievement of results by the Member States. Specific simplifications of rules were also introduced such as for example the one on compensation for maintaining land in the context of wetland or more flexible use of tools for organic farming support to quote only a few.

Secondly, it has greatly reduced the level of detailed legislation at EU level. Thus, the Member States will have the flexibility to detail and customize certain definitions, conditions for support and the interventions to their needs and the needs of their farmers. This will reduce the complexity and administrative burden vis-vis the farmers.

And thirdly, it empowers Member States to ensure the rules they define for farmers' support and control are based on the principle of simplification and subsidiarity. The single audit approach and the focus of the Commission's audits on the functioning of the systems at Member State level is also expected to ease the burden on beneficiaries.

To ensure that simplification is a core principle in Member States implementation of the CAP, in the National CAP Strategic Plans (SPs) Member States must specifically describe and explain how they will ensure a simple implementation of the policy. More proportional and risk-based approach should apply to controls, with the intensity of control taking account of the risk and amounts involved, cost-

effectiveness and the different objectives and outcomes being sought. The uptake of new technologies by Member States, such as digitalisation and use of satellites, will have an important impact on administrative burden. The general use of the geo-spatial aid application and of the single pre-filled application, mandatory from 2018 onwards, is already expected to simplify procedures. Furthermore, the Commission will continue, as in the current programming period, to promote the use of Simplified Cost Options.

Training and advice to support applicants and beneficiaries (i.e. young farmers, SMEs, spin-off, start-ups etc.) is a competence of the Member States' authorities, and they will be able to use technical assistance and AKIS, the national CAP networks, programmed under their CAP SPs to finance these activities. In addition to specific events and conferences that it organizes, the Commission will assist the Member State authorities notably by the means of the CAP Committee, which will replace the Rural Development Committee, covering both Pillar I and II and as well as the sector support, enabling a comprehensive approach to inform the administrations and building their competencies. Stakeholders and interested parties will be further offered meetings of the Civil Dialogue Group, the EU CAP network, whose topics and presentations are adapted also to the information needs of stakeholders.

52. (§152b - 2020/PAR/0344) The European Parliament calls on the Commission to make better use and encourage the use of AI and data from new technologies such as the EU-owned Copernicus Sentinel satellites to monitor and control the correct use of CAP funds.

Commission's response:

Two IACS (Integrated Administration and Control System) secondary legislation acts, Commission Implementing Regulation (EU) 2022/1172 and Commission Implementing Regulation (EU) 2022/1173 published on 8 July 2022, specify how Member States should make use of Copernicus satellite data as well as other types of data, such as geotagged photos, to enable an automated monitoring of eligibility conditions. Automation of the data analysis under the area monitoring system implies a better use of machine learning techniques and/or other automated information extraction processes.

53. (§152c in relation with §133e - 2020/PAR/0345) The European Parliament calls on the Commission to make the use of the IT tools, Arachne and EDES, mandatory and systematic for paying agencies, as an important tool that can be used to identify projects, beneficiaries and contractors at risk of fraud.

Commission's response:

Under shared management, paying agencies must have functioning management and control systems, including adequate targeted controls on the basis of

appropriate risk analysis tools, to ensure the legality and regularity of the CAP expenditure. To that end, the Commission has put at the Member States' disposal a single integrated IT system for data-mining and risk-scoring ('Arachne'), which can be used on voluntary basis currently for project based expenditure. So far, 9 Member States (7 using the tool, 2 in testing mode) are in a pilot phase for Arachne for rural development. Furthermore, the Commission adopted a proposal for a targeted amendment of the Financial Regulation on 16 May 2022. In this context, the Commission proposed the mandatory use of the single integrated IT system for data-mining and risk-scoring ('Arachne') in all management modes of the EU budget. The new provisions will apply to programmes adopted under and financed as from the post-2027 MFF, including the CAP. While it was agreed by the co-legislators that Arachne will not be mandatory in the new CAP, the Commission has an obligation to make Arachne available to the Member States for all CAP measures free of charge and to present a report on the use and interoperability of the data-mining tool by 2025. The extension of EDES to shared management will also complement the need to strive for single integrated and interoperable IT systems for tackling irregularities and fraud at EU level.

54. (§152d in relation to §55b - 2020/PAR/0346) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases.

Commission's response:

As of 1 January 2023, Member States (MS) are obliged to operate the new Area Monitoring System (AMS). Together with other Integrated administrative and control system (IACS) elements, the purpose of the AMS is to contribute to ensuring that the aggregated data provided by MS for the annual performance reporting is reliable and verifiable. Two IACS secondary legislation acts have been adopted in Q2 of 2022, specifying how MS should make use of Copernicus satellite data as well as other types of data, such as geotagged photos, to enable an automated monitoring of eligibility conditions. Automation of the data analysis under the AMS implies a better use of machine learning techniques and/or other automated information extraction processes.

In addition to the AMS, the Commission recalls that it has put forward proposals to improve the collection and interoperability of data on recipients of EU funding where the budget is implemented under shared management. For the CAP, the Member States will have to collect information and to publish the group, which beneficiaries belong to, where applicable.

Moreover, As of 1 January 2023, there is an obligation for the Commission to provide Member States with a single data-mining tool that they can voluntarily use for control and audit purposes, with a view to a generalised application by Member States. Since its release, the ARACHNE tool has been further developed and improved with regard to its user-friendliness and interoperability with other

sources of information. The Commission will continue to offer support and technical assistance to Member State authorities and will keep doing its utmost to encourage them to use this tool free of charge.

There is a review clause for the CAP requiring the Commission to present, by 2025, a report which assesses the use of the single data-mining tool and its interoperability with a view to its generalised use by Member States, accompanied, if necessary, by appropriate proposals. The upcoming targeted revision of the Financial Regulation is another opportunity to further enhance transparency and public scrutiny with regard to the use of the EU budget and to enhance its protection against irregularities, fraud, corruption and conflicts of interest, by developing the digitalisation of controls and audits and improving the quality and interoperability of the data on recipients of EU funding, across management modes.

55. (§152e - 2020/PAR/0347) The European Parliament calls on the Commission to focus its performance information on results and establish a clear link between programme contributions and the achievements declared in order to assess the effectiveness of the programmes.

Commission's response:

The performance framework for the new CAP 2023 - 2027 covers all objectives with quantified targets for result indicators, enabling improved tracking. Result indicators create links between an EU action and its purpose(s) to measure progress in achieving the CAP strategic plan targets. The completeness, reliability and accuracy of links established by Member States between planned interventions and result indicators is assessed during the CAP Strategic Plans approval process by the Commission, together with the target values. The annual reporting of result indicators will provide a good indication of annual progress of CAP performance. In addition, output indicators will link outputs to expenditure and the annual reporting on outputs will determine if all expenditure has a corresponding output produced.

Finally, to assess the real policy impact on natural resources, the Commission will also use in-depth evaluations.

56. (§152f (first request) - 2020/PAR/0348) The European Parliament calls on the Commission to promote the 'checks by monitoring' approach as a key control system for paying agencies; make global and systematic use of new technologies for monitoring environmental and biodiversity targets and climate requirements in the framework of the Green Deal.

Commission's response:

For several years, together with the JRC, DG AGRI has supported Member States in taking up checks by monitoring to control eligibility of land linked to the size and character of areas. These efforts resulted in around 13.1% of the utilised agricultural area being covered for the Sentinel satellite-based monitoring of the basic payments and single area payments in late 2021. This exceeds the milestone set for 2022. Currently, 12 Member States apply checks by monitoring. As of 1 January 2023, however, the voluntary checks by monitoring will be replaced by the obligatory Area Monitoring System to be established by Member States. Accordingly, the Commission is shifting its resources to the Area Monitoring System while still considering the developments already implemented by the Member States under checks by monitoring.

57. (§152f (second request) - 2020/PAR/0349) The European Parliament calls on the Commission to provide adequate financial and human resources to executive agencies such as the European Medicines Agency, the European Environment Agency and the European Chemicals Agency, that are facing an increased workload due to the COVID-19 pandemic and the Green Deal action programme.

Commission's response:

The Commission assesses in detail the needs of each agency within the framework of the annual budget process. The EU contribution proposed in the draft budget ensures adequate financial and human resources according to the stable staffing policy, but also includes:

- additional resources stipulated in the adopted Legislative Financial Statements of new initiatives such as the Health package and the European Green Deal,*
- the exceptional reinforcements due to unforeseen events such as COVID-19 treatments impacting the European Medicines Agency, or*
- the reinforcements due to high inflation on top of the 2% indexation.*

All three agencies, the European Medicines Agency, the European Environment Agency (EEA) and the European Chemicals Agency have been duly reinforced in this respect. For example, since 2020 the Commission proposed to reinforce the EEA with additional 60 staff members posts (establishment plan posts, contract agents and SNEs) in support to various policies stemming from the European Green Deal and in particular the 8th EAP and the Climate Law. The increase in EU contribution to finance these additional human resources for EEA is compensated by a reduction in the LIFE programme envelope.

This annual process results in a careful balancing between the budget requests of all decentralised agencies and the resources available within the MFF as adopted by Council with consent from the European Parliament. It is the prerogative of both arms of the Budgetary Authority to propose and negotiate adjustments to staffing levels for a specific agency during the annual budget adoption procedure.

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58. (§152g - 2020/PAR/0350) The European Parliament calls on the Commission to take action so that the CAP reduces emissions from agriculture, reduces emissions from cultivated drained organic soils, and reports regularly on the CAP's contribution to climate mitigation; welcomes that in the meantime the new CAP reform, and the F2F (Farm to Fork) communication were adopted.

Commission's response:

Since 2021, Member States have an obligation to report on emissions and removals in respect of greenhouse gas targets and commitments related to agriculture and land use (Regulation (EU) 2018/842 and 841. In 2021 the Commission furthermore adopted a package of legislative proposals to achieve more ambitious climate targets in 2030 and put the EU on the right path for climate neutrality in 2050. This package also covers emissions from agriculture and removals from the land sectors. The Commission also launched initiatives setting actions (EU Methane Strategy) and incentive mechanisms for land managers (the Communication on Sustainable Carbon Cycles), and will table a legislative proposal for the certification of carbon removals by the end of 2022.

Those initiatives refer to the CAP as a fundamental tool to support investments, uptake of good land management practices and the efficient use of resources necessary to reduce emissions, ensure protection of soil organic carbon and increase removals. The CAP reform has a specific objective clearly mentioning emission reduction and sequestration, and consequently a specific green architecture and indicators. The newly introduced eco-schemes and enhanced basic conditionality give opportunity to Member States to enhance the contribution of 1st pillar to climate objectives. In particular, the new conditionality requirement referred to as GAEC 2 aims to protect peatland and wetland. On this basis, Member States can devote a part of the future CAP budget to rewetting/restoration of drained organic soils through the eco-schemes and a range of rural development interventions. The Commission

has carefully considered this aspect when assessing the submitted CAP Plans , by reflecting the Green Deal priorities through a structured dialogue with Member States. This dialogue started with the preparation of the recommendations to Member States in May 2020 on the alignment of the CAP Strategic Plans with the European Green Deal, including on climate objectives. In the course of this dialogue the Commission reviews the measures proposed by the Member States against existing commitments under the Climate Law and provides bilateral feedback to Member States This action is continuing in the current process of approval of the submitted CAP Strategic Plans until the end of 2022.

Regulation (EU) 2021/2115 already lays down clear rules on the performance monitoring framework (Art 128-136), evaluation requirements both from Commission and Member States, including reporting requirements to Council and Parliament at certain moments in time (Art 141-142).

The CAP plans contain a result-oriented intervention strategy structured around the specific objectives of the CAP, including quantified targets in relation to those objectives. In order to allow their monitoring on an annual basis, those targets are based on result indicators . Member States will report annually on all the result indicators planned and every second year, the Commission will run a performance review against the milestones and targets to assess the progress of Member States in the implementation of the CAP, with potential corrective financial mechanisms. Specifically for climate, Member States may set targets against the following result indicators:

- R.12 Adaptation to climate change: Share of utilised agricultural area (UAA) under supported commitments to improve adaptation to climate change*
- R.13(PR) Reducing emissions in the livestock sector: Share of livestock units (LU) under supported commitments to reduce emissions of greenhouse gases and/or ammonia, including manure management*
- R.14(PR) Carbon storage in soils and biomass: Share of utilised agricultural area (UAA) under supported commitments to reduce emissions or to maintain or enhance carbon storage (including permanent grassland, permanent crops with permanent green cover, agricultural land in wetland and peatland)*

Other indicators are also related to climate objectives, such as on renewable energy or on landscape features.

Furthermore, evaluations and analysis will be developed, both from Commission and Member States, assessing the contribution of the implementation of the CAP Strategic Plans to the impact indicators . As regards climate:

- I.9 Improving the resilience of agriculture to climate change: Agricultural sector resilience progress indicator*
- I.10 Contributing to climate change mitigation: Greenhouse gas emissions from agriculture*
- I.11 Enhancing carbon sequestration: Soil organic carbon in agricultural land*

59. (§152h - 2020/PAR/0351) The European Parliament calls on the Commission to request justifications for exemptions to the implementation of the Water Framework Directive in agriculture, tie CAP payments to compliance with environmental standards, and use Union funds to improve the quantitative status of water bodies.

Commission's response:

As from 1 January 2023, Member States will have to comply with the new CAP legal framework, which strengthens the links with the WFD in devising the intervention strategy and sets out specific conditions for receiving support for irrigation investments, with the objective of reducing water use and alleviate the pressure on basins with less than good status. The Commission is currently assessing the CAP Strategic Plans and intends to approve all of them by the end of 2022.

The Water Framework Directive requires Member States to justify any exemptions from the obligation to achieve good water status in their 'River Basin Management Plans' (RBMPs), which have to be revised and reported to the Commission every six years. The Member States have or are in the process of reporting their third RBMPs, which were due by end of March 2022. The Commission will subsequently verify whether the legally required justifications are included therein and report on its findings.

60. (§152i - 2020/PAR/0352) The European Parliament calls on the Commission to improve the coordination and design of the post-2020 biodiversity strategy and track expenditure more accurately, enhance the contribution of direct payments and rural development to farmland biodiversity, and demonstrate the impact of CAP measures on such biodiversity.

Commission's response:

As regards the tracking of expenditure on biodiversity, the Commission prepared a new tracking methodology in line with the recommendations of the European parliament and in line with the Interinstitutional Agreement of 16 December 2020.

This methodology benefitted from a study on biodiversity financing and tracking released in May 2022 (<https://op.europa.eu/en/publication-detail/-/publication/793eb6ec-dbd6-11ec-a534-01aa75ed71a1/language-en/format-PDF/source-258471562>). The study presents the proposed new tracking methodology for biodiversity in the 2021-2027 MFF and provides an assessment of the funding needs to implement the EU Biodiversity Strategy for 2030, current levels of funding, and the remaining finance gap. The study finds that the scale of financing needs to deliver the Strategy, including baseline expenditure, is estimated at around EUR 48 billion annually between 2021 and 2030, i.e. a significantly higher amount than the EUR 20 billion/year highlighted in the Biodiversity Strategy.

The new biodiversity tracking methodology (https://ec.europa.eu/environment/nature/biodiversity/pdf/Biodiversity_tracking_methodology_for_each_programme_except_CAP.pdf) covers the EU budget with the exception of the CAP which is still under development and will be reflected as soon as available.

As regards the enhanced contribution of the CAP 2023-2027, it includes an enhanced conditionality with elements specifically targeted at biodiversity, new eco-schemes which can address conserving and improving biodiversity under the first pillar of the CAP and a reinforced share of rural development support for climate, the environment and animal welfare under the second pillar of the CAP. Dedicated result indicators (R.29 to R.35 in Annex I of Regulation (EU) 2021/2115) and impact indicators (I.20 and I. 21) will provide information on how the CAP will “contribute to halting and reversing biodiversity loss, enhance ecosystem services and preserve habitats and landscapes”.

61. (§152j - 2020/PAR/0353) The European Parliament calls on the Commission to pursue the development of organic farms; highlight that only 8% of European agricultural land is dedicated to organic food with only 303 000 organic food farmers out of the 7 million farmers that benefit from CAP funds.

Commission's response:

On 25 March 2021, the European Commission adopted the “Action Plan for the Development of Organic Production” (COM(2021) 141). This Action Plan supports the achievement of the European Green Deal target – included in both the Farm to Fork and Biodiversity Strategies – of achieving 25% of EU agricultural land under organic farming by 2030 and a significant increase in organic aquaculture. This Action Plan is currently being implemented.

