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Detailed replies to the specific requests made by the European Parliament complementing the report from the Commission on the follow-up to the discharge for the 2021 financial year, COM(2023) 384 final.
# Table of Contents

INTRODUCTION .......................................................................................................................... 3

Budgetary and Financial Management .................................................................................... 4
Fraud and irregularities ............................................................................................................. 19
Performance of the Union budget ............................................................................................. 23
Revenue .................................................................................................................................... 25
Single Market, Innovation and Digital ...................................................................................... 27
Cohesion, resilience and values .................................................................................................. 32
Natural resources and environment .......................................................................................... 39
Migration and border management, Security and Defence ....................................................... 44
Neighbourhood and the World .................................................................................................. 46
European Public Administration ................................................................................................. 52
COVID-19 related support .......................................................................................................... 57
Recovery and Resilience Facility (Chapter II) .......................................................................... 59
EDF ........................................................................................................................................... 80
Bodies set up under the TFEU and the Euratom Treaty - Joint Undertakings ...................... 85
Performance, financial management and control of EU agencies ........................................... 89
Bodies set up under the TFEU and the Euratom Treaty .......................................................... 94
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 2021(COM(2023)384), which formed part of the Integrated Financial and Accountability Reporting 2022.

It presents in detail the answers to 123 specific requests made by the European Parliament in its resolution forming an integral part of its decisions on the discharge for the financial year 2021.

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 2021 financial year, as adopted on 28 June 2023. These detailed replies therefore focus on the recommendations included in the concerned sections of the discharge resolution.
Budgetary and Financial Management

1. *(§62a in relation with §82b, §92c, §109c, §124d and §109b, §124c - 2021/PAR/0287)* 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 (ARACHNE, EDES etc.) 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 RRF Scoreboard to ensure that the description of milestones and 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’s proposed recast of the Financial Regulation, which is currently being discussed by the European Parliament and the Council as co-legislators, is an opportunity to further increase the protection of the EU budget across management modes against irregularities, fraud, corruption and conflicts of interest.*

*The Commission proposed to make the use of an integrated IT system for data-mining and risk-scoring compulsory in all management modes. This new IT system would build on the experience of the current system known as Arachne, which allows identifying measures, contracts and recipients that are vulnerable to irregularities, fraud, corruption, and conflicts of interest. Arachne is currently being used under shared management and under the RRF. The proposed future system would use modern technologies to provide efficient and user-friendly features. To reduce administrative burden, it would also ensure interoperability with relevant systems including, among others, existing national systems to access data and use the risk scoring tool.*

*The Commission also proposed a targeted extension of the scope of the Early Detection and Exclusion System (EDES) to shared management and direct management when funds are disbursed as financial contributions to Member States (for instance, the RRF funds). The proposed rules would enable the Commission to act on the most serious grounds for exclusion in order to better protect the Union financial interests. The objective is also to make sure that when an entity is excluded at EU level it cannot receive EU funds in another Member State or under another EU funding programme. In addition, with a view to enhancing the EDES’s effectiveness, the Commission has proposed to make it possible to exclude affiliated entities and/or beneficial owners of a primary excluded entity from bidding for public contracts and ultimately from obtaining EU funds.*

2. *(§62b in relation with §92a, §109f, §124a - 2021/PAR/0288)* The European Parliament calls on the Commission to substantially 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 and
NGOs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders without compromising the quality of the controls.

**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 proposal for the revision of the Financial Regulation (recast) of 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.

3. (§62c - 2021/PAR/0289) The European Parliament calls on the Commission to keep increasing the administrative capacity of the Commission and Member States and propose adequate budget lines for the Court, the EPPO and OLAF to ensure their efficiency in relation to the implementation of the new upcoming tasks related to the NGEU instrument in order to protect the 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. This is why in the Draft Budget 2024 the Commission has taken a universal approach towards all Institutions in adapting their respective statements of estimates to ensure that staffing would not exceed 2023 levels. However, mindful of the current constraints, in the context of the mid-term revision of the 2021-27 Multiannual Financial Framework (MFF) the Commission proposed, to reinforce Heading 7 to be able to face the most urgent
challenges, including a request for additional staff beyond stable staffing to cater for the new tasks that have been decided by the co-legislators since 2020. This includes a number of posts which could benefit all institutions. There is no split between the institutions proposed at this stage.