62. (§152k - 2020/PAR/0354) The European Parliament calls on the Commission to ensure that accessibility of land is a priority in order to maintain the family farm model and allow young farmers to develop their activities.

Commission's response:

The Commission fully supports this objective. Generational renewal is a high priority for the CAP and the future national strategic plans require Member States to develop a specific strategy for this issue, combining EU and national measures. Such may include specific cooperation measures to facilitate intergenerational transfers of farms, enhanced income support, support for the setting-up of young farmers or investment support. Member States have to dedicate a minimum amount to this objective - corresponding to 3% of their national direct payments envelope. It is important that national legislation is considered in this approach as land market regulation is largely a national prerogative.

On access to land, 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.

CAP rules contain also provisions that help young farmers. The new CAP legislation allows young farmers to purchase agricultural land without restrictions when they use support through financial instruments. The maximum amount of aid for the setting-up of young farmers is also increased to EUR 100,000 and combination with financial instruments is allowed.

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63. (§152l - 2020/PAR/0355) The European Parliament calls on the Commission to increase CAP efficiency by concentrating its support to active farmers whose main activity is farming.

Commission's response:

The European Council and the European Parliament have established a common approach at Union level by establishing a framework definition of “active farmer” in Article 4(5) of Regulation 2021/2115. This provision lays down the essential elements Member States need to determine in the CAP Strategic Plans, which will ensure that support is granted only to natural or legal persons, or to groups of natural or legal persons, engaged in at least a minimum level of agricultural activity.

64. (§152m - 2020/PAR/0356) The European Parliament calls on the Commission to promote investments that contribute to a more resilient and digital economic recovery in line with the Green Deal and that are fundamental to the social and economic development of rural areas.

Commission's response:

Within the framework of the new CAP, the Commission is encouraging Member States to support investments and capacity building measures through their CAP Strategic Plans, which contribute to a more resilient agricultural sector targeting for example climate and environmental objectives. These investments can benefit from a higher support (up to 80%), which should increase the uptake of these investments. Support can be provided to farmers as well as to other beneficiaries in rural areas. With this incentive, the Commission expects an increase in environmental friendly and sustainable investments on agricultural holdings and in rural areas. Apart from the benefit for the environment and climate, these investments also contribute to the economic development of rural areas.

The CAP also supports social inclusion and local development in rural areas notably via LEADER and investments in basic services, smart villages, diversification and broadband. The mitigation of digital divides between regions, farms and population groups is encouraged.

The new CAP contains the cross-cutting objective (CCO) of modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake. Article 114 “Modernisation” of the Strategic Plan Regulation forms the basis for digitalisation under this objective, and requires to set up interventions related to digitalisation in agriculture and rural areas following a strategic approach. The digitalisation strategies elaborated are also expected to contribute to other CAP objectives including to those related to environmental sustainability and climate as

well as to reflect on links to relevant EU and national funding mechanisms such as the Recovery and Resilience Facility and the Digital Europe Programme.

It is important to mention that Vice-President Suica together with Commissioners Wojciechowski and Ferreira sent a letter to the relevant ministers in Member States informing them on the Long Term Vision for the EU's rural areas and asking them to ensure that the specific needs of rural areas are duly taken into account both under the Cohesion policy programmes and under the CAP Strategic Plans for the period 2023-2027.

In the assessment of the CAP strategic plans, the Commission addressed observations to Member States requesting, where necessary, additional information including about the coordination, demarcation and complementarities between the EAFRD and other Union funds active in rural areas and where appropriate, to revise the proposed plans in order to address the identified needs of rural areas and those regarding digitalisation.

Security and citizenship

65. (§165a - 2020/PAR/0357) The European Parliament calls on the Commission to develop better cooperation with all Member States, recalling that the challenges related to security and migration management are a priority for the Union; recognises the efforts of the Commission in this respect.

Commission's response:

The Commission is consistently working to ensure an effective security and asylum/migration management. This includes the monitoring of the implementation of the respective policy initiatives and the provision of operational and financial support to the Member States, for instance through Member States' EU co-financed programmes in the migration, border management and security policy areas. The successful cooperation with Member States based on mutual trust, information sharing, and best practices is key for the Commission to deliver on the Union priorities.

A few examples for ongoing successful cooperation are the European Integration Network, the Radicalisation Awareness Network, the European Network on Prevention of Child Sexual Abuse, and the European Migration Liaison officers' network. Cooperation between the Commission and the Member States takes of course also place in the context of comitology, which lays down the rules governing the exercise of the Commissions implementing powers, for instance the Interoperability Committee, and the Committee for the Home affairs funds, to name just a few.

The recent Russian invasion of Ukraine at the doorstep of the Union changed the parameters of the security and migration management. The priorities of the Union are no longer solely focused on ensuring to contain the effects of the Covid-19 pandemic in security and migration. Rather, the Commission had to respond rapidly helping the people in need and granting support to the Member States on the front line of the conflict, bordering Ukraine. DG HOME set up and coordinates the Solidarity Platform, which brings together the Member States, international partners, and EU agencies to ensure the implementation of the Temporary Protection Directive for Ukrainians and eligible third country nationals. The EU Migration Preparedness and Crisis Blueprint for Ukraine also brings together Member States, Schengen Associated Countries, Agencies, the EEAS and Commission services and is the framework for the collection of information, such as the arrivals of refugees, to properly stir migration management response. In parallel, the European Commission quickly began to coordinate with Member States to gather information about the situation on the ground and to prevent trafficking in human beings.

An established channel of cooperation between the Commission, Member States, Agencies, and members of the European Parliament have proven to be the Schengen Fora. These annual fora are the setting for an exchange of view on the state of play of the Schengen area and include the identification of problems early on. They stimulate concrete cooperation and mutual trust by taking stock of

achievements and identifying obstacles experienced and setting out the way forward for Schengen.

66. (§165b - 2020/PAR/0358) The European Parliament calls on the Commission to issue a clear legal guidance to ensure transparent, accurate and complete information provided by the Member States on border management; recalls the need to set out binding rules and issue more guidance on the border management IT systems to ensure fast and effective border management; report to the discharge authority, at regular intervals, about improvements in terms of up-to-date data quality and sufficient training in each of the respective Member States.

Commission's response:

The Commission is working to issue a clear legal guidance to ensure transparent, accurate and complete information provided by the Member States on border management. To that end, in March 2022 the Commission has provided operational guidelines for external border management to facilitate border crossings at the EU-Ukraine borders (C(2022)1404). The Commission is also updating the Practical Handbook for the Border Guards – the annex to the recommendation of the Commission, which is a compilation of the practical rules relevant for the controls at the external borders resulting from the Schengen acquis as well as from the freedom of movement Directive.

Furthermore, the Commission recalls that in accordance with the relevant provisions of Regulation (EU) 2019/1896 on the European Border and Coast Guard - the latter composed of national authorities of the Member States in charge of border management (and return) and the European Border and Coast Guard Agency (Frontex) have a shared responsibility for implementing European integrated border management. In order to perform the tasks conferred on them by that Regulation, Frontex and the national authorities responsible for border management, should share in a timely and accurate manner all necessary information. Lists of mandatory information and data to be exchanged with Frontex by the national authorities of the member States should be adopted by the Management Board of Frontex (cf. Art. 100(2)(e) of the Regulation (EU) 2019/1896.

The provision of training to European Border and Coast Guard is carried out by Frontex in cooperation with Member States on the basis of clear training portfolio and guidelines consulted with the Management Board of Frontex, including the Commission.

The Annual Activity report of Frontex gives an extensive overview of all the Agency's activities, including information on trainings organized and provided to MS, and according to article 100(2) (j) of the Regulation, the Annual Activity Report is transmitted by 1 July of each year at the latest, to the European Parliament, to the Council, to the Commission and to the European Court of Auditors.

67. (§165c - 2020/PAR/0359) The European Parliament calls on the Commission to simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants and improve the assistance and guidelines for all the stakeholders, administration and payment agencies.

Commission's response:

The Commission provides continuously adapted guidance, orientation and assistance both to applicants and beneficiaries in direct and indirect management, and to managing authorities in shared management, in order to ensure a simple but effective management of funding.

For shared management, information is regularly provided to Member States through the HOME Affairs committee and specific information sessions and webinars.

In direct and indirect management, information sessions for the applicants, kick-off meetings for the selected projects, monitoring meetings, and specific guidance provided at various stages of project lifecycle are coupled with the simplification of the rules resulting from further alignment between various funds since 2016.

68. (§165d - 2020/PAR/0360) The European Parliament calls on the Commission to carefully check the eligibility of the costs submitted by the beneficiaries of ESI actions and, in particular, the regularity of procurement procedures.

Commission's response:

The Commission is committed to thoroughly check the eligibility of the costs submitted by the beneficiaries of the Emergency Support Instrument within the Union (ESI) actions. In depth checks are part of the ex-ante controls and the internal control system and detected errors are corrected before the final payments.

In addition to ex-ante controls, the grant agreements financed through the ESI required the beneficiaries to submit, together with the cost claim, an audit certificate by an independent certified auditor on the eligibility of the financial statements for all grants over EUR 750.000. The certificate includes the compliance with the public procurement procedure.

Procurement procedures and the corresponding documentation are checked on a sample basis during ex-post audits. Verifying the compliance with the procurement procedures is included in the audit methodology of these financial audits.

69. (§165e - 2020/PAR/0361) The European Parliament calls on the Commission to provide guidance to the Member State authorities responsible for implementing DG HOME funds, in both the 2014-2020 and 2021-2027 MFFs, on documenting the completeness and quality of services when funding is based on standard unit costs.

Commission's response:

The Commission Notice Guidelines on the use of simplified cost options within the European Structural and Investment Funds (ESI) - Revised version following the entry into force of Regulation (EU, Euratom) 2018/1046 (cf. 2021/C 200/01) - was shared with Member State authorities through the expert group under the Common Provisions Regulation (CPR) (the EGESIF for the programming period 2014-2020) and its successor the CPR Expert Group for the programming period 2021-2027 who have the obligation to keep now also informed authorities responsible for DG HOME funds. Although the guidance is applicable essentially to ESI funds, the principles are carried forward (from the 2014-2020 MFF) to the 2021-2027 programming period where under the CPR they will be equally applicable to DG HOME administered funds.

To get knowledge on SCOs and how the managing authorities and audit authorities could co-operate when setting up SCOs, two documents were produced as part of the ESF Transnational Cooperation Platform and its 'Community of Practices on Results-based Management', namely:

- Ex ante assessment of Simplified Cost Options and partnerships between managing authorities and audit authorities – How to do it?*
- Simplified Cost Options – A practitioners' manual.*

Finally, the Commission services provided to Member States an extensive list of questions and answers on SCOs-related matters in the context of the preparation of the programmes for the programming period 2021-2027.

70. (§165f in relation to §55b - 2020/PAR/0362) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases.

Commission's response:

The Commission refers to its reply to recommendation 2020/PAR/0295.

71. (§165g - 2020/PAR/0363) The European Parliament calls on the Commission to propose rules on the transparency of umbrella organisations or partner NGOs that pass on Union funding to their member organisations that are similar to the provisions concerning final beneficiaries, beneficial owners and sub-contractors in Annex XVII of the Common Provisions Regulation.

Commission's response:

Information on funding by beneficiary is already available in the Financial Transparency System. The Commission is further reflecting on actions to enhance the quality and interoperability of data on beneficiaries and final recipients of EU funding, and improve the way information on the use of the EU budget and on recipients of EU funding is provided to the public. ABAC, the current central accounting, budgetary and treasury system allowing for the execution and monitoring of all budgetary and accounting operations by the Commission, ensures reliability of information by allowing only for organisations to declare themselves as NGOs when fulfilling the following criteria of being both a private and a not-for profit organisation. This will be further maintained with SUMMA, the Commission's next generation corporate financial system that will modernise, harmonise and standardise EU's financial business processes from multiple systems to a single system and database with standard processes.

The Financial Regulation limits the possibility for recipients of EU funds to sub grant to third parties and requests a justification when sub granting exceeds 60,000 EUR (Article 204 Financial Regulation). Such transfers are particularly necessary in the humanitarian context since under the Humanitarian Regulation the Commission can only award grants to EU based NGOs, which need to sub grant to local NGOs to implement EU funds locally. In the cases of transfer of funds by NGOs in this context, the Commission requests NGOs to inform the Commission of amounts transferred and details of the local NGOs.

72. (§165h - 2020/PAR/0364) The European Parliament calls on the Commission to increase resources dedicated to preventing and combating gender-based violence in relation to citizens, equality, rights and values, especially in light of the escalation of violence against women.

Commission's response:

Preventing gender-based violence and challenging gender stereotypes is one of the pillars of the Gender Equality Strategy 2020-2025. Under the new €1.55 billion Citizens, Equality, Rights and Values (CERV) funding programme, the Daphne strand is dedicated to preventing and combating at all levels all forms of gender-based violence against women and girls and domestic violence, including online violence, and to supporting and protecting all direct and indirect victims of such violence. The Daphne strand has been substantially increased in comparison to the predecessor Rights, Equality and Citizenship (REC) programme, with an expected 200 MEUR specifically dedicated to combatting gender-based violence throughout the course of the programme.

73. (§165i - 2020/PAR/0365) The European Parliament calls on the Commission to support parliament's pilot projects that address young people's needs and that ensure intergenerational justice.

Commission's response:

The Commission continues to implement pilot projects as proposed by the European Parliament in accordance with the voted work programme. The Nature Restoration Law, proposed on 22 June 2022 (COM(2022) 304 final) will be an important step forward to restore nature and achieve biodiverse and resilient ecosystems by 2050. This will be for the benefit of future generations.

74. (§165j - 2020/PAR/0366) The European Parliament calls on the Commission to encourage Member States to develop special initiatives that enable and simplify access to culture and mobility for Europe's youth, and to seek innovative solutions to make travelling by environmentally friendly transport across the Union more affordable.

Commission's response:

1. Green transport and youth programmes:

The Erasmus+ and European Solidarity Corps programmes gradually strive for carbon-neutrality. They promote the use of low-carbon means of transport (in particular by rail) through the following measures:

- Since 2021, introduction of an extra economic help for the travel costs for participants using low-carbon means of transport, as well as the possibility of having more travel days supported by the programmes.*
- IT tools can now track distance and main means of transport used by participants. This will allow calculating and monitoring the carbon footprint associated with the programmes.*
- A dedicated Resource Center ('SALTO') will be set-up in 2022 in collaboration with the network of National Agencies. The Center will gather good practices, increase capacity for green practices among National Agencies and elaborate 'eco-tips' for participants and organisations on making their mobility and activities greener.*
- Incorporation of green practices at project level is part of the award criteria in both programmes to encourage participants and organisations to take an environmental-friendly approach when designing the activity, as well as to reflect about local actions and to come up with greener ways of implementing their activities.*

2. Culture and Youth:

On 26-27 November 2020, the Commission organised a workshop on Culture for Social Cohesion, gathering expert from 22 EU Member States as well as public institutions. The second day focused on the use of culture to empower young people when it comes to entering the job market and preventing depopulation of rural areas.

Some of the National Recovery and Resilience Plans of the EU Member States include measures targeting youth and culture. A good example is the French plan for the cinema sector to reach out to the audiences of tomorrow as well as to encourage the talents of the future.

Many projects funded by the Creative Europe programme cover actions to engage younger audiences in the development and production of content, included in the field of cultural heritage. The programme, for instance, has been supporting Europa Nostra's different network projects since 2014 and is continuing to do so in 2022. This organisation has several ongoing youth activities such as the European Heritage Youth Ambassadors Programme or the 'Cultural Heritage on Erasmus' project.

Cultural heritage is one of the policy fields put forward under the European Year of Youth. The European Commission and many stakeholders take initiatives in this context. A good example is the flagship initiative of the European Commission 'Youth discovers culture with DiscoverEU in 2022' thanks to which since July 2022, young people travelling with DiscoverEU can take advantage of over 40,000 discounts on cultural events, accommodation, education, services and products in 36 countries across Europe with the European Youth Card. In addition, a Culture route has been published in May 2022 on the European Youth Portal to encourage young travellers to visit sites of cultural interest. Finally, since DiscoverEU is now part of the Erasmus+ programme, the Erasmus+ National Agencies are organising Meet-ups all across the EU, with a focus on European Cultural Heritage. Those actions are starting in 2022 and will remain for the entire duration of the Erasmus+ programme (2021-2027).

75. (§165k - 2020/PAR/0367) The European Parliament calls on the Commission to investigate where exactly the Union funds have been invested in the AMIF programmes and which specific improvements they brought about; requests a corresponding report from the Commission for each of the Member States concerned.

Commission's response:

The use of HOME funds in Member States of first reception is closely monitored by the Commission. The Commission monitors the implementation of the HOME Funds through analysis of annual accounts and implementation reports; continuous monitoring (including daily contacts at desk level, regular reporting and visits on the spot); action plans and monitoring committees. In addition, since 2016, Commission's staff was progressively deployed in concerned Member States (Spain, Italy, Malta, Greece and Cyprus) and developed Standard Operating Procedures for Italy and Greece, where the hotspot approach at external border is being implemented. The teams supporting migration management on the ground provide analysis, final and intermediate reports on the operational aspects as regards the implementation of the EU acquis in connection with border management, asylum, reception and returns, including the developments and operational bottlenecks in these policy areas. Moreover as concerns Greece, in

2020 the European Commission together with the Greek authorities and EU Agencies set up a dedicated Task Force and signed a Memorandum of Understanding, setting out the cooperation framework for the establishment of new facilities on the island of Lesbos through the implementation of a dedicated Joint Pilot. This Pilot is also linked to the further development of a strategic approach regarding migration and border management in the country. With regards to Cyprus, the Commission and EU Agencies have intensified operational support since 2019, including through the deployment of experts based on a jointly agreed action plan for migration management.

DG HOME will continue to analyse the improvements brought by AMIF projects and where the funds have been invested; following the analysis, DG HOME will communicate the information having in mind also the performance information already available for projects in each Member State.

These elements will be fully addressed in the ex-post evaluations of the national programmes that will be completed by December 2024 as well as in the ex post evaluation report to be presented by the Commission by June 2025.

76. (§165I - 2020/PAR/0368) The European Parliament calls on the Commission to implement measures to ensure complementarity and better coordination between AMIF and EASO/Frontex (e.g. in the area of forced returns or support to asylum authorities).

Commission's response:

The Commission has involved the six decentralised HOME Agencies, as well as the European Union Agency for Fundamental Rights in the Member States programming, so that their opinion could be timely taken into account by the Member States and integrated in their programmes.

In particular, Agencies' representatives have participated into two dedicated seminars to the benefit of Member States programming Authorities, one in November 2020 and one in February 2021. At those occasions, the Commission (DG HOME) distributed to the Member States a "toolbox" highlighting possible areas of complementary and effective collaboration between Member States and Agencies in the policy areas covered by the three funds.

In addition to the consultation process referred to above, Agencies may be consulted on the whole or relevant sections of relevant programmes, after their formal submission by the Member States. Agencies will be consulted in a targeted manner, i.e. focusing on those issues or sections of the programmes for which the feedback by the Agencies would be particularly sought. The operational details of this consultation have been agreed in a dedicated meeting between DG HOME and Agencies' nominated representatives, which was held on 22 June 2021.

77. (§165m - 2020/PAR/0369) The European Parliament calls on the Commission to use development aid as a tool to facilitate better cooperation with migrants' countries of origin.

Commission's response:

In line with the 2030 Agenda and the European Consensus on Development, cooperation with partner countries on migration and forced displacement is an important part of our policy dialogue and supported by EU development cooperation. The EU Pact on Migration and Asylum underlines the importance of partnerships with countries of origin and transit to agree on joint priorities in the area of migration, the implementation of which is adequately supported, inter alia, through EU development aid in a tailor-made manner. The NDICI-Global Europe funding instrument sets out an indicative spending target of 10% for migration and forced displacement related matters, and it also foresees a flexible and incitative approach for implementing these funds. The NDICI Country and Regional Multi-annual Indicative Programmes therefore foresee considerable allocations in support of migration partnerships, including through a flexible mechanism.

78. (§165n - 2020/PAR/0370) The European Parliament calls on the Commission to thoroughly verify the use of Union funds by third entities, their affiliates, and/or natural persons to ensure that no funds are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation; make sure that individuals or groups affiliated, linked to or supporting terrorist organisations are excluded from Union funding; ensure that those Union funds are proactively recovered, and recipients involved are excluded from future Union funding.

Commission's response:

The EU regulatory framework comprises of a wide range of legal provisions and tools in this regard.

First, the Commission ensures that EU funds do not end up benefitting organisations that incite terrorism or radicalisation through the implementation of the Early Detection Exclusion System (Article 137 Financial Regulation). Funds awarded are subject to the absence of any exclusion grounds as defined in the Financial Regulation, including the requirement for participants to procedures for receiving EU funding to submit a signed declaration on honour declaring that they are not in one of the exclusion situations, amongst which is terrorist financing, terrorist offences or offences linked to terrorist activities (Article 136 Financial Regulation). The Early Detection and Exclusion System also provides for the possibility to exclude from receiving EU funding any person or entities linked to terrorist financing, terrorist offences or offences linked to terrorist activities. In addition, the Financial Regulation (Article 155) requires persons and entities implementing the EU budget in indirect management to comply with applicable Union law and agreed international and Union standards and,

therefore, not support actions that contribute to money, laundering, terrorism financing, tax avoidance, tax fraud or tax evasion. For financial instruments and budgetary guarantees, those persons and entities must not contract with financial intermediaries or final recipients established in jurisdictions listed by the EU for money laundering/terrorism financing or non-cooperative jurisdictions purposes, unless the action is physically implemented in one of those jurisdictions, and does not present any indication that the relevant operation falls under any of the categories listed in point (a) of the first subparagraph. They must also transpose these requirements in the agreements they sign with financial intermediaries or with final recipients. Model agreements (to be) signed by the Commission with persons and entities implementing the EU budget in indirect management have provisions on suspension/termination or recovery of (part of) the EU contribution in case of non-respect of the obligations mentioned in this paragraph.

Other legal acts such as the Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the Union's financial system for the purposes of money laundering or terrorist financing and Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism, aim to ensure that money laundering and terrorist financing are prohibited and punishable by Member States.

Furthermore, all entities implementing EU funds are subject to respecting and conforming with EU restrictive measures, (EURM), stemming from Article 215 Treaty on the Functioning of the European Union and enacted through Council decisions allowing targeting governments of non-EU countries, as well as companies, groups, organisations, or individuals and prohibiting listed entities or persons from receiving EU funding (). The compliance with EU restrictive measures is ensured at the level of implementing entities through contractual provisions: when negotiating financial agreements with implementing partners, the European Commission systematically includes clauses to effectively ensure that no EU funds or economic resources can be made available, directly or indirectly to, or for the benefit of, persons or entities subject to EU restrictive measures. The screening of persons and entities is made at different levels of the award process, including through a flagging mechanism embedded in the accounting system of the Commission.

The relevant agreements also establish various mechanisms (e.g. suspension of contract or payments and contract termination) to safeguard the proper use of EU funds. Furthermore, the Financial Regulation lays down rules for the recovery of funds.

79. (§165o - 2020/PAR/0371) The European Parliament calls on the Commission to immediately freeze and place part of the Union funds in a reserve in the event that an irregularity is discovered by the Union with regard to any eligible entity, affiliate and/or natural person being linked to any cause or form of terrorism and/or religious and political radicalization, and only release these Union funds from the reserve when sufficient evidence has been gathered by the Union to ensure compliance with Union regulations.

Commission's response:

The recommendation has been implemented. The Commission takes a 'zero tolerance' approach to terrorist financing, terrorism offences or offences linked to terrorist activities. The Financial Regulation provides for the exclusion from Union financing of persons or entities guilty of such crimes based on a final judgment. This is the case of persons or entities convicted for terrorist offences or offences linked to terrorist activities, including actions such as inciting, aiding, abetting or attempting to commit such offences. Persons or entities linked to any cause or form of religious and political radicalization, not specifically linked to terrorist activities, can also be subject to exclusion on the grounds of grave professional misconduct by having violated the ethical standards of their professional activity. Exceptionally, such exclusions can be imposed even in the absence of final judgments or final administrative decisions, on the basis of a preliminary classification in law conducted by the panel referred to in Article 143 of the Financial Regulation. In cases of serious and imminent threats to the EU financial interests, the Financial Regulation also allows a provisional exclusion, valid until after a final decision to be excluded or not is taken after completion of the panel procedure.

Lastly, all entities implementing EU funds must respect the provisions set out in EU restrictive measures and thereby ensure that designated entities do not receive EU funding.

80. (§165p - 2020/PAR/0372) The European Parliament calls on the Commission to provide increased disclosure and transparency on any investigations it or its entities like the European Anti-fraud Office (OLAF) conducts following irregularities with regard to Union funding, in particular when such investigation concerns Union funding being linked to any cause or form of terrorism and/or religious and political radicalisation.

Commission's response:

All the information collected by OLAF as part of its investigation is subject to strict rules of confidentiality, professional secrecy and protection of personal data, as stipulated in Article 10 of Regulation (EU, EURATOM) No 883/2013. The information collected is reflected into OLAF's final reports and recommendations to which public access may be (partially) granted. However, this can only be done on a case-by-case basis and based on the assessment of the exceptions to the right of public access laid down in Article 4 of Regulation (EC) No 1049/2001.

Publication of OLAF's final reports and recommendations would also be contrary to the preliminary character of OLAF's findings, given that OLAF's investigations represent only a preparatory stage before any actual administrative, judicial or disciplinary proceedings are initiated based on OLAF's reports and recommendations. According to Article 11 of Regulation (EU, EURATOM) No 883/2013, such reports and recommendations are verba legis designed for and sent

to the competent authorities which will assess the evidence and recommendations provided and decide on the possible follow-up. Furthermore, the publication of such documents may be detrimental to the persons under investigation and other related persons mentioned therein. Therefore, even after the closures of OLAF investigations and of the subsequent follow-up procedures, full disclosure of the OLAF reports and recommendations could be prevented by the need to protect interests other than the protection of the objectives of investigation activities as pursuant to Article 4 of Regulation (EC) No 1049/2001.

Global Europe

81. (§176a - 2020/PAR/0373) The European Parliament calls on the Commission to take steps so that international organisations provide the Court with complete, unlimited and timely access to documents necessary to carry out its task in accordance with the TFEU.

Commission's response:

The Commission is committed to fully supporting the European Court of Auditors in undertaking its audits. The Commission is aware of the cases of access to documents in read-only format identified by the ECA and continues to draw the attention of the concerned international organisations to the need to provide the auditors with the necessary information. When such cases are brought to the Commission's attention, the Commission reacts quickly and enhances the dialogue with the agencies concerned to facilitate the ECA's work. The Commission is working closely with the international organisations and the European Court of Auditors to find acceptable solutions to the issue of access to documents.

The Commission clarifies that there are several layers of sub-delegation when working with International Organisations and this increases the difficulty of granting access to documents within short deadlines.

82. (§176b - 2020/PAR/0374) The European Parliament calls on the Commission to establish a procedure to ensure that partner organisations base their allocation of shared costs on expenditure actually incurred.

Commission's response:

Since 2021, checks on the capacity and the standard operational procedures of the organisations to claim the shared cost on the basis of actual and not budgeted costs are part of the scope of the ex-ante assessment that any organisation has to comply with before being certified as a Commission's Humanitarian Aid Partner for the period 2021-2027. In addition, the Commission has published guidance on the eligibility on Humanitarian Aid grants.

Beyond this verification at system level, the eligibility of shared costs, as actual costs, is part of the scope of the Commission's ex post controls and audits.

83. (§176c - 2020/PAR/0375) The European Parliament calls on the Commission to develop the ex post controls by a better implementation of new technologies and IT tools as well as increasing the on-the-spot missions.

Commission's response:

Remote audits were introduced as mitigating measure during the COVID-19 pandemic to ensure continuity of operations. Whenever possible, fieldwork was replaced with desk reviews, where not possible audits and verifications were postponed, for example due to unavailability of supporting documents in digital format. The European Commission continues to closely monitor the situation and decides on a case-by-case basis on the possibility of carrying out fieldwork. Technologies such as video conferencing are used for the debrief and closing meetings.

84. (§176d in relation to §55B - 2020/PAR/0376) The European Parliament calls on the Commission to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases.

Commission's response:

The Commission refers to its reply to recommendation 2020/PAR/0295. Concerning the development and use of digital and automated systems in external action, the corporate approach will be followed, but adapted to the needs and the specificities of EU external action.

85. (§176e - 2020/PAR/0377) The European Parliament calls on the Commission to establish obligations for the RER study contractor to report to the Commission any suspected fraud against the Union budget detected during its work on the RER study.

Commission's response:

The RER Methodology and Manual establish the classification of the final errors into ten different categories, one of them being "Fraud and irregularities". The Commission can confirm that a formal procedure for the RER contractor to communicate cases of suspicion of fraud to the Commission has been introduced in the RER methodology. This formalises the communication of suspicion of fraud by the contractor to the Commission that was already taking place in the past. In cases where there was an indication of possible fraud, the contractor reported these to the Commission, which took the appropriate actions, including notification to OLAF if warranted.

86. (§176f - 2020/PAR/0378) The European Parliament calls on the Commission to call on the Commission to encourages the further development of balanced trade agreements and to remain attentive to investments made by foreign powers.

Commission's response:

Further developing balanced trade agreements remains at the very core of EU's trade and investment policy as outlined in the new Communication on the Trade Policy Review: an Open, Sustainable and Assertive Trade Policy (COM(2021) 66) that the Commission adopted on 18 February 2021. This is illustrated by the fact that the Commission has in the course of 2021 made significant progress in its negotiations with partners such as New Zealand, Australia, Indonesia, Mexico or Chile. And this is also why the European Union and India agreed in May 2021 to relaunch free trade negotiations.

These efforts will be continued over 2022 in line with the objectives expressed in the TPR Communication. But the EU's efforts are not limited to "classical" trade agreements and the Commission is notably now considering the negotiation of Digital Partnership Agreements – as proposed in the Indo-Pacific Communication – in particular with Japan, Korea and Singapore.

In parallel, the Commission is continuing the development and implementation of autonomous tools designed to respond to the challenges posed by today's international environment. The full implementation of the Foreign Direct Investment (FDI) screening regulation, establishing a cooperation mechanism to identify and assess foreign investments on the grounds of security or public order started on 11 October 2020. The Commission's first Annual Report on the implementation of the regulation² was published on 23 November 2021. The report confirms that the EU remains open for foreign investment, while ensuring the protection of EU security and public order. The Commission further made a proposal on foreign subsidies distorting the internal market.

87. (§176g - 2020/PAR/0379) The European Parliament calls on the Commission to pay close attention to the complicated situation in Belarus; underlines the importance of reviewing Union funding and ensuring that it is not directed to the Lukashenko regime, but towards supporting civil society in Belarus.

Commission's response:

In view of the ongoing Russia's military aggression against Ukraine, supported by the Lukashenko regime and given its broader consequences for the whole region, it is important to keep Belarus high on the international agenda as the situation in Belarus moves to a longer-term crisis. Strong continued signal of solidarity, tangible assistance to the people of Belarus and the need for better coordination of the collective efforts are common priorities of the EU institutions, EU Member States and like-minded countries.

The EU condemns in the strongest possible terms the internal repression by the Lukashenko regime following the falsified presidential elections of August 2020. The EU constantly and firmly demands the release of all who have been

² Report from the Commission to the European Parliament and the Council, First Annual Report on the screening of foreign direct investments into the Union; COM(2021) 714 final

unlawfully detained, the prosecution of those responsible for Belarusian state brutality, and respect for human rights and fundamental freedoms.

Since the fraudulent elections of 2020, the EU has progressively imposed six rounds of sanctions and restrictive measures against individuals (195) and entities (34). These measures include President Lukashenko and other key figures of the political leadership and of the government, high-level members of the security system, who are responsible for the repression of civil society, and/or liable for the instrumentalisation of migrants for political purposes, and benefit from and support the Lukashenko regime. The EU has also imposed sanctions, including those targeting sectors of Belarusian economy, over the Lukashenko regime's forced diversion of a Ryanair flight FR4978 to Minsk, which according to the ICAO Council was an act of unlawful interference in breach of international law. Since 24 February 2022, the EU has also targeted 42 high military officials and other authorities for their role in supporting Russia's aggression against Ukraine and introduced further sectoral sanctions.

In parallel, the EU has recalibrated its assistance fully away from the authorities and increased its support for the people and civil society, in line with the 12 October 2020 Council Conclusions on Belarus and in light of the Lukashenko regime complicity in Russia's military aggression, recognised by the 24 February 2022 European Council Conclusions. Consistent with the prevailing sanctions regime, highly selective engagement for instance as part of humanitarian derogation (e.g. health) is still possible. Since August 2020, the EU has provided over EUR 65 million to support – among others – victims of repression, civil society, independent media, youth.