Notwithstanding the above overall constraints it is to note that the increase in workload linked to the new programmes for the European Court of Auditors (ECA) was duly acknowledged, and a reinforcement of the Court’s establishment plan by a total of 29 posts has been integrated into the budget 2022 (20 posts on a temporary basis until 2027) and in the budget 2023 (nine posts also on a temporary basis).

Also, in view of the increase in European Anti-Fraud Office’s (OLAF) workload, a reinforcement of 15 (FTE) were included in the 2022 budget (seven FTE) and the 2023 budget (six FTE) and the 2024 budget (two 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. This is a favourable treatment compared to the stable staffing guideline applicable to all institutions and decentralised agencies. The EU budget is making large efforts to support EPPO in line with their key role in the anti-fraud architecture. In Budget 2023, the EPPO keeps an overall stable number of staff compared to 2022, although the staff structure changes, i.e. 20 Contract Agents are converted into 20 Temporary Agents. On top of the proposed increase of the budget for salary expenditure (in Title 1) due to high inflation, as for all other agencies, EPPO received in conciliation an additional EUR 2.5 million.

In the Draft Budget 2024, the Commission proposed to consolidate the significantly reinforced resources of the EPPO, by proposing an EU contribution of EUR 66 million and by keeping the staffing level and the distribution across staff categories stable. This covered the salaries needed for the 20 contract agents converted to temporary agents last year. Furthermore, in the Amending Letter 1/2024, the Commission proposed eight additional posts and EUR 2 million, in view of addressing EPPO’s security and IT security needs. In the Conciliation on the 2024 budget, the European Parliament and the Council agreed to add a further 13 establishment plan posts and EUR 4 million for these purposes. The Commission is convinced that the EPPO is now sufficiently equipped with adequate financial and staff resources.

4. (§62d - 2021/PAR/0290) The European Parliament calls on the Commission to summarise and report to the discharge authority and the Court the reasons for the differences in the various expenditure areas and recoveries, and also in the results concerning the estimated level of error as calculated by the Court and the risk at payment as calculated by the Commission in the AMPR and engage in an exchange with the Court on both the managerial and technical level with the aim of introducing a single methodology on the error rate of Union expenditure.
**Commission's response:**

The Commission is explaining the main differences between its risk at payment and the Court’s level of error, namely for Cohesion, in its Annual Management and Performance Report for the EU Budget (AMPR) and in its replies to the Court’s Annual Report, for the relevant chapters. The Commission will continue to improve these explanations in cases where significant differences are observed.

As explained in the Commission’s Annual Management and Performance Report for the EU Budget (AMPR), one aspect explaining the difference is the difference in approach between the Court and the Commission. There is a difference by definition related to the different roles of the two institutions, one as the auditor and the other as the manager. Applying the same methodology as the Court’s would not allow the Commission to make corrections (an extrapolated error rate cannot be applied uniformly to all beneficiaries), to identify precisely where errors are made and what the exact root causes are and thus would prevent to provide targeted and proportionate mitigating measures.

The Commission will continue its discussions with the Court in order to increase the understanding and the convergence in the way irregularities are dealt with as not all can lead to corrections, which is another reason explaining the difference between the error rate and the risk at payment, in particular in Cohesion.

5. **(§62e - 2021/PAR/0291)** The European Parliament calls on the Commission to work with the Court to align the respective risk categorisation methodologies and the audit working methodologies.

**Commission's response:**

In the Annual Management and Performance Report for the EU Budget Financial year 2022, the Commission reinforced convergence with the Court. Expenditure with a risk at payment below 2% is considered by the Commission as low risk (whereas it was below 1,9% last year). Expenditure with a risk at payment at 2% or above is considered either medium risk (up to 2,5% included) or high risk (above 2,5%).