88. (§176h - 2020/PAR/0380) The European Parliament calls on the Commission to fully introduce the principle of conditionality and regular ex-ante and ex-post checks on the regularity and performance of the Union's funds supporting third countries and ensure a legal framework that provides for these support instruments to allow for full recovery of funds in case any irregularities are discovered.

Commission's response:

The provision of EU budget support is conditional on four eligibility criteria all of which need to be met before approving an operation and complied with at any time in the course of implementation, as they are checked before approving a payment. These general conditions relate to the implementation of a relevant and credible national development strategy or sector policy (depending on the context and EU cooperation priorities in the country); macroeconomic stability, progress in public finance management and domestic revenue mobilisation, and fiscal transparency. In addition, the variable part of budget support instalments is subject to specific performance indicators pertaining to the relevant national or sector policies, in addition to the general conditions. The general conditions and performance indicators call for constant monitoring and numerous checks by the EU Delegation on site and by EU headquarters. Each financing agreement provides

for the possibility to recover funds under some conditions, in accordance with the Article 236 of the EU financial regulation.

Concerning the use of the ‘notional approach’, when the Commission implements funds ‘indirectly’ in accordance with article 62.1(c) of the Financial Regulation, it is underlined that the respective agreements to which the ‘notional approach’ may apply are concluded with entities, such as international or Member States organisations, whose rules and procedures have been assessed ex-ante by the Commission as ensuring a level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements funds directly. Of course, such agreements also provide the Commission with the possibility to exercise financial ex-post controls.

Furthermore, all the agreements concluded under the indirect management foresee the possibility to recover the funds, in case a mismanagement or irregularity, or another reason for which the recovery is envisaged happens. The relevant provisions are included in the agreement templates and regularly updated in accordance with the latest regulatory framework.

89. (§176i - 2020/PAR/0381) The European Parliament calls on the Commission to continue to support the COVAX programme in order to speed up vaccination against COVID-19 in developing countries.

Commission's response:

The Commission is committed to continue supporting COVAX. Additional funding for vaccines procurement was allocated to COVAX in 2021 (EUR 300 million) and for vaccination delivery in 2022 (EUR 375 million).

Furthermore, the Commission continues to support the donations of COVID -19 vaccines by the EU Member States, which reached over EUR 480 million doses by end August 2022, of which EUR 408 million have been shared through COVAX.

90. (§176j - 2020/PAR/0382) The European Parliament calls on the Commission to ensure that the delivery of external aid is subject to the rule of law and respect for human rights in recipient countries.

Commission's response:

This recommendation is already applied. 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 core values are essential elements of the EU's partnerships and cooperation agreements with partner countries and they are an essential element of the NDICI-Global Europe instrument.

The EU adopts a human rights-based approach (HRBA), encompassing all human rights, into all development cooperation programmes and actions, this also includes the more recent financial instruments.

The new Staff Working Document “Applying the Human Rights Based Approach to international partnerships - An updated Toolbox for placing rights-holders at the centre of EU’s Neighbourhood, Development and International Cooperation” (updated and adopted on 30 June 2021) guides the application of the HRBA. Training and awareness activities have been undertaken in the past and will be continued at both Headquarters’ and delegation level. The human rights based approach follows a people-centred approach and applies the following five working principles: it applies to all rights, it strives for inclusive and meaningful participation and it promotes non-discrimination, accountability and transparency.

Rule of law, including justice reforms and anti-corruption, features as a priority sector of intervention in the international partnerships through the NDICI instrument, primarily through bilateral and regional cooperation dedicated programmes, complemented by the thematic programme on human rights and democracy. For example, 52 countries in Latin America, Asia and in particular Africa will prioritise support for justice reform from our bilateral programmes between 2021-2027, and over 90% will have support for democratic governance more broadly.

91. (§176k in relation to §55e - 2020/PAR/0383) The European Parliament calls on the Commission to simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, universities, NGOs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders.

Commission's response:

The 2018 Financial Regulation (Regulation (EU) 2018/1046) provides a number of simplifications to facilitate better cooperation with partner organisations.

In 2020, the Commission has signed new or updated Financial Framework Partnership Agreements (FFPAs), which simplify discussions on concrete actions by framing rights and obligations in advance, with the European Investment Fund, the International Monetary Fund, the Inter-American Development Bank, the Council of Europe, the Council of Europe Development Bank and the World Bank Group. Important milestones were also reached in 2021 and it is expected that new FFPAs will be signed in 2022 with the African Development Bank, the Asian Development Bank, the Organization for Economic Co-operation and Development and the European Bank for Reconstruction and Development.

Also, after having finalized, in 2019, the template for contribution agreements for financial instruments (CAFI), DG INTPA has drafted the corresponding manual, which was published in March 2021. This manual has proven to be extremely useful, both for internal and external practitioners, in ensuring a more

harmonised application of the contractual provisions and, ultimately, a smoother implementation of financial instruments.

In 2020, DG INTPA also worked on designing the operational and legal parameters for the first pilot project to be implemented through 'financing not linked to costs' ('FNLC'). FNLC is a form of Union contribution, introduced by the new Financial Regulation, which may be based, inter alia, on the achievement of results measured by reference to previously set milestones or through performance indicators. This pilot project has been concluded in 2021 and DG INTPA continues to build upon the "lessons learned" to work on the design of new projects implemented through FNLC as well as on the related internal guidance.

As regards contract award procedures (procurement and grants) directly managed by the Commission, and more specifically the further streamlining of pre-award procedures and procurement, the main priority is to progressively introduce an electronic contract management tool enabling paperless tendering and contract management. In addition, necessary adaptations of procedures and models to the specific needs of external action should allow simplification efforts.

Concerning trainings sessions and practical information for grant applicants, it is to be noted that information sessions are already a common practice in Calls for proposals for all types of applicants. Moreover, the practical guide to contract procedures for external action (PRAG) 2021 now provides for a second information session at the second stage of a call, in order to address concerns of pre-selected applicants who have to prepare their full applications. This last PRAG edition has also streamlined the Guidelines for applicants with a view to simplify both its content and requirements.

With regard to procurement procedures, the PRAG 2021 provides more details on how tenderers can resort to capacity providing entities in order to participate in tender opportunities: this is indeed very valuable for SMEs who are new entrants on a given market.

As regards next simplification steps in direct management, full deployment of e-Grants and e-Procurement in external action is expected for 2024.

For applications submitted using IT tools, the available tools additionally provide practical manuals for applicants.

In addition, the Commission is taking measures to raise awareness among its key partners in EU external action concerning procedures applicable to actions funded by the EU, available training material and typical errors in order to reduce the risk to the EU budget.

92. (§176l - 2020/PAR/0384) The European Parliament calls on the Commission to ensure that the applicable provisions of the Rule of Law Conditionality Regulation are strictly applied to the new IPA III funds and Economic and Investment Plan for the Western Balkans, as an indispensable part for distribution of funds in the 2021-2027 period.

Commission's response:

The notion of performance assessment is enshrined in the IPA III regulation in Article 8 and guides programming and implementation of IPA III funding. Performance is embedded in the annual programming process. IPA III incentivises IPA beneficiaries to continue in their reform path, by rewarding those who perform better and by accelerating and intensifying support. Through the annual programming, the Commission has the possibility to adjust the scope of the support and hold back some forms of support to push for reforms.

The IPA III Regulation also highlights the possibility to adjust funding downwards in case of significant regression or persistent lack of progress in the Fundamentals, or modulation. The Commission will monitor the indicators on the political and economic criteria for the preparation of the enlargement reports, and will take decisions to adjust funding downwards accordingly where there is a persistent degradation noted in these important areas.

93. (§176m - 2020/PAR/0385) The European Parliament calls on the Commission to draw up a financial support plan for Ukraine to enable it to recover from the illegal aggression by Vladimir Putin's regime.

Commission's response:

The Reconstruction Plan of Ukraine constitutes the basis for the recovery and reconstruction of the country. It represents a living document, owned by Ukraine, which will be updated as necessary. A first version has been presented at the Ukraine Recovery Conference in Lugano on 4-5 July 2022. Further development of the Reconstruction Plan will build upon the results of the Rapid Disaster and Needs Assessment expected in September 2022. Based on the Plan, the 'Ukraine reconstruction platform', an international coordination platform, which the Commission representing the European Union proposes to co-lead together with the Ukrainian government, would determine the priority areas selected for financing and the specific projects implementing those priorities, coordinate the financing sources and their destination to optimise their use, including budgetary support to the Ukrainian state, investment support, guarantees for private sector investments, focus on specific sectors and monitor progress in the implementation of the plan. The Commission will be able to plan its support measures for the reconstruction once a more consolidated version of the reconstruction plan is endorsed and once there is more clarity on the sources and volumes of funding available for the Ukraine Rebuilding Facility.

Administration

94. (§203a - 2020/PAR/0386) The European Parliament calls on the Commission to follow up on the Courts recommendation to improve its system for managing statutory family allowances, including through reinforced consistency checks on staff declarations of allowances received from other sources.

Commission's response:

Until such time as there is exchange of information on family allowance with Member State authorities, the Commission remains dependent on staff self-declaring allowances received from other sources. The Commission has taken several measures to encourage staff to keep their self-declarations up to date, including:

- A reminder to staff that they are required to claim allowances from other sources if they are entitled to them;*
- Regular reminders to up-date via Newsletters whenever there is an up-date to the allowances paid in Belgium and Luxembourg (these countries cover over 85% of staff);*
- A targeted email campaign to all staff who receive family allowances from an EU institution but who have never declared allowances received from other sources;*
- The development of a new module in the IT platform SYSPER Front Office which is more user friendly and includes an option "no allowances received from other sources" which will require staff to upload proof from the national authorities that they are not entitled to receive family allowances;*

The system of national allowances is increasingly complex, depends on varied family situations, in some cases also on family income ceilings, and sometimes on the specific situations of children (age, illness, disability, etc.). In addition, the transfer of competence for family allowances in Belgium from the federal to the regional level as well as developments which have taken place since then (place of residence of the child, age of the child) has led to further fragmentation. The multiple indexations which have taken place in 2022, each one of which must currently be declared, is also having an impact. Belgium represents around 80% of staff potentially benefiting from national allowances. The Commission is exploring the feasibility of developing an automatic indexation feature for Belgian allowances, building on the pilot that has been started for Luxembourg allowances.

95. (§203b - 2020/PAR/0387) The European Parliament calls on the Commission to review the mechanism for verifying the legal conditions of the installation allowance to request other documents as evidence to the greatest extent possible with respect to proportionality and privacy, based on the opinion that a rental contract for or a purchase contract of a property shall not be considered sufficient evidence in the

sense of Article 4 of Council Regulation (EU) 2016/300, as such property may be destined for other uses than primary residence.

Commission's response:

The conditions for granting the installation allowance under Council Regulation (EU) 2016/33 refer mutatis mutandi to Article 5 of Annex VII to the Staff Regulations. Article 5 foresees that the installation allowance is paid to officials (and by analogy to high-level public office holders) that “furnish evidence that a place in change of employment was required in order to satisfy the requirements of Article 20 of the Staff Regulations”. The obligation to change residence is evident if the public office holders did not have any residence at the place where they must carry out their mandate prior to the starting date of the mandate.

The request for a rental contract or a purchase contract for a property is considered as sufficient proof of the change of place of residence, in absence of other elements that could bring doubts to this fact. Where doubts exist, further evidence might be requested, that might include (but not limited to) registration with the local authorities, or for family members, attendance to an education establishment or still proof of resignation from previous employment for spouses. A regular presence at the place of mandate (or place of employment) confirms the residence of the person in that place.

96. (§203c - 2020/PAR/0388) The European Parliament calls on the Commission to continue its work in order to ensure gender equality at all levels of management by the end of the current Commission mandate and to report gender-disaggregated data.

Commission's response:

As part of its continued political commitment to gender balance and the strategic objective of achieving gender equality at all management levels by the end of its mandate, the Commission will pursue its efforts to implement the specific targets, concrete actions, and binding measures, already adopted in 2020. This comprehensive set of measures has had the effect of stimulating applications from highly qualified women, leading in turn to a larger number of appointments of women to middle and senior management functions.

Achieving gender equality is a shared goal. The President indicated in 2021 that the gender balance goals should also apply to the appointment of Executive Directors of Regulatory Agencies, Executive Agencies and Joint Undertakings, as well as middle management staff in Executive Agencies. This ambition has also recently been enshrined in the new Single Basic Act for Joint Undertakings, which calls explicitly for gender balance at all procedure stages when recruiting Executive Directors.

The Commission continues to be fully committed to providing data and statistics on gender. In this respect, the percentage of women in management functions has risen by 4.7 percentage points since the beginning of the mandate: as of June

2022, the share of women in management functions is 43.2% at senior management level (up 6.6 percentage points since the beginning of the mandate) and 45.8% at middle management level (up 4.3 percentage points). Overall, the total share for management is 45.2% (up 4.7 percentage points). The Commission will monitor progress and report regularly on its website. The Commission further shares best practices with other EU institutions and bodies and will report on the situation of gender balance in leadership positions in these institutions and bodies on its website.

97. (§203d - 2020/PAR/0389) The European Parliament calls on the Commission to continue its work to ensure a fair geographical balance of its staff at all levels while at the same time fulfilling the requirements in the staff regulation regarding competences and merits of candidates.

Commission's response:

In its new Human Resource strategy adopted on 5 April 2022 (C(2022) 2229 final), the Commission set out the objective to strengthen geographical balance of all staff. In particular, the Commission will carry out country-specific analyses given that the reasons for these imbalances differ between Member States. It will work together with under-represented Member States to develop action plans to address the underlying reasons for these imbalances. This will include for example targeted communication campaigns, guidance and training measures to improve geographical balance among non-permanent Staff. For senior management, the Commission has put in place tailored learning and coaching opportunities particularly targeted for candidates of the under-represented nationalities. The Commission also continues the successful rollout of the Female Talent Development Programme, which has so far welcomed several participants from the under-represented nationalities, offering potential female middle managers a mix of mentoring by senior managers, standard training courses as well as specific courses, networking and coaching.

98. (§203e - 2020/PAR/0390) The European Parliament calls on the Commission to continue to build a more diverse and inclusive work environment and culture by taking actions in favour of people with disabilities and to assess the possibilities of further strengthening and integrating the principle of equal opportunity in recruitment, training, career development and working conditions as well as raising staff awareness of these aspects.

Commission's response:

The Commission is fully committed to promoting a diverse and inclusive workplace. This commitment is embodied in the five Union of Equality communications adopted since the start of the von der Leyen mandate, each of which includes a reference to the Commission's determination to lead by example.

In particular, the Strategy for the Rights of Persons with Disabilities 2021-2030, adopted in March 2021, sets out a detailed schedule of actions that the Commission will implement as an employer to support staff with a disability. The new Human Resources Strategy for the Commission adopted on 5 April 2022 also reflects this commitment.

99. (§203f - 2020/PAR/0391) The European Parliament calls on the Commission to follow up on the possible reasonable improvements and modifications that could be made to institutions' buildings (access, adequate office equipment) for people with reduced mobility or other disabilities.

Commission's response:

The Commission takes into consideration European accessibility standards in the choice of EU Institutional buildings to renovate, occupy, or seek on the local market. This is to ensure that for example, by 2030 all European Commission buildings in Brussels and Luxembourg will comply with European accessibility standards, subject to compatibility with the planning regulations of the host country and the structure of the building.

Moreover, in the context of its "Strategy for the Rights of Persons with Disabilities 2021-2030" (adopted on 3.3.2021), the Commission ensures accessibility to all newly occupied European Commission buildings in Brussels and Luxembourg. The newly occupied buildings "Loi 107" and "Loi 51" have been adapted accordingly.

Besides this, upon prescription by the occupational physician of the Institutions Medical Services, reasonable adaptation of the working environment for special needs is implemented.

Best practices are exchanged on a regular basis with other Institutions (responsible for their own buildings) in various operational working groups with a view to harmonisation as far as possible.

100. (§203g - 2020/PAR/0392) The European Parliament calls on the Commission to propose a harmonised set of rules for the use of official vehicles for all Union institutions, bodies and organs including an adequate increase of the own contribution of the users in relation to the costs, which properly reflects the monetary advantage of such use.

Commission's response:

The harmonisation of all the rules governing the use of official vehicles and access to drivers will clarify circumstances that can be a source of conflicting situation or internal competition between members of staff with a similar condition but different treatment.

The Commission is in the process of redrafting the rules governing the use of official vehicles. This includes the revision of the monthly fee paid by Director Generals, to better reflect the financial benefit the attribution of a corporate car represents.

Consequently, the European Parliament recommendation will allow the Commission to launch a discussion with other EU Institutions to explore all avenues for possible harmonisation while respecting the autonomy of each institution.

101. (§203h - 2020/PAR/0393) The European Parliament calls on the Commission to implement the Ombudsman's recommendation in the case of the Commission's refusal to allow public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID19 vaccine (case 1316/2021/MIG).

Commission's response:

On 27 June 2022, the Commission replied to the EO recommendation, considering that its confirmatory decision was in line with the applicable legislation and the relevant case law on access to documents at the point in time it was taken. In an effort to ensure greater certainty for the Commission in the application of Regulation (EC) N°1049/2001, the Commission intends to issue further guidance on modern communication tools such as text and instant messages.

102. (§203i - 2020/PAR/0394) The European Parliament calls on the Commission to address the long-standing and serious problem of salary indexation in Luxembourg by adopting a delegated act to correct the relevant provision of the staff regulation.

Commission's response:

The amendment is legally contrary to the Staff Regulations. Indeed, (i) the SR provisions on the salary update cannot be amended via a delegated act and (ii) the salary update already takes into account inflation observed in Luxembourg.

103. (§203j - 2020/PAR/0395) The European Parliament calls on the Commission to ensure that JSIS shall provide a coherent and individual explanation for declining a reimbursement request.

Commission's response:

The latest provisions on personal data protection oblige the Commission to refrain from communicating any information containing sensitive personal data via

unsecured channels like e-mail. A concise and comprehensible explanation is nevertheless given (within the limits of the IT tool) for any reimbursement refusal.

Work is carried out to regularly improve the tools used to ease the communication with members. A new feature has recently been added to JSIS online: for any refusal JSIS members can now request a revision directly in JSIS online. The Commission has also recently added further functionalities to the PMO Mobile app which now allows for introducing reimbursement claims via the smartphone, reducing the handling time per claim significantly.

104. (§203k - 2020/PAR/0396) The European Parliament calls on the Commission to integrate in the internal management strategy the lessons drawn from the outbreak of the COVID-19 pandemic, in terms of business continuity and crisis management approaches, IT responsiveness, resiliency of the organisation, duty of care towards its staff, effectiveness of internal communication and flexibility of working processes.

Commission's response:

The Commission has taken the all necessary measures in terms of business continuity and crisis management approaches, IT responsiveness, resiliency of the organisation, duty of care towards its staff, effectiveness of internal communication and flexibility of working processes to face the pandemic and is integrating the lessons learnt from the COVID-19 pandemic. Moreover, the European Court of Auditors is currently finalising an audit on the Resilience shown by the Commission and other Institutions in the COVID-19 pandemic. In this audit, a thorough analysis of the measures taken, and the lessons drawn is being made. The Commission will duly implement the Court's recommendations.

105. (§203l - 2020/PAR/0397) The European Parliament calls on the Commission to be at the forefront of protecting whistle-blowers, paving the way for a more uniform regulation among all institutions, based on best practices and on higher standards.

Commission's response:

The Staff Regulations for Officials and the Conditions of Employment for Other Servants of the EU establish the rights and obligations of staff of all EU institutions who are whistle-blowers, notably their right not to suffer any prejudice. They oblige all institutions to adopt internal rules on the protection of those officials.

In 2019, the Commission carried out the second review of its own Guidelines on whistleblowing, which was adopted on 4 September 2019. The report concluded that the Guidelines on whistleblowing should not be amended at this stage. The Commission will consider a more uniform regulation based on best practices and

higher standards, and will do this through sharing the evaluation of its Guidelines on whistleblowing that will be held in 2025 with the other institutions.

As regards the protection of staff members reporting fraud, corruption, any other illegal activity affecting the financial interests of the Union, including serious matters relating to the discharge of professional duties by EU staff and Members of the EU institutions, the revised Regulation 883/2013 now imposes on OLAF to apply the standards of the Directive on the protection of persons who report breaches of Union law (Directive 2019/1937). One key instrument OLAF can use to ensure such protection is investigating on retaliations against whistle-blowers.

106. (§203m - 2020/PAR/0398) The European Parliament calls on the Commission to strongly recommends a review of the nomination and appointment procedures for the Union institutions and bodies with a view to strengthening and respecting both the opinions expressed by the Commission and Parliament, and the democratic participation of relevant stakeholders.

Commission's response:

The European Commission notes the Parliament's call to respect the opinions expressed by the relevant institutions and to strengthen the participation of the stakeholders involved in the appointment procedures of EU institutions. In this context, the Commission reiterates its commitment to 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 the selection process 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). This page also provides a link to externally published vacancy notices. In this respect, the new HR Strategy adopted on 5 April 2022 envisages a greater resort to the external publication of management posts (whether permanent or temporary) as a way to attract a motivated, skilled and diverse management workforce. To further enhance the transparency, visibility and public outreach of its career opportunities, the Commission will continue working with the relevant institutional networks, at EU, national and local level, to increase the pool of prospective candidates for its management positions.

At the same time, the Commission underlines 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.

107. (§203n - 2020/PAR/0399) The European Parliament calls on the Commission to strengthen and optimise the collaboration with the European Data Protection Supervisor in the area of public procurement, particularly in the training of public procurement officers.

Commission's response:

Given the [increased] importance of data protection in public procurement contracts, the Commission will look into/consider how it could collaborate more closely with the European Data Protection Supervisor and involve their expertise for the preparation and delivery of training on public procurement.

108. (§203o - 2020/PAR/0400) The European Parliament calls on the Commission to make the Commission special advisers status more transparent with a clear definition of their tasks and missions, via a revision of the current rules on Special Advisers.

Commission's response:

The legal bases are Article 5, 123 and 124 of the CEOS and Commission Decision of 19 December 2007 (C(2007) 6655, as amended by Decision C(2014) 541 of 6 February 2014. Article 5 CEOS defines "Special Adviser" as a person "who, by reason of his special qualifications and notwithstanding gainful employment in some other capacity, is engaged to assist one of the institutions of the Union".

As with all other Institutions, the Commission enjoys full administrative institutional autonomy in respect of Special Advisers. It fully complies with the legal framework, and, in accordance with Article 123 CEOS, it notifies in full transparency, the European Parliament, as part of the competent budgetary authority, specifying the remuneration contemplated

The Commission has also taken account of the recommendations issued by the European Ombudsman in 2017 following the own-initiative inquiry on the Commission's rules and practices to prevent conflicts of interest of Special Advisers (OI/6/2016/AB).

It is to be noted that the added value of appointing special advisers to the Commission derives from their special qualifications and/or the relevance, quality and level of the professional experience and expertise acquired prior to or while performing the duties of special adviser. The principle of proportionality is observed when checking whether there is the likelihood of potential conflict of interest.

The assessment of a potential conflict of interest involves the recruiting Commissioner, and different units within the Directorate-General for Human Resources and Security as well as the Cabinet of the Commissioner responsible for human resources. The conclusions of this examination are transmitted to the Members of the Commission who may, in view of the conclusions, take relevant mitigating measures.

Special Advisers are obliged to submit a declaration of activities and review it once their activities change, in which case a new examination of a potential conflict of interest takes place. Furthermore, in accordance with Article 11a of the Staff Regulations, Special Advisers are requested to inform the Commission in case, in the exercise of their tasks and missions, they deal with a matter in which they have a personal interest. Finally, in order to increase transparency, the curriculum vitae of the Special Advisers and their declaration of honour are published on the Commission's Europa website and are fully accessible for the public.

While many Special Advisers are not remunerated a number of Special Advisers are compensated to carry out quite diverse tasks in different fields. At times, this requires a difference in remuneration. The function of Special Adviser is not a full-time job. Special Advisers are usually requested to advise within their specific mandate for not more than a few days per month. There are three levels of fees per day of service for paid Special Advisers: 1/22 of the basic salary of an official on the first step in grade AD9, AD10 or AD12. In exceptional duly justified cases, in the interest of the Commission, a higher fee may be decided. All Special Advisers are entitled to the reimbursement of mission expenses. The Commission consults the budgetary authority on the proposed remuneration.

Information on the general role of Special Advisers is also available online: https://ec.europa.eu/info/about-european-commission/service-standards-and-principles/transparency/special-advisers_en

Based on the above, the Commission considers that the level of transparency on Special Advisers is appropriate, while respecting the administrative autonomy.

EDF

109. (§4 - 2020/PAR/0401) The European Parliament notes the closure of the eighth EDF and the Commission's intention to close the ninth EDF as soon as possible; notes, in addition, that the closure of the ninth EDF cannot be completed before 2023, taking into account the fact that 19 decisions and 37 contracts are still ongoing, out of which three decisions concern South Sudan and were decided after the sunset clause of the ninth EDF came into effect, with contractual dates lasting until 2023; calls on the Commission to keep the discharge authority informed in a timely manner about the achievement of its intention.

Commission's response:

The progress made by the Commission for the closure of the 9th EDF were reported in DG INTPA's Annual Activity Report 2021 published on the Europa website on 08.06.2022. Nine financing decisions were closed in 2021. Eight financing decisions are still opened on 24/08/2022. However, 3 of the open decisions concern actions in South Sudan (Council decision 2011/315/EU). These were decided after the 9th EDF sunset clause and should, in principle, be closed by 2023.

110. (§13 - 2020/PAR/0402) The European Parliament calls on the Commission, following several exchanges of views, the hearing debate held in Parliament's Committee on Budgetary Control and the Commission's replies to written questions, to take appropriate and effective steps to ensure that the Court will receive complete unrestricted and timely access to all necessary information in order to enhance better cooperation with international organisations and be able to appropriately check the legality and regularity of Union budget expenditure; notes that the limited access might be a result of diverging interpretation of legal requirements.

Commission's response:

The Commission is committed to fully supporting the European Court of Auditors in undertaking its audits. The Commission is aware of the cases of access to documents in read-only format identified by the ECA and continues to draw the attention of the concerned international organisations to the need to provide the auditors with the necessary information. When such cases are brought to the Commission's attention, the Commission reacts quickly and enhances the dialogue with the agencies concerned to facilitate the ECA's work. The Commission is working closely with the international organisations and the European Court of Auditors to find acceptable solutions to the issue of access to documents.

The Commission clarifies that there are several layers of sub-delegation when working with International Organisations and this increases the difficulty of granting access to documents within short deadlines.

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111. (§14 - 2020/PAR/0403) The European Parliament calls on the Commission, notwithstanding the improvement in relation to 2019, to step up its efforts to improve its processes for verifying the legality and regularity of transactions and to make sure that the verifications are properly followed up; insists, moreover, that more attention should be paid to ex-ante checks and that appropriate measures should be taken to address existing weaknesses.

Commission's response:

The Commission completed in 2022 the evaluation of the terms of reference for expenditure verifications in force since 2018. The conclusion was that they are effective in terms of follow up of ineligible expenditure (the expenditure verification report template includes an annex with the list of transactions and errors). The Commission foresees to further deepen the analyses and address other aspects such as sampling and to integrate the lessons learnt and the responses of a survey conducted in February 2022 of users of the Audit Framework Contract. The results of verifications, audits and the RER study are recorded in the dedicated audit module and duly followed up.

The Commission regularly reviews and updates its procedures, including ex-ante checks. Guidance on the clearing of pre-financing was revised in February and June 2021. The Commission continues to raise awareness among staff and implementing partners on control issues.

112. (§16 - 2020/PAR/0404) The European Parliament calls on the Commission to proceed with a pre-established format for communication between partner countries, EDF beneficiaries and the Union with a view to reducing the errors found by the Court.

Commission's response:

The forms of communication related to control are already set up in the contractual conditions and these differ according to the type of engagement (e.g. contribution agreement with international organisations, programme estimates, procurement in direct management). The Commission considers that using a uniform method for communicating with all implementing partners would not necessarily contribute to decreasing errors but would add additional bureaucracy and costs.

Nevertheless, the Commission is increasing its efforts to raise awareness concerning frequently occurring errors among implementing partners.

113. (§17 - 2020/PAR/0405) The European Parliament notes that the Court found that in 2020 the Commission and its implementing partners committed more errors in transactions relating to grants and to contribution and delegation agreements with

international organisations than they did with other forms of support, such as those covering works, supply and service contracts (as had happened in 2019); notes that of the 67 (65 in 2019) transactions of that type examined by the Court, 27 (38 transactions (40,3%) compared to 25 transactions (38%) in 2019) contained substantial quantifiable errors, which accounted for 94,2% of the estimated level of error (71,7% in 2019); calls on the Commission to publish comprehensive, updated and detailed information regarding funded projects and recipients of funds under such projects, to enhance its risk-based approach and to invest control capacity in areas that are more error prone; reiterates that more attention should be paid to ex-ante checks and that appropriate measures should be taken to increase expenditure verifications.

Commission's response:

The Commission wishes to be fully transparent on beneficiaries of EU funds, within the limitations set by the current regulatory framework. In line with Article 38 of the Financial Regulation, the Commission is publishing information on beneficiaries of the EU funds, for the actions that it manages directly. Records of the funding allocated are available via the Financial Transparency System (https://ec.europa.eu/budget/fts/index_en.htm). Information on beneficiaries is also available on the websites of entities implementing funds under indirect management.

In addition, the Commission has significantly increased dialogue and clarification of expectations with international organisations through bilateral meetings and working group activities, including in the context of the 2022 EU-UN FAFA working group. As a result, focused technical meetings and trainings will be held with international organisations (in particular UN entities) to further increase understanding of EU legal requirements and compliance with rules and regulations. In addition, different complementary solutions have been discussed and work resumed on simplified cost options and cross-reliance on audit work.

DG INTPA uses a risk-based approach to decide which projects will be subject to expenditure verifications in the next years. Procedures, including ex-ante checks and expenditure verifications, are regularly reviewed and updated. An in-depth review of the methodology of expenditure verifications carried out by contractors has been initiated and will help to further increase the quality and value add of this assurance building element. The results of the review are expected to be available in February 2023.

The Commission also refers to its reply to §14 - 2020/PAR/0403 concerning verifications and ex-ante checks, and its reply to §26 - 2020/PAR/0412 on the publication of information regarding projects supported and recipients of funds.

114. (§18 - 2020/PAR/0406) The European Parliament reiterates its expectation that the control system be more rigorous and calls on DG INTPA to continue efforts to improve the assessment of both the effectiveness and efficiency of its control system by identifying key performance indicators for both, by setting realistic and ambitious

targets and by monitoring and improving its control system; calls, furthermore, on the Commission to set up a platform covering EDF-funded projects by country, focusing on the final recipients of funds under such projects, general and specific project goals and, above all, their practical results in terms of the desired increase in development indices; suggests that developing such an integrated, interoperable information and monitoring platform would increase control reliability and would contribute to enhanced effectiveness and the visibility of Union development aid; invites the Commission, in that regard, to also consider launching a dialogue with the beneficiary countries with reference to possibly using a single risk-scoring tool in the future.

Commission's response:

DG INTPA continues to take action to improve its control activities, also taking into consideration the requests from the discharge authority. However, the creation of new KPIs to measure the effectiveness and efficiency of its control system is not foreseen. DG INTPA already uses 28 KPIs to monitor and report on its performance in three areas: sound financial management and effective use of EC resources; effectiveness of the internal control framework; effectiveness of the audit system. DG INTPA uses a risk-based approach to decide which projects will be subject to expenditure verifications in the next years.

The Commission systematically assesses the risks to EDF-funded interventions using an internal risk management framework. Currently, the development a new single risk-scoring tool for EU-funded interventions implemented with African, Caribbean and Pacific countries is not envisaged.

The Commission refers to its reply to recommendations 2020/PAR/0295 and 2020/PAR/0376 on developing an interoperable platform. Concerning the platform covering EDF-funded projects, please see the reply to recommendation 2020/PAR/0412 on the EU Aid Explorer.

115. (§19 - 2020/PAR/0407) The European Parliament regrets that no follow-up was given by the Commission in the replies to the Court's annual report in relation to the specific comment on the repetitive weakness and considers that cost-effective considerations used by the Commission in ex-post checks might not be effective and might lead exactly to the weaknesses that the Court and Parliament have been pointing out for a long time; Regrets that no follow-up was given by the Commission in the replies to the Court's annual report in relation to the specific comment on the repetitive weakness and considers that cost-effective considerations used by the Commission in ex-post checks might not be effective and might lead exactly to the weaknesses that the Court and Parliament have been pointing out for a long time; invites the Commission to revise that approach so that the shortcomings are fully addressed and to inform regularly the discharge authority of any progress made.