This facilitates the comparison since what is considered as medium and high risk by the Commission corresponds to expenditure called “high risk” by the European Court of Auditors (error rate above 2%).

As far as audit work methodologies are concerned, an alignment of the methodologies is neither desirable nor feasible as also explained in the Annual Management and Performance Report for the EU Budget. The Commission will nevertheless continue its discussions with the Court to increase the understanding of its rules and the deriving positions regarding irregularities and this hopefully increase the convergence with the Court (see also Commission reply to recommendation 2021/PAR/0290).

6. **(§62f - 2021/PAR/0292)** The European Parliament calls on the Commission to compare implementation rates of the REACT-EU instrument by Member States that
were set to receive financial support under the RRF, and Member States where the National Recovery Plan has only been approved under conditions at a later stage (Hungary and Poland), and identify causes for differences

**Commission's response:**

The Commission partially accepts the request from the Parliament to compare the RRF and REACT-EU implementation rates. It cannot be fully accepted because the RRF and Cohesion Policy (CP) follow very different modes of implementation. Specifically, the RRF and CP (including REACT-EU) are subject to different reporting mechanisms:

- Reporting for REACT-EU is subject to the general reporting requirements under the CP that requires the Managing Authority to report several times a year on achievements towards targets, decided and spent resources for the relevant intervention fields. Payment claims from the Member States are reimbursed for the EU part.

- Under the RRF, implementation is monitored through the achievement of milestones and targets, to which disbursements from the Commission are associated. Therefore, these disbursements do not necessarily have a direct relationship with the expenditure actually incurred by the Member States.

Regarding the “Member States where the National Recovery Plan has only been approved under conditions at a later stage (Hungary and Poland)” it should be noted that PL and HU are not the only Member States not having met yet the conditions for disbursements under the RRF. Up to date, 8 Member States (BE, DE, IE, FI, PL, HU, SE, NL) have not yet submitted a request for payment to the Commission.

The Commission could provide a comparison of the two instruments with at least the following disclaimers:

- The different implementation modes of the two instruments, as described above.

- Only the grant component of the RRF would be used to compare with REACT-EU as it is the closest in terms of implementation mechanism. RRF loans would therefore not be taken into account.

- Given that there are significant differences between the initial pre-financing of each instrument (RRF minimum pre-financing is 13%, while for REACT-EU it was originally 11% but then increased by Regulation (EU) 2022/613 to 15% to all MS and even to 45% for 9 MS which were most impacted by the war in Ukraine), only disbursements under a payment request would have to be taken into account in order to arrive to a meaningful result, with the disclaimers described above, on the implementation rate across the two instruments.

In addition, if the goal is to analyse the “implementation rate”, it would also be important to take into account the speed of payments. However, there are significant differences in the procedure here as well:

- In order to receive the RRF disbursement, the Member State needs to submit a payment request and this can happen only after the operational arrangements are agreed with the Member State. After the submission of the payment request, the Commission assesses the satisfactory fulfilment of the relevant milestones and
targets before authorising a disbursement. The assessment and disbursement process takes around three months unless more information is needed.

- Interim payments from the Commission to the Member States under the REACT-EU are faster, however, this does not include the time it takes on the Member States’ side to certify the payment request to the Commission before submission of the payment request.

As for the identification of causes for significant differences in each Member State, this is a qualitative analysis that could potentially require a considerable administrative effort and would pose an excessive burden for the Commission.

7. (§62h - 2021/PAR/0293) The European Parliament calls on the Commission to provide for a simplification of the procedure, including the documentation required to access funding, without breaking the principles of audit and monitoring.

**Commission’s response:**

The Commission is constantly working on simplifying procedures both for new and existing EU programmes while maintaining the audit and monitoring standards. As part of the Commission’s Regulatory Fitness and Performance Programme (REFIT) which is an integral part of better regulation, all proposed revisions of existing legislation should assess the potential to simplify and reduce the costs of meeting existing policy objectives.