Commission's response:

While the Commission did not provide a reply to the specific observation in the ECA's Annual Report on the EDF, it is not correct that the Commission is not taking action concerning repetitive weaknesses. Through its annual action plans, DG INTPA is taking measures related to repetitive weaknesses. The objective is to identify ineligible expenditure as soon as possible. For instance, following ECA's 2019 statement of assurance, DG INTPA issued an updated instruction note to reduce excess clearing and introduced enhanced controls on ineligible VAT and excess clearings in its revised manual (INTPA Companion, version June 2021). In September 2021, the European Commission has revised the terms of references for expenditure verifications to include the notion of systemic findings and in April 2022 to capture the reporting on it in the respective IT tool. This will provide a data base for identifying weaknesses to address any shortcomings and to take the appropriate measures.

116. (§23 - 2020/PAR/0408) The European Parliament recalls that the Court's recommendation to the Commission to issue reservations to all areas prone to having a high-level risk, regardless of their share of total expenditure and their financial impact was already included in the 2019 EDF annual report; regrets that the Commission does not accept the recommendation; highlights the fact that the Court is very clear and consistent in pointing out that by applying the de minimis rule, the Commission is reducing its ability to identify risks in its overall area of responsibility; considers that excluding areas because of their financial impact but still considered by DG INTPA itself as high risk is a very dangerous situation; strongly supports the Court in its recommendation and invites the Commission to revise its approach accordingly.

Commission's response:

The de minimis rule was introduced with the 2019 Annual Activity Reports. It provides that potential reservations relating to cases with a residual error rate above the 2% materiality thresholds are deemed not substantial for segment of activities that represents less than 5% of the DG's total payments and have a financial impact of less than EUR 5 million.

This has allowed the Commission to focus on the significant issues affecting the management of EU funds. Moreover, full transparency of the management reporting remains ensured. All cases for which the rule is applied are duly disclosed in the AAR and are closely followed-up. In addition, in order to increase its transparency, the Commission published in the volume II of the Annual Management and Performance Report for the EU budget for the financial year 2021 a dedicated table summarising the application of the de minimis rule, i.e. reservations not issued or lifted during 2021.

For 2019 and 2020 the de minimis rule led to the absence of reservations, while for 2021 all indicative residual error rates were below the materiality threshold of 2%.

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117. (§24 - 2020/PAR/0409) The European Parliament calls on the Commission, in view of the high number of fraud investigations in recent years, to ensure better transparency of the money flow and to enhance control systems; invites, moreover, the Commission to report back to the discharge authority on the measures introduced in the residual error rate methodology or in the terms of reference to formalise the communication of suspected fraud by the residual error rate study contractor.

Commission's response:

Following the recommendation made by the ECA in the 2020 Annual Report, the Commission introduced a procedure to report cases of suspicion of fraud in the RER methodology. When the RER contractors identify cases of suspicion of fraud, they have an obligation to report them without delay to the Commission.

118. (§29 - 2020/PAR/0410) The European Parliament notes the actions undertaken by DG INTPA to mitigate the risks stemming from the use of exceptional financial or procurement procedures in response to the COVID-19 crisis, in particular by means of budget support; notes, however, that the risk of corruption and fraud remained the highest perceived risk in all regions, even if a small decrease could be observed over time; calls on DG INTPA to keep monitoring the situation and pay particular attention to the most fragile countries; invites the Commission to report back to the discharge authority on further developments.

Commission's response:

The Commission's use of exceptional procurement procedures in response to the COVID-19 crisis has been strictly defined in accordance with Article 2(21) of the 2018 Financial Regulation.

The use of flexible procedures is only applied programs in relation to the COVID-19 crisis response. Those programs specifically aimed at reinforcing the partner/beneficiary countries' public health sector, or mitigating the impact of the COVID-19 crisis on the economy and soften the social impacts on the population, with focus on most vulnerable segments of society.

In view of the persisting negative impact of the pandemic in many partner countries, the validity of the use of flexible procedures was extended in March 2022 for a further period of three months until 30 September 2022.

In addition, authorising officers in HQs and Delegations are responsible for authorising this flexibility on a case-by-case basis as well as to monitor and report on those procedures including their financial impact.

With regards to exceptional financial procedures offered by Commission Decision C(2020)4584 of 10 July 2020, DG INTPA only made use of the possibility to grant an extension of the general deadlines for the payment of recovery orders by

debtors. However, this Decision only applied for 12 months and normal procedures have resumed since its expiry.

The Commission's financial management procedures provide for systematic operational and financial verifications, specifically designed to take into account the various programmes and funding contexts.

DG INTPA has also an Anti-Fraud Strategy, which provides, among other things, for actions on training and information for its staff and on the prevention, detection and follow-up of cases of fraud and/or corruption.

The Commission has a zero tolerance approach towards fraud, corruption, terrorist financing or terrorism offences. Whistleblowing is an obligation for all EU staff members, who are regularly reminded about their the duty to report swiftly and through the appropriate channels:

- facts which give rise to a presumption of the existence of possible illegal activity, including fraud or corruption, detrimental to the interests of the EU;*
- conduct relating to the discharge of professional duties, which may constitute a serious failure to comply with the obligations of officials of the EU;*
- a serious failure to comply with a similar obligation on the part of a member of an EU institution or any other person in the service of or carrying out work for an institution.*

The Commission has also established the Early Detection and Exclusion System (EDES), which makes it possible to report unreliable entities or persons for detection purposes, to stop them from receiving EU funds, to impose financial or administrative penalties and publish the decision. In doubt of an economic actor, DG INTPA launches verification process leading, if necessary, to decisions of exclusion from European funding. The EDES system also allows the registration of persons and entities in the early-detection database when there is only a suspicion of risk, thus facilitating the identification at an early stage of those who might pose a risk to the financial interests of the Union.

DG INTPA reaffirms its commitment to carefully monitor the COVID-19 related developments, in particular with regard to the most fragile countries and report to the discharge authority.

119. (§32 - 2020/PAR/0411) The European Parliament calls on the Commission to continue the close monitoring of the pillar assessments and keep the discharge authority informed about the progress and the results in light of the complementary assessment of all pillar-assessed entities and the target to have them completed by the extended deadline of 2021 due to the COVID-19 outbreak.

Commission's response:

The Commission continues to closely monitor and actively follow up on the progress of the complementary pillar assessments that, for around 60% of entities, are completed, and for around 30% are currently ongoing. The Commission is

committed to provide information on the progress of the complementary pillar assessments upon request.

120. (§35 - 2020/PAR/0412) The European Parliament calls on the Commission, with regard to the new financial instrument NDICI - Global Europe, which is the successor instrument to the EDFs, to display, on a country-by-country basis and from the very start of the implementation of NDICI - Global Europe actions, information on all actions funded through that instrument, whether or not they are co-funded with grants or loans from any other actor, regarding the amounts of Union funding and results in a standardised manner which has been harmonised with the Member States and in a way which is easily understandable by Union citizens and by citizens of partner countries.

Commission's response:

All official development assistance from the Union and its Member States can already be visualised in the EU Aid Explorer (<https://euaidexplorer.ec.europa.eu>). The EU Aid Explorer uses a standardised and harmonised reporting format, namely the Common Reporting System (CRS) of the OECD and the technical standard of the International Aid Transparency Initiative (IATI). The EU Aid Explorer is an open data platform hosted by the Commission and provides information on projects and on Official development assistance (ODA) flows that can be disaggregated by countries and sectors. It is updated monthly with data from the OECD-CRS, IATI and the Commission's internal system. As part of the planned future upgrades of the EU Aid Explorer, the Commission will consider how to further improve the visualisation of project information at country level.

In addition, we report on EU results in the Annual Report on the Implementation of the European Union's External Action Instruments, through a set of EU specific indicators, including at country level whenever feasible. Reporting depends on data availability and the time-lag for operational results to materialise.

As the Union and Member States are promoting a Team Europe approach, we are continuing to invest in the harmonisation of our working methods. For example, together we are designing, financing and implementing Team Europe Initiatives (TEIs) in partner countries and coordinating our processes for financial tracking and reporting on results. The quality of the information available and their completeness will also depend on Member States.

It should be noted, that the EU Aid Explorer does not link reported information to the internal budget lines of the EU and/or Member States, as this could be confusing for the general public who is not aware of the technical budget breakdowns in either the EU and/or Member States budgets. Introducing such functionalities to a big data platform such as the EU Aid Explorer, while technically possible, would also have impacts on the user experience, both in terms of rapidity and clarity of the data tool.

121. (§38 - 2020/PAR/0413) The European Parliament calls on the Commission to redouble its efforts to carry out sample-based on-the-spot controls years after the completion of the co-financed projects to check the continued impact and the performance of the EDF interventions and to take the necessary steps to ensure the long-term impact of their operations.

Commission's response:

The Commission conducts a large number of evaluations every year at both strategic and project/programme level, in order to assess on one hand effectiveness and impact of interventions and on the other, to formulate recommendations in relation to their long-term impact. Conducting evaluations in person and in the field was severely affected by the Covid-19 pandemic in 2020-2021 but this crucial aspect of the evaluation work is expected to radically improve from 2022 on.

During 2020, the Commission planned 250 evaluations, of which 158 (63%) targeted EDF-funded interventions. Of those 158 planned EDF interventions, 94 were final evaluations focusing on immediate results of these interventions, and 4 were ex-post evaluations, assessing longer-term impact. During 2021, the Commission planned 287 evaluations, of which 186 (65%) targeted EDF-funded interventions. Of those 186 planned EDF interventions, 97 were final evaluations focusing on immediate results of these interventions, and 12 were ex-post evaluations, assessing long-term impact. An increase in the share of ex-post evaluations between 2020 and 2021 is noted, and this trend was also confirmed in 2022, with 23 planned ex-post evaluations. This is the result of increased focus on evaluation guidance and methodological support, aiming at better assessing long-term impact of interventions. Reported evaluations at project/programme level covered 38 ED- supported countries in 2020 and 47 in 2021.

122. (§54 - 2020/PAR/0414) The European Parliament considers that remote audits cannot compare to real on-the-spot checks and invites the Commission to resume visits as soon as possible, taking on board the lessons learned from the COVID-19 pandemic in terms of the use of technologies and instruments to complement visits.

Commission's response:

TFirstly, the Commission would like to recall that the flexibility provided in the context of the COVID crisis did not lead to relaxation of controls.

Nevertheless, while maintaining the robust mitigating measures already in place, the European Commission has been gradually returning to on-the-spot audits where the COVID pandemic travel restrictions had allowed for it. Lessons learned were that preference should be given to on-the spot audits in cases where interviewing staff in person could present clear benefits for a better insight on the organisation of documentation, higher assurance through the independence of international auditors or for audits of large complex projects. In cases where project staff is no longer available to be interviewed, for example on closed

projects, remote audits may be maintained. Technologies for video conference meetings (debrief and closing) and sharing of documentation electronically are widely used for audits carried out in a hybrid manner.

123. (§58 - 2020/PAR/0415) The European Parliament recalls that special attention should be paid to vulnerable populations, given that they face more difficulties when it comes to accessibility; calls for the development of concrete measures and programmes and for more funding to be allocated, especially for people with disabilities.

Commission's response:

The Commission applies systematically a human rights based approach to new projects. This led to an increased number of projects where persons with disabilities have access to participate in projects activities and benefit from results. This progress is evidenced by the corporate Global Europe Results Framework indicator (level 3) measuring disability mainstreaming. The indicator is based on the OECD-DAC policy marker for the inclusion and empowerment of persons with disabilities. In 2021, 33.7% of new interventions funded by DG INTPA were disability inclusive, while in 2020 the same figure was 14%.

124. (§60 - 2020/PAR/0416) The European Parliament calls once more on the Commission to better define and measure expected development impact and, especially, to improve the control mechanism with regard to the conduct of beneficiary countries in the areas of corruption, the rule of law, respect for human rights, good governance and democracy. Stresses the need to include the private sector in that strategic dialogue; notes the importance of democratic control over the use of Union budget support in recipient countries.

Commission's response:

The Commission recalls that during the implementation of our interventions, we closely coordinate 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.

The EU assesses risk on an annual basis (at least) using an internal risk management framework, paying particular attention to political risk, which encompasses fundamental values and corruption. This internal framework, which was revised in 2021, applies to all countries receiving EU development assistance, including budget support recipients. It aims to assess risk across modalities and thematic areas. Ongoing improvements aim to ensure that risks are more effectively identified and mitigated, with increased use of international indicators, which allow greater comparability and reliability.

Any EU intervention can be put on hold if serious concerns arise over fundamental values or cases of corruption. Given the increasing importance of financial instruments in development cooperation, the involvement of the private sector and an enabling environment for doing business, strategic dialogue with private sector is also reinforced at country and global level. For example, in the framework of EU Africa Business Forum (EABF) or business fora at national level in partner countries. In VET initiatives, we encourage the increased involvement of the private sector in skills delivery.

The proposal for a Directive on Corporate Sustainability Due diligence, currently being discussed at the Parliament, is an example of mobilising the private sector to foster sustainable and responsible corporate behaviour and anchor human rights and environmental considerations in companies' operations and corporate governance. This is expected to lever positive effects on human rights notably for workers in partner countries. Accompanying measures could help partner countries and companies in those countries to better monitor the process.

125. (§61 - 2020/PAR/0417) The European Parliament reiterates its call on the Commission to carry out a performance evaluation on a country-by-country basis of the long-term ongoing EDF-financed projects in order to demonstrate the true impact on the relevant country of decades-long Union investment and how it has effectively helped beneficiary countries' economic, social and sustainable development; calls on the Commission to take advantage of the lessons learned with regard to projects that have not been implemented effectively or efficiently and to take decisive action in the future.

Commission's response:

The Commission conducts a large number of evaluations every year at both strategic and project/programme level, in order to assess on one hand effectiveness and impact of interventions and on the other, to formulate recommendations in relation to their long-term impact, in terms of economic, social and sustainable development. Evaluations at strategic level include the assessment of the impact of large cooperation frameworks at both country and sector levels, e.g. the 11th EDF. Promoting learning through providing lessons about what works and why is a key feature of these evaluations and it serves for adjusting programming and projects of strategic character in partner countries. During the period 2020-2021, strategic evaluations on four African, Caribbean and Pacific (ACP) partner countries were ongoing or at final stage of implementation, namely: Rwanda, Angola, Central African Republic and Mauritania. In addition, eight evaluations at sector level, such as Gender, Public Financial Management or Rule of Law, covered a sampling of several ACP countries each. The reports of all strategic evaluations are made public on both the Commission web site and on the site of the EU Publications Office.

126. (§73 - 2020/PAR/0418) The European Parliament calls on the Commission to ensure that no funds are paid out directly or indirectly to Russian contractors or sub-contracts, especially in light of the current war in Ukraine; furthermore calls on the Commission to raise that matter in its bilateral dialogue with all relevant countries and encourages countries to be fully transparent with regard to contracting military support services, especially as regards the number, tasks and chains of command of private military and security companies present on their territories, as well as the equipment used to comply with their contracts.

Commission's response:

The Commission refers to its replies to recommendation 2020/PAR/0424 on the assessment of ex-ante and ex-post checks on beneficiaries.

The presence, influence and actions of the Wagner Group's mercenaries in the Central African Republic (CAR) is a matter of serious concern for the EU. The EU has decided to impose restrictive measures against the Wagner Group in December 2021 based on the EU Global Human Rights Sanctions Regime.

When implementing the EU budget, the European Commission is bound by to EU restrictive measures. The European Commission is already ensuring the compliance of its funding with the EU restrictive measures in CAR, and the Commission will keep monitoring the use of EU funding, based on the procedures in place, to make sure that EU funds are not made available, either directly or indirectly, to the Wagner Group. In particular:

- All projects financed by the EU in CAR are managed under standard EU procedures, which include monitoring, evaluation and audit phases. These procedures ensure that funds are only used for the objectives and activities approved for EU funding.

- In addition, all entities implementing EU funds are subject to compliance, through contractual obligations, with EU restrictive measures. EU restrictive measures are targeted and range from individual financial sanctions, such as asset freezes, to sectoral prohibitions in certain areas of activities. To note that for information and awareness purposes, the decision to impose EU restrictive measures against the Wagner Group has been largely communicated to EU implementing partners in CAR.

Finally, through the EU's regular bilateral dialogue and exchanges with the CAR authorities the EU has been regularly and consistently raising the need to address its serious concerns regarding the Wagner Group's actions in CAR. This includes highlighting the reported human rights violations and abuses committed by the Wagner Group in the country, the lack of transparency regarding the funding of its activities, its reported influence on CAR's military chain of command and the overall need for accountability. The EU will keep raising the matter in its bilateral dialogue with CAR authorities.