This objective was namely followed when preparing the current multi annual financial framework 2021 – 2027. For instance, the Commission proposed significant simplification measures for the 2021-2027 Common Provision and Fund Regulation for its biggest MFF spending programmes. A significant number of them (71 out of 80 proposed) were adopted by the regulation and incorporated in the handbook of key administrative simplifications.

The Commission proposal for the revision of the Financial Regulation (recast), adopted on 16 May 2022 (COM(2022)223) and currently in the trialogues, includes further simplification measures for the beneficiaries of EU funds, such as streamlining simplified cost options, simpler calculation with regard to the non-profit principle, easier financial support to third parties in special cases, and more flexible rules for experts. These changes will reduce administrative burden and risk of error, and provide further legal certainty for all stakeholders.

The new CAP, in force since 1 January 2023, sets out an EU framework with fewer rules set at Union level, aiming to address the issue of simplification in several ways.

Firstly, there is a major change in the way the policy is implemented due to the New Delivery Model. There is a shift from the compliance approach, based on detailed EU rules for beneficiaries, to a performance-based framework, focusing on the achievement of results by the Member States. In addition, specific simplifications of rules were also introduced such as, for example, the one-off compensation for maintaining land in the context of wetland and more flexible use of tools for organic farming support.
Secondly, the new legislation greatly reduced the level of details at EU level. Thus, the Member States 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 enables them to reduce complexity and administrative burden vis-à-vis the farmers.

Thirdly and finally, the new legislation 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 enshrined in the FR 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.

8. (§62i - 2021/PAR/0294) The European Parliament calls on the Commission to publish its audit reports, including for conflict of interest cases within a reasonable timeframe, helping to ensure that the recommended corrective and follow-up actions are implemented by the auditee.

Commission's response:

Internationally accepted audit standards (e.g., INTOSAI) and Regulation (EC) No 1049/2001 regarding public access to documents, define audit reports of ongoing audits as confidential information that cannot be disclosed to third parties.

Accordingly, the audits the Commission (including the Internal Audit Service) is carrying out remain confidential and the related audit reports are not published, save for exceptional circumstances where public interest demands publication.

For instance, the final report on the audit of the functioning of the management and control systems in place to avoid conflict of interest in Czechia, carried out by Directorates General Regional and Urban Policy (REGIO) and Employment, Inclusion and Social Affairs (EMPL), was published on 23 April 2021, taking into account the requirements for protection of certain information, such as personal data or commercial secrets pursuant to Regulation (EU) No 1049/2001..

This approach is in line with the EU legal framework.

Regarding Agricultural funds there are also specificities related to the legal basis of the Common Agricultural Policy (CAP). The audit reports in the area of the CAP are internal documents compiled upon return from an audit mission and, as preparatory documents, cannot be disclosed to the general public. Still the CAP audit reports are routinely sent to the ECA and OLAF for their information.

The CAP audit reports then form the basis for the contradictory procedure with the auditees provided for in Article 34 of Regulation 908/2014 (now Article 37 of Regulation 2022/128). As auditees, the Member States have the right to present their arguments in the framework of a contradictory procedure. Under internationally accepted audit standards, the rights of the auditee have to be protected: contradictory procedures are therefore confidential.

Only once the procedure is finalised, can information be made available to third parties under the provisions of Regulation (EC) No 1049/2001 and in line with the audit standards. For the CAP, this means only when either a procedure is closed without financial corrections or with the notification of the Commission...
Implementing Decision applying a financial correction (so-called ad-hoc Decisions) in all other cases. It is also to be noted that Member States have also the right to challenge these Decisions before the EU Court of Justice. In such a case, the usual confidentiality rules for ongoing Court cases would apply as well. In any case, the implementation of follow-up or remedial actions by the auditee is assessed by the Commission during the conformity procedure.

Regarding the information of the auditees, auditors remain in constant contact with the auditees for the whole duration of the audit. Then, the Commission has specific durations to finalise its audits and share the conclusions with the auditees, including a contradictory procedure with them. For the funds implemented under shared management, the 2021-27 Common Provisions Regulation specifies in its Article 70.4 d) that the Commission shall transmit the audit report no later than 3 months from the date of receiving a complete reply from the competent Member State authority to the preliminary audit findings; the Member State’s reply shall be considered complete in the absence of a request from the Commission to provide further information or a revised document within 2 months from the date of receipt of the Member State’s response.

The Commission’s objective is that the auditees are informed as soon as possible so that the corrective and mitigating actions can be implemented rapidly and the issues identified are swiftly addressed. This is in the interest of both the Commission, to reduce the level of error, make sure the funding goes where it is needed and is used to its utmost so that the policy objectives are met, and of the auditees/beneficiaries to avoid having to reimburse funds unduly received. This practice is fully compliant with internationally accepted audit standards.

Finally, the Charter on good practices drafted by the Audit Community for carrying out audits under Cohesion Policy, EMFF and FEAD promotes the use of a common typology agreed between the Commission and the audit authorities and the dissemination of (anonymized) audit findings as well as the specific risk areas identified among programme authorities and beneficiaries in order to raise awareness and prevent similar irregularities in future.

(62k - 2021/PAR/0295) The European Parliament calls on the Commission to facilitate the inter-institutional cooperation by working towards speeding up the discharge process to n+1, without compromising the quality of the process.

Commission’s response:

The Commission supports the idea of a shorter discharge procedure. It delivered the 2020, 2021 and 2022 consolidated EU accounts one month earlier than the regulatory deadline of 31 July. The Commission also advanced the publication of the AMPR by a few weeks in these three years. Publishing the AMPR even earlier is challenging because some AARs, which are the basis for the AMPR, must include information from the Member States. The Commission receives this information at the earliest in February and needs time to assess and evaluate it. In addition, a significant shortening of the discharge procedure would also require both the ECA to publish its annual report earlier, and the Council to adopt its discharge recommendation earlier. The European Commission stands ready to
engage with other stakeholders involved in the discharge procedure (European Parliament, Council of Ministers, European Court of Auditors) to explore ways to speed up the process.

10. (§621 - 2021/PAR/0296) The European Parliament calls on the Commission to step up efforts to improve transparency in the use of funds, including as regards information on final beneficiaries and to tighten the disbursement of funds to companies based in tax havens.

Commission's response:

The Commission already makes available a wide range of information on recipients of EU funds (notably through its Financial Transparency System). The proposal to revise the Financial Regulation would, if accepted by the co-legislators, further enhance its reporting in this area by ensuring that the list of recipients of EU funds in all management modes will be published as from 1 January 2028.

Specifically, the proposal to revise the Financial Regulation would require both (i) Member States that implement the EU budget under shared management or that receive and implement EU funds under direct management; and (ii) persons and entities implementing the EU budget under indirect management, to at least once a year transmit for publication, to the Commission information on the recipients and amounts of EU funding. The Commission would be responsible for consolidating, centralising and publishing the data on recipients of EU funding in a single website and database covering all management modes.

11. (§62m - 2021/PAR/0297) The European Parliament calls on the Commission pay more attention to Member States and offer them enhanced technical assistance in cases where their management and control systems are only partially reliable or unreliable and where there is an increased risk of fraud and corruption in relation to Union funds;

Commission's response:

Member States and regions with weaker administrative capacity may have more difficulties with their management and control systems. This is why the Commission provides them with substantial support, including technical assistance and advisory services. Technical assistance funds are already actively mobilized under 2014-2020 to ensure the necessary teams and means are in place to manage and to boost the administrative capacity of programme authorities to identify, select and manage the best operations.

Even more emphasis is placed on capacity building in the regulations for the 2021-2027 programming period to encourage a more strategic use of funding for this purpose. Ample technical assistance means are at the disposal of Member States to support capacity building of programme authorities, beneficiaries and relevant partners and more options are available to them as they can make use of
two types of technical assistance (Articles 36 and 37 CPR). Member States can also support capacity building of programme authorities and sectoral and territorial actors as part of or linked to the supported investments (Article 3.4 of the ERDF and Cohesion Fund Regulation). Another new feature for 2021-2027 is the possibility for Member States to develop roadmaps for administrative capacity building, which are strategic documents outlining comprehensive measures for building capacities in managing and making use of funds.