127. (§74 - 2020/PAR/0419) The European Parliament notes that the mid-term evaluation of the EUTF for Africa was concluded in 2020; notes the main findings of the

evaluation report that the mandate of the EUTF for Africa, as a short-term instrument, is too wide to address the root causes of migration, and express concerns about some of the critical aspects highlighted therein; notes the need to better address challenges related to intra-African migration that makes up almost 90 % of migration flows in Africa; requests that the Commission make sure it focuses more activities on eradicating poverty in line with the EDFs' main objective, so as to address the root causes of migration.

Commission's response:

Since its inception in November 2015, the EUTF for Africa has financed programmes aimed to generate employment and economic opportunities and to strengthen the resilience of vulnerable communities in the three regions by providing improved access to basic services (health, education and nutrition) with the ultimate goal to reduce poverty. At the end of 2021, after which no more EUTF funds could be committed to new programmes, over 45 % of the approved funding of the EUTF for Africa was allocated to actions promoting the creation of employment and economic opportunities and strengthening the resilience of the most vulnerable groups of the populations. The same trend will be maintained in the remaining implementation period of the EUTF for Africa, whose activities will be implemented until the end of 2025.

128. (§74 - 2020/PAR/0420) The European Parliament reiterates its calls to the Commission to provide a solid risk assessment study on the human rights implication for all the projects designed to train and equip security forces of the African countries.

Commission's response:

As set out in the Global Europe regulation (NDICI), the EU is adopting a human rights-based approach, encompassing all human rights, into all development cooperation programmes and actions. Renewed guidance was issued in this regard in 2021 and is now being applied. Training and awareness activities were undertaken at both Headquarters' and delegation.

During the design and the formulation of all our activities, the "do not harm" principle shall be taken into account and risk mitigating measures incorporated in the actions.

Furthermore, the Commission proactively endeavours to include human rights in its security sector reform actions, such as trainings for security forces, with the aim to protect local populations in particular women, youth and children. The projects "Strengthening the capacity of Internal Security Forces to comply with International Human Rights Law and International Humanitarian Law (Chad, Mauritania, Niger)", implemented in partnership with OHCHR, and "Support to Mali, Burkina and Niger Security forces in fighting against impunity and

strengthening ties with local populations” via the Danish Institute for Human Right are good examples of this approach.

129. (§78 - 2020/PAR/0421) The European Parliament calls on the Commission to closely monitor the situation of the rule of law, compliance with international treaties and bilateral agreements and the respect for human rights in recipient countries when approving financial aid; invites the Commission to make more stringent use of the clause included in the financial agreements with partner countries that enables the Commission to suspend or terminate the agreement in the event of the breach of an obligation relating to respect for human rights, democratic principles and the rule of law.

Commission's response:

NDICI- Global Europe encompasses a human rights-based approach into all development cooperation programmes and actions. Guidance on this was updated in 2021.

The application of the suspension/termination clause in financing agreements should only be considered on a case by case basis and is very much linked to the specific country context. Termination should in any case only be considered as a last resort, following enhanced dialogue and mitigating measures, given the negative impact it could have on the populations targeted by our actions and programmes.

The process of supporting democracy, the rule of law, human rights and fundamental freedoms is in itself complicated and highly politicized. Democratic reforms and adherence to the principles of the rule of law require political will, long periods of time, and must sometimes overcome entrenched resistance to change. Moving forward, the EU will make use of the Team Europe collective approach to maintain policy dialogue and technical assistance for policy reform on human rights and democracy support, as well as for support to civil society.

During the implementation of our aid, the EU also 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, risk assessments (updated in 2021) are conducted on a continual basis by the EU, and are applied to all countries and modalities. Contractual and financial procedures governing all modalities seek to ensure value for money and prevent capture or embezzlement by specific interest groups.

130. (§81 - 2020/PAR/0422) The European Parliament invites the Commission to ensure that funding benefits all OCTs fairly and equally; calls on the Commission to further support OCT administrations in the implementation of EDF projects, in particular by means of training and technical assistance.

Commission's response:

In line with the Parliament's recommendation, the Multiannual Indicative Programmes (MIPs) 2021-2027 (at territorial and regional level) fairly and equally allocate the funds to the 13 OCTs in accordance with the stipulations of the Decision on the Overseas Association of October 2021 (DOAG). 11 MIPs were already adopted in 2021 and another 4 MIPS are envisaged to be adopted in 2022/23. These MIPs, together with the Technical Cooperation Facility and still ongoing cooperation under EDF (such as the thematic Green Overseas programme), will also support the OCT administrations in the formulation and implementation of DOAG and EDF programmes and projects.

131. (§84 - 2020/PAR/0423) The European Parliament considers that more efforts for promoting the vision of more national development agencies are necessary; welcomes the efforts of the Commission in that regard, including the preparation of a study to understand the strength of each partner in the Members States in order to evaluate how they could better contribute in the future; asks the Commission to provide the discharge authority with the report of that study as soon as it is available.

Commission's response:

The Commission continues to encourage actors from all Member States to share their respective expertise in development cooperation to foster mutual knowledge and expertise. This includes promoting joint implementation in a Team Europe approach where relevant.

A "Study on Inclusiveness: EU MS' operational development structures and systems and perspectives for peer exchange" was commissioned by the Practitioners' Network of Member States' development agencies' in 2018. The preliminary findings as well as recommendations on the possible role of the Practitioners' Network in enhancing inclusiveness were presented at the Annual meeting of the General Assembly of the Practitioners' Network on 20 May 2019. The study has reinforced the work of the Network to further enhance its outreach through peer exchange activities that support learning from each other and promoting collaboration and joint activities among European practitioners. The main findings of the study are available on the Practitioners' Network website (members' area) with a disclaimer that it is an internal document.

The Commission can share the key results of the study presented by the Practitioners' Network at the CODEV with the European Parliament.

132. (§85 - 2020/PAR/0424) The European Parliament recalls that media reports highlighted that money assigned under the EDFs, which was used for public infrastructure projects in the Democratic Republic of the Congo, was paid out to a company that is linked to a well-known Hezbollah financier; notes that the Commission did not have any information on alleged links between that company and the financier at the moment of awarding those contracts and that, with the

exception of one, all contracts were completed satisfactorily; recalls, however, the Union's commitment to zero tolerance for suspected fraud, corruption, and funding of activities linked to terrorism and the obligation to prevent European funding from indirectly benefiting criminal and terrorist activities; requests that the Commission update its procurement rules and post-ante checks to strengthen background checks of beneficiaries and their affiliations.

Commission's response:

The Commission stresses that none of the contracted companies in the case were on the EU or UN sanctions lists. The Commission would like to underline that its procurement rules and the requirements for ex-ante and ex-post checks are compliant with the applicable legislation, including the EU Financial Regulation.

In this respect, the Commission recalls that the procedure for awarding contracts provides for systematic verification, before award, of whether an applicant is on the European Union's exclusion list.

Implementing partners in indirect management must undergo ex-ante assessments of their rules and procedures, to ensure that they provide adequate protection of the EU financial interests.

The Commission takes a 'zero tolerance' approach to fraud, corruption, terrorist financing or terrorism offences. An expression of this approach is the exclusion from Union financing of persons or entities guilty of such crimes under the Early Detection and Exclusion System. Such exclusions can be imposed even in the absence of final judgments or final administrative decisions, on the basis of a preliminary classification in law conducted by an inter-institutional Panel that is presided over by a standing, high-level, independent chair. At the same time, the system allows the registration of persons and entities in the early-detection database when there is only a suspicion of risk, thus facilitating the identification at an early stage of those who might pose a risk to the financial interests of the Union.

Additionally, all entities implementing EU funds are subject to compliance with EU restrictive measures (EURM). EURMs are targeted and range from individual financial sanctions such as asset freezes to sectoral prohibitions in certain areas of activities.

Safeguarding the proper use of EU funds is further ensured by various mechanisms (e.g. suspension of contract or payments and contract termination) framed by the Financial Regulation and relevant agreements concluded with recipients of EU funds.

Under financial instruments and budgetary guarantees partners may not enter into new or renewed operations with entities established in third countries having strategic deficiencies, as defined under Article 9(2) of Directive (EU) 2015/849.

Lastly, in close cooperation with the European Anti-Fraud Office (OLAF), the Commission regularly trains relevant staff on the prevention, detection and follow-up of fraud cases.

Performance, financial management and control of EU agencies

133. (45 - 2020/PAR/0425) The European Parliament notes that Union agencies have a crucial role in ensuring social dialogue within their own organisations and calls on the Commission to ensure funding to support Union agencies in securing social dialogue.

Commission's response:

The Commission assesses in detail the needs of each agency within the framework of the annual budget process. The EU contribution proposed in the draft budget ensures adequate financial and human resources according to the stable staffing policy, but also includes additional resources stipulated in the adopted Legislative Financial Statements of new initiatives, the exceptional reinforcements due to unforeseen events such as COVID-19 pandemic or due to high inflation on top of the 2% indexation. This annual process results in a careful balancing between the budget requests of all decentralised agencies and the resources available within the MFF as adopted by Council with consent from the European Parliament. The agencies have their own legal personality and responsibility to ensure the social dialogue within their organisation. The EU contribution provides them with sufficient resources in this respect.

Bodies set up under the TFEU and the Euratom Treaty

134. (*BEREC § 6, EU-OSHA § 11, EUAA § 22, FRONTEX § 23, ECHA § 19, EFCA § 10, EFSA § 15, GSA § 9, EIGE § 11, EMSA § 15, EMCDDA § 12, ETF § 12, EUROJUST § 15, FRA § 13, EUROPOL § 13, ERA § 20, ACER § 5, EU-LISA § 10, EASA § 15 - 2020/PAR/0426*) The European Parliament:

BEREC, § 6

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the BEREC Office.

EU-OSHA, § 11

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's management board.

EUAA, § 22

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the Office.

FRONTEX, § 20

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the Agency.

ECHA, § 19

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when appointing their members to the management board of the Agency.

EFCA, § 10

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the administrative board.

EFSA, § 15

asks the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the Agency's administrative board.

GSA, § 9

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's administrative board.

EIGE, § 11

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the Institute.

EMSA § 15

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's management board.

EMCDDA § 12

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Centre's management board.

ETF § 12

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Foundation's management board.

EUROJUST § 15

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's executive board.

FRA § 13

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's management board.

EUROPOL § 13

calls on the Commission and the Member States to better take into account the importance of ensuring gender balance when nominating their members to the Agency's management board.

ERA § 20

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when appointing their members to the management board of the Agency.

ACER § 5

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the Agency.

EU-LISA § 10

asks the Commission and the Member States to take into account the importance of ensuring gender balance when nominating their members to the Agency's management board.

EASA § 15

reiterates its call on the Commission and the Member States to take the importance of ensuring gender balance into account when nominating their members to the management board of the Agency.

Commission's response:

The Commission fully agrees on the importance of ensuring gender balance in the management boards of all EU Agencies, in line with its own internal policy on the subject. When drafting proposals for new founding acts of agencies or revisions of existing ones, by default the Commission inserts a standard provision encouraging a balanced gender representation within agencies' management boards. While recalling that the Commission is not in a position to impose upon Member States the necessity to respect gender balance in their appointment of representatives to the management boards of EU agencies, and that it has no competence with regard to the actual overall composition of an agency management board, the Commission will continue to strive and use all available tools to lead by example and positively influence the process.

135. *(European Border and Coast Guard Agency §3 - 2020/PAR/0427)* The European Parliament calls on the Commission to strengthen the relationship between the

Agency and the Member States and to ensure binding rules for the Member States for financial and operational protection and monitoring.

Commission's response:

There are binding provisions in force applicable to the Agency and to the Member States, notably Regulation (EU) 2019/1896 on the European Border and Coast Guard and the Financial Framework Regulation of the EU. In compliance with Union law, the Management Board of Frontex, that is composed of the representatives of all Member States and of the Commission, is the appropriate forum to discuss and adopt any decisions aimed at ensuring monitoring and reporting on the implementation of the Agency's Single Programming document, including the annual programme of work or other reporting obligations related to operational activities. Therefore, it is not in the Commission's remit to strengthen the relationship between the Agency and the Member States.

136. **(European Border and Coast Guard Agency §13 - 2020/PAR/0428)** The European Parliament calls on the Commission to introduce, in close cooperation with the Agency, an emergency plan that sets out certain safety measures, ensuring the safe continuation of return operations.

Commission's response:

In line with Regulation (EU) 2019/1896 of the European Parliament and of the Council of 13 November 2019 the introduction of an emergency plan that sets out certain safety measures related to return operations done by Frontex, is Frontex's responsibility and the Agency could consult the Commission.

The Commission has released a Communication on 16.04.2020 "Guidance on the implementation of relevant EU provisions in the area of asylum and return procedures and on resettlement", which includes concrete measures to ensure the safe continuation of return operations.

The Agency has released a Health and safety guidelines in return operations during pandemics or outbreaks.

137. **(European Border and Coast Guard Agency §17 - 2020/PAR/0429)** The European Parliament recalls the conclusions in the 2019 discharge report for the Agency on the Court's Special Report No 8/2021 and the range of operational shortcomings identified therein; recalls the conclusion from the Court's report that the Agency did not yet take sufficient measures to adapt its organisation to fully implement its mandate under Regulation (EU) 2016/1624, and that the Court highlighted significant risks related to the Agency's mandate under Regulation (EU) 2019/1896; recalls that the Court made five recommendations to the Agency and Commission, with deadlines for implementation by the end of 2021 (recommendation 5), the middle of 2022 (recommendation 1) and by the end of 2022 (recommendations 2, 3

and 4); notes that recommendations are addressed to the Agency and to the Commission, and that also Member States are involved in the implementation; underlines the importance the discharge authority attaches to the proper implementation of the recommendations made by the Court; recalls that recommendation 5 is included in the conditions formulated in the 2019 discharge report of the Agency and is still not fully fulfilled, and that implementation of the other recommendations is still pending; requests the Court to conduct an evaluation once the deadlines of recommendations 1 to 4 have passed (by the end of 2022) in the framework of the Court's annual report for the Agency, in order to assess whether and if so to what extent and how the Agency has implemented Court's recommendations adequately and in time; calls on the Agency and the Commission to keep the discharge authority informed about the implementation of the recommendations and expresses its commitment to reflect this in future discharge reports.

Commission's response:

The Commission has repeatedly called on the Agency to report to the European Parliament on the state of play of all discharge recommendations. Accordingly, the Agency provided several updates to the European Parliament in the course of this year (2022), including on the follow up to the ECA Special Report recommendations. The Commission will also continue to monitor on the state of play of the recommendations in the framework of the Management Board and the Working Group on budget and accounts and reiterates its commitment to keep the European Parliament regularly informed, upon request, as far as recommendations addressed to the Commission are concerned.

138. *(European Border and Coast Guard Agency §24 - 2020/PAR/0430)* The European Parliament recalls that OLAF opened an investigation in 2019 over allegations of harassment, misconduct and migrant pushbacks involving the Agency, pinpointing irregularities; [...] calls on OLAF and the Commission to make sure that the full investigation report will be shared with the discharge authority and the Committee on Civil Liberties, Justice and Home Affairs as soon as possible, while fully respecting Regulation (EU, Euratom) 2020/2223[1] and all legal requirements on the protection of sensitive data and of the rights of the persons concerned, such as access to information on the allegations, preparation of their defence, and sufficient time to react.

Commission's response:

The Commission notes that according to Article 10(3) of Regulation (EU, EURATOM) No 883/2013, information transmitted or obtained by the European Anti-fraud Office (OLAF) in the course of its investigations shall be confidential. OLAF opened an investigation into the European Border and Coast Guard Agency (Frontex) in 2020. The investigation focused on allegations of non-compliance with internal rules and procedures was closed on 15 February 2022,

following which OLAF sent the final report to the Management Board of Frontex and to the Commission for appropriate follow-up. Access to the final report has been given to the Members of the CONT and LIBE Committees in accordance with the applicable data protection and confidentiality requirements, as indicated in a letter sent by OLAF to the Chair of the CONT Committee on 10 June 2022.

139. *(European Border and Coast Guard Agency §25 - 2020/PAR/0431)* The European Parliament recalls that it is necessary to have clarity on all elements of the investigation; underlines that the findings outlined in the partial presentation raise serious concerns as regard the performance of the Agency for the financial year 2020 and urges the management board and the Commission to take rapid action to address all issues raised, as the credibility of the Agency has to be beyond any doubt, in order for it to be able to fully fulfil its tasks and prerogatives, also in the context of the war in Ukraine.

Commission's response:

The OLAF report, which was addressed to the Management Board of Frontex, was immediately followed up through a series of extraordinary meetings. Upon completion of the follow-up procedure to the report, the Chairman of the Management Board has decided to grant the discharge authority access to a redacted version of the OLAF report. It should be noted that the OLAF report does not relate to any irregularity in the Agency's budget implementation for 2020.

Furthermore, the Commission and the Management Board regularly update the European Parliament on the measures taken by the Agency to ensure the Agency's full compliance with the applicable legal framework.

140. *(European Environment Agency §13 - 2020/PAR/0432)* The European Parliament calls on the Commission and the Agency to work out a sustainable plan to provide the Agency with resources according to its needs and tasks and to report back on the developments in this regard to the discharge authority.

Commission's response:

Over the recent years, the EEA has been asked to support the work of the Commission and assigned additional tasks, which resulted in increasingly growing in terms of resources. At the end of 2020, the European Environment Agency (EEA) had a budget of EUR 42 million for 225 staff. Since then, the EEA has been allocated with substantial additional resources in support to various policies stemming from the European Green Deal and in particular the 8th EAP and the Climate Law. Six new initiatives were tabled by the Commission in the framework of the European Green Deal and the Climate Law, adding 60 new posts (+ 27% of staff increase) and an additional EUR 15 million annually (annual average increase) to the EEA's budget:

- In 2021 under the 8th EAP proposal the EEA received 15 additional positions (9 TAs and 6 CAs) and 1 additional TA from the sustainable finance/taxonomy legislation.

- In 2022 the EEA received additional resources for the secretariat of the European Scientific Advisory Board on Climate Change (14 FTE: 10 TAs and 4 CAs), and for the reporting on the progress towards neutrality and on climate adaptation (2 CAs).

Other proposals pending adoption by the colegislators, will further reinforce the EEA:

- The revision of the Land Use, Land Use Change and Forestry (LULUCF) Regulation proposed by the Commission as part of the “Fit for 55” package in July 2021, which the EEA will support with a monitoring, reporting and verification system (11 FTE: 8 TA and 3 CA posts);

- The European Pollutant Release and Transfer Register E-PRTR Regulation proposed by the Commission on 5 April 2022 requests an additional 2 Posts for the EEA to establish the Industrial Emissions Portal;

- The Nature Restoration Law proposal adopted by the Commission on 22 June 2022 requesting 12 additional posts for the EEA (7 AD and 5 CA) of which one for horizontal administrative support;

In addition, the Commission adopted on 31 August 2022 an Implementing Decision on the Seveso-III Directive databases (C(2022) 6124 final), which will add 4 new posts to the EEA (3 Permanent staff and 1 Contract Agent).

As a result of these reinforcements, the EEA is the fastest growing agency and the financing of these additional resources from the LIFE programme becomes sizable.

As a general rule, and as envisaged in the Inter-institutional Agreement on Budgetary Discipline, the Commission has so far favoured the strict linkage of such reinforcement of an agency with a legislative proposal that allows for a transparent link between new and additional activities and the extra resources requested. This was precisely done for the EEA.

However, with the accumulation of successive reinforcements for the EEA and the accumulation of additional tasks, there is a need for an enhanced strategy on the EEA’s work and resources with a view to establish priorities concerning any new requests in upcoming legislative proposals. The Commission is currently working on this, including the need for reinforcing the EEA in terms of administrative support.

As mentioned in the Commission Opinion on the EEA’s Single Programming Document 2023-2025 (C(2022) 4963 final, 11.7.2022), the planning of the Commission upcoming initiatives foresees a number of new policy initiatives that will require EEA support (in particular: the revision of the ambient air quality Directive; the Water Framework Directive, the Environmental Quality Standards Directive, the Groundwater Directive and the Floods Directive; the revision of the Marine Strategy Framework Directive and the Bathing Water Directive; the revision of the Waste Framework Directive; the Sustainable Chemicals One

Substance One Assessment Initiative). Any request for additional resources for the Agency would have to be duly justified, looking first at synergies, optimisation of existing resources and potential deprioritisation of less important activities.

To that aim, the coordination between the Commission and the EEA has been already reinforced. A structured dialogue was established at Senior Management level with EEA to work on new tasks, prioritisation and need to find synergies/optimising resources. The outcomes of this work with the EEA have the objective and the ambition to pave the way to the ‘sustainable plan of EEA resources’, in line with the request by the European Parliament.

141. *(European Food Safety Authority §13 - 2020/PAR/0433) The European Parliament invites the Commission to grant the Authority, in duly justified cases, the option of hiring contract agents in excess of the establishment plans, for a limited period of time and without exceeding the Authority’s agreed annual budget envelope.*

Commission's response:

The Commission proposes a Draft Budget, based on the annual budget process whereby the Commission assesses the needs of each agency. This annual process results in a careful balancing between the budget requests of all decentralised agencies and the resources available within the MFF as adopted by Council with consent from the European Parliament. The EU contribution to EFSA and the authorised staff levels (number of establishment plan posts) are determined by the Budgetary Authority. The number of Contract agents is part of the key information for the Council and the European Parliament as Budgetary Authority when agreeing on the annual EU contribution for the agencies.

The adopted Budget as authorised by Parliament and Council is the basis that the Agency needs to follow in this respect. The Financial Regulation explicitly states that the establishment plan shall constitute an absolute limit for each Union Institution or body and that no appointment shall be made in excess of the limit set. The financial regulation does thus not explicitly mention Contract agents or Seconded national experts. Legally speaking, upon adoption of the EU budget, the Budgetary Authority thus does not establish an absolute maximum on the number of contract agents for each decentralised agency.

However, since contract agents (both fee-financed and EU Contribution financed) are covered by the Staff Regulation, the Commission proposes a strict guidance in the Draft Budget to the Council and the Parliament. The recruitment of Contract Agents beyond the guidance effectively creates additional, long-term, budget requirements (such as retirement rights). It should also be noted that the annual EU Contribution is based on an assessment of the Agencies budget needs to fulfil their mandate. By increasing their staff beyond the guidance, agencies risk having to deviate financial resources for operational activities to staff expenses. Recruiting Contract Agents beyond the guidance set out in the Budget also risks putting the Agencies on a different, more expensive, budget trajectory than what is foreseen under the financial programming and the MFF Agreement.

In this context, the Commission wishes to highlight the evolution of the EFSA establishment plan during the recent budget procedures.

On top of the reinforcements linked to the Food law revision (increase of 25 temporary agents and 6 contract agents for 2022), EFSA received for three years (2022-2024) 15 contract agents to cope with cumulated backlogs in the area of safety assessment of regulated products.

Against this background, the Commission's Draft Budget 2023 proposes stable staffing for EFSA in 2023 compared to 2022.

Finally, it is the prerogative of both legs of the Budgetary Authority to propose and negotiate higher staff levels for a specific agency during the annual budget adoption procedure.

142. *(EUROFOUND §2 - 2020/PAR/0434)* The European Parliament welcomes the fact that the Foundation is in the process of implementing actions in response to the Court's two observations of 2019; notes with concern the changes in the shares of the budget titles due mainly to the increasing prices in the host country and calls on the Commission and the budgetary authority to take adequate measures in order to preserve the share of the operating expenditures of the Foundation's budget;

Commission's response:

The Commission closely collaborates with decentralised agencies to ensure that their subsidy from the EU budget is sufficient for them to fulfil their mandate and to preserve their operational capacity. For the Draft Budget 2023, the Commission has proposed a reinforcement of the EU subsidy to Eurofound by EUR 650,000, to help the agency weather out salary increases due to an exceptional increase of the Irish country correction coefficient in 2020 and 2021 (resulting from an increased cost of living in Ireland). This increase comes on top of a proposed annual increase of the EU subsidy to EU agencies to help them handle higher than expected inflation; in the case of Eurofound, this amounts to EUR 453,000 in Draft Budget 2023 and EUR 453,000 indexed annually at 2% for the years 2024-2027.

143. *(European GNSS Agency §5 - 2020/PAR/0435)* The European Parliament calls on the Commission to review the autonomy of the Agency particularly regarding its competencies on implementing the delegation agreement through a number of complex contracts with industrial partners and public sector entities.

Commission's response:

The adoption of the Space Programme Regulation (Reg. (EU)2021/696 adapted on 28 April 2021), creates the European Union Agency for the Space Programme

(EUSPA) that replaces and expands on the European Agency for Global Navigation Satellite Systems (GSA).

EUSPA, under the Commission's authority, will guarantee continuity of services and ensure security of infrastructure and systems. The entry into force of the Regulation has been also a prerequisite for the conclusion of the Financial Framework Partnership Agreement (FFPA) with EUSPA and the European Space Agency (ESA), as well as other indirect management instruments with other entities for the implementation of the Programme.

The Space Programme Regulation and the FFPA establish a streamlined governance, building on a clear allocation of tasks between the Commission, in charge of the programme management, EUSPA, in charge of the exploitation of Galileo/EGNOS, security and downstream applications for all components of the Space Programme, and ESA. The FFPA stipulates clearly the conditions of the management of funds in particular clear public procurement rules per component, management procedures, expected results -measured by performance indicators-, communication strategy and applicable measures.

Through this, EUSPA received the autonomy to implement the delegated funds.

144. *(European GNSS Agency §11 - 2020/PAR/0436)* The European Parliament calls on the Commission to examine the situation carefully and to provide the Agency with the necessary means to recruit the necessary staff; calls on the Commission to report back to the discharge authority on this matter.

Commission's response:

The adoption of the Space Programme Regulation (Reg. (EU)2021/696 adopted on 28 April 2021), creates the European Union Agency for the Space Programme (EUSPA) that replaces and expands on the European Agency for Global Navigation Satellite Systems (GSA).

The EU space regulation ensures also in its article 29 that "Whenever activities are entrusted to the Agency, appropriate financial, human and administrative resources shall be ensured for their implementation.". Therefore, further to the adoption of this regulation and the entrusting of delegated funds and new responsibilities, EUSPA establishment plan was increased by 101 temporary agents and the Agency core budget by more than 237M€ to finance the staff and their associated costs for the period 2021-2027.

The Commission is ready to inform the European Parliament upon request.

145. *(European Medicines Agency §16 - 2020/PAR/0437)* The European Parliament notes that, according to the Court's Special Report No 22/2021 'Future of EU Agencies - Potential for more flexibility and cooperation', the Agency needs to improve its cooperation with the Commission; calls on the Agency and the Commission to report back on the developments in this regard to the discharge authority.

Commission's response:

The European Commission has a good and structured cooperation with the European Medicines Agency (EMA). An intense partnership exists both on the technical and the strategical level.

The experience during COVID-19 has demonstrated the excellent cooperation between EMA and the European Commission which was essential to deliver in terms of public health protection. This was achieved through very frequent and intense interactions that were set up from the start of the pandemic.

Some of these interactions have been formalised in Regulation (EU) 2022/123 of the European Parliament and of the Council of 25 January 2022 on a reinforced role for the European Medicines Agency in crisis preparedness and management for medicinal products and medical devices.

When European Parliament refers to the the Court's Special Report No 22/2021, it should be noted that only paragraph 65 includes an observation which states “One third of the respondents think that significant improvements are needed [...] in the relations of [...] EMA with the Commission”. This observation of the Court is based on a very small and heterogeneous sample (i.e. one third of a total of 39 survey replies about EMA coming from national public bodies, industry, EU institutions, NGOs, academics etc.) and the Commission is not aware of any specific issues that some of the stakeholders may have referred to.

146. *(European Medicines Agency §19 - 2020/PAR/0438)* The European Parliament recommends, in particular, that sufficient additional resources be allocated to the Agency to improve its competence in the fight against medicine shortages; invites the Commission to evaluate in detail the feasibility of granting the Agency additional capacity to manage shortages, including by means of the desired future transformation of the European Shortages Monitoring Platform into a proper and effective common European database.

Commission's response:

The European Commission considers that the necessary resources were allocated to EMA through the extended mandate in order for EMA to develop an effective shortages platform (ESMP). This platform would enable EMA to execute its competence in the fight against medicine shortages. The ESMP to be managed by the Agency will be functioning in a proper and effective way, similar to all databases, managed by EMA and other decentralised agencies.

147. *(EUROPOL § 11 - 2020/PAR/0439)* The European Parliament calls on the Commission to engage in active dialogue with the Agency in order to understand and meet the Agency's long-term human resources needs.

Commission's response:

The Commission addressed EUROPOL budget shortfalls through a legislative proposal, which amended the Europol Regulation. This legislative proposal foresees significant reinforcement for the Agency, in both financial and human resources.

The amended Europol Regulation, which includes significant additional human and budget resources, has effectively entered into force in June 2022.

148. *(European Union Agency for Railways § 21 - 2020/PAR/0440)* The European Parliament notes that the Agency has 144 permanent staff and calls on the Commission to raise the authorised staff ceiling.

Commission's response:

The EU contribution to ERA and the authorised staff levels (number of establishment plan posts) are determined by the Budgetary Authority. The Commission proposes a Draft Budget, based on the annual budget process whereby the Commission assesses the needs of each agency. This annual process results in a careful balancing between the budget requests of all decentralised agencies and the resources available within the MFF as adopted by Council with consent from the European Parliament.

It should be noted that ERA has been treated favorably in recent budget procedures. Even in absence of new tasks or extended mandates accompanied by a legislative financial statement, the Commission proposed (and the Budget Authority approved) staff increases for ERA:

+3 posts in 2021,

+3 posts in 2022,

The Commission's Draft Budget 2023 includes a further increase of ERA's staff with +12 posts, (of which 6 temporary, phasing out gradually until 2027) to allow the agency to focus more on policy work, while at the same time meeting all its obligations for the authorisation tasks delegated to the Agency. These posts are fully fee-financed. It should be noted that the increase proposed in Draft Budget 2023 takes in account the Agency's own strengthening plan which concludes a need for 6 additional posts by 2027. It is the prerogative of both legs of the Budgetary Authority to propose and negotiate higher staff levels for a specific agency during the annual budget adoption procedure.

149. *(EU-LISA § 3 - 2020/PAR/0441)* The European Parliament calls on the Agency, together with the Commission, to improve the alignment of budgetary planning with the timing of the related legal acts.

Commission's response:

The Agency and the Commission cooperate on a continuous basis to optimise budget planning.

Legislative proposals are accompanied by Legislative Financial Statements setting out the multi-annual budget to implementation of the legal act. The date of the adoption of a legal act affects the allocation of the budget. The budget is released once the act is adopted. In case of late adoption, the Agency is not able to commit the funds the year of the adoption and needs to carry over the funds to a subsequent year.

The Commission consults the Agency on Legislative Financial Statements and informs the Agency continuously on the status of adoption procedures so that the Agency can prepare and act as soon as a legal act is adopted. For the past few years, the Commission has also considered risks of late adoption in budget planning. Where possible, the Commission has proposed to adapt a Legislative Financial Statement (e.g. COM(2018) 302 final (Recast of the Visa Information System)).

150. (EU-LISA § 17 - 2020/PAR/0442) The European Parliament invites the Commission and the Agency to engage in an active dialogue about improving the Agency's establishment plan, especially about the level at which posts are allocated.

Commission's response:

The Agency and the Commission are engaged in an active dialogue on the Agency's establishment plan, e.g. when preparing the annual budget and commenting on the Single Programming Document. In addition, the Commission consults the Agency when preparing legislative proposals and legislative financial statements, in which the additional posts are defined.

The Staff Regulations of officials and Conditions of Employment of other servants of the European Union define the grades at which staff should be recruited.

The Agency's improved the occupancy rate and increased efforts to accelerate recruitment and fill vacant posts. The Commission and the Agency discuss in the context of the establishment plan the prioritization of filling vacant posts.

151. (European Union Aviation Safety Agency § 8 - 2020/PAR/0443) The European Parliament calls on the Commission to work together with the Agency to ensure that Member States' response to the current epidemiological situation remains aligned and coordinated and focuses on a 'person-based approach' linked to the EU Digital COVID Certificate.

Commission's response:

The Commission is working on a continuous basis with the European Union Aviation Safety Agency (EASA) and European Centre for Disease Prevention and Control (ECDC) to align the position on the epidemiological situation within the European Union. The Commission takes this information into account when working with Member States on a well-coordinated and transparent approach to facilitate free movement during the COVID-19 pandemic, including in the implementation of Council Recommendation (EU) 2022/107 which outlines a person-based approach to intra-EU travel, as well as in the implementation of Council Recommendation (EU) 2020/912 with regard to non-essential travels from third countries to the Union and Schengen Area.

EASA with ECDC regularly update guidance on the COVID-19 related measures in the aviation industry: the last update was on 11 May 2022 when EASA and ECDC issued a joint document defining measures to assure the health safety of air travellers.