The technical assistance to Member States aims to contribute to increased knowledge about administrative capacity in Member States with regard to the management of Cohesion Policy, to organize workshops on implementation of effective and proportionate anti-fraud / anti-corruption measures for the management of the funds, and to support preparation and implementation of the pilot Integrity Pact projects bringing together various stakeholders to improve transparency, quality of the project, citizen engagement and to fight against corruption. Among the many various activities made available to the managing authorities, there is for example the online run ‘EU Funds Anti-fraud Knowledge and Resource Centre’, which makes available tools/materials that will make it easier for Member States to prevent, detect, report and prosecute fraud and corruption. It includes 8 video modules, a library of good practices and case studies, links to useful tools that can help to reduce the fraud risk, information on guidance and legislation, judgement and multiple-choice tests.

Moreover, the Commission developed a strategic training programme for staff in programme authorities in eight different training modules. Key topics include state aid, public procurement, identification and prevention of fraud and corruption, development of roadmaps for administrative capacity building and Integrity Pacts.

The Commission further provides advisory support on public procurement and state aid, a strategic training programme for managing the funds for the implementing authorities with a focus on professionalization of the jobs related to management and control of the funds, and a specific support for audit work, which includes in particular the funding of the organization of major annual meetings with the 27 Audit Authorities and the funding of the ARACHNE risk scoring tool. This facilitates the continuous monitoring of internal and external data regarding projects, beneficiaries and contracts/contractors, in order to build an overall better defence against fraud and errors, helping to reduce the error rate. In addition, funds are also allocated to horizontal audit translations to support the Member States in their work auditing the structural funds and to fulfil the requirement of the European Parliament for its discharge procedure to translate the annual summaries. The Commission will continue to offer support and technical assistance to Member State authorities which already use on a voluntary basis its data mining and risk-scoring tool, which has been further developed and improved with regard to its user-friendliness and interoperability with other sources of information and will keep doing its utmost to encourage them to use this tool, highlighting its usefulness for checking circumvention, and conflicts of interest. In its proposal to recast the Financial Regulation, currently debated by the co-legislators, the Commission envisages to make the use of an integrated IT system for data-mining and risk-scoring compulsory in all Member States.
Technical assistance and advisory services are also available to the Member States Authorities for the Agricultural Funds.

Furthermore, as regards the CAP 2023-2027, the accreditation criteria to be complied with by the Paying Agencies have been reinforced based on the COSO model in respect of risk assessment and management, management of conflict of interest and prevention, detection and countering fraud. The Commission updated its relevant assurance package Guidelines explaining the implementation of these criteria. The new legal framework and thus the focus on these reinforced criteria has been extensively discussed with the relevant national bodies in expert group meetings and conferences of the Paying Agencies. The implementation is closely followed up by the Commission through the Certification Bodies’ annual audit reports on the assessment of the Member States governance systems (covering these elements). Last but not least, the Commission organises a number of conferences, committee and workshops with Member States authorities for the CAP to build their capacity and to discuss important topics such as use of the ARACHNE tool, conflict of interests, etc.

In addition, aiming at supporting the Member States fight against fraud, DG AGRI took part in numerous anti-fraud seminars organized with the Member States (e.g. 18-20 January 2022 in Estonia, 3 June 2022 in Spain, 7 June 2022 in Slovakia, 19-21 October 2022 in Bulgaria, 1 December 2022 in Estonia, 9 December 2022 in France, 24 March 2023 in Ireland, 25 April 2023 in Spain; 29 June 2023 in Croatia). OLAF was also involved when appropriate.

12. (§62n - 2021/PAR/0298) The European Parliament calls on the Commission to re-evaluate its identification of entities as NGOs and provide for a clear definition, as well as to further improve the Union Lobby Register, making sure that NGOs who approach Union institutions are registered as lobbyists; further asks the Commission to set up an effective mechanism to assure NGOs’ activities are aligned with Union values and demand full transparency on their financing, providing a deeper insight into the financing of all entities registered should be the condition to approach all Union Institutions, bodies and agencies.

Commission's response:

In line with the recommendations of the European Parliament and the European Court of Auditors, the Commission proposed a definition of an NGO in the Financial Regulation recast, including a corresponding obligation in proposed Article 200 Financial Regulation for grant applicants to indicate whether the entity is an NGO.

The Commission has both a political commitment and a legal obligation to ensure that organisations and projects involved in practices that are incompatible with the EU’s values do not receive EU financial support.

All entities applying for EU funding are subject to the same rules, irrespective of their status, including NGOs.
Prior to the award of EU funding, the Commission carries out rigorous selection processes, including checks on grant beneficiaries based on objective criteria. Depending on the policy areas of the programme, the authorising officer may include specific eligibility criteria, for example that applicants must show in their application that they respect EU values.

During the implementation of grants, the corporate model grant agreement (used by all programmes from eGrants and being rolled out across Commission-managed programmes since 2021) contains a specific provision (Article 14.2), according to which the beneficiaries must commit to and ensure the respect of basic EU values. The Commission is preparing updates on the Annotated Model Grant Agreement in order to provide interpretation on the specific Article 14 on EU values and on the measures which may be applied in case of breach of EU values. Beneficiaries of EU funding are obliged to provide without delay any information requested by the Commission in order to verify eligibility of the costs or contributions declared, proper implementation of the action and compliance with the other obligations under the Agreement, which may include information on sources of funding outside of the EU budget if relevant to demonstrate compliance (Article 19.1. of the Corporate Model Grant Agreement).

Similarly, 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 contradict Union values, which is reflected in contractual obligations with implementing partners.

All relevant agreements (grants, procurement, Contribution agreements for indirect management, etc.) establish various mechanisms (e.g. suspension of contract or payments and contract termination) to safeguard the proper use of EU funds in line with the Financial Regulation where controls or audits demonstrate irregularities, fraud or a breach of obligations.

Furthermore, the Commission may under certain circumstances employ the Early Detection and Exclusion System (Articles 135-145 of the Financial Regulation) to ensure that EU funds do not benefit organisations that undermine EU values. Notably, the EDES exclusion grounds include grave professional misconduct and serious deficiencies in complying with main contractual obligations, which may be relevant in the present context. The exclusion from participation in (future) award procedures may take place not only when the organisation itself is in an exclusion situation (as established by an exclusion decision), but potentially also when any person who is a member of the administrative, management or supervisory body of the organisation (or any person having powers of representation, decision-making or control over the organisation), and its beneficial owners are in an exclusion situation. In this context, it should also be noted that the Commission proposed as part of the revision of the Financial Regulation (recast) to add “incitement to discrimination, hatred or violence” as a new explicit situation of exclusion.

In addition, all entities implementing EU funds are also subject to EU restrictive measures stemming from Article 215 Treaty on the Functioning of the European Union and enacted through Council decisions allowing the targeting of
governments of non-EU countries, companies, groups, organisations, or individuals and prohibiting listed entities or persons from receiving EU funding.

Information on EU funding to beneficiaries is available in the Financial Transparency System, which provides details on the EU budget implemented directly by the European Commission ('direct management') or implemented indirectly by entrusted entities ('indirect management'). The published data can be filtered by the pre-defined filter of ‘non-governmental organisation’. For the sake of ensuring transparency of NGO funding, the Commission had introduced in ABAC minimum criteria (private and not for profit) for entities to be able to self-declare themselves as being NGOs and are not subject to a general validation by Commission services. The NGO information available in the Financial Transparency System is based on these self-declarations. The Commission proposed a definition of an NGO in the Financial Regulation recast in order to further ensure the reliability and transparency of information on NGOs in the Financial Transparency System.

Finally, the European Parliament, Council and Commission reached a major milestone in reforming the EU Transparency Register by the adoption of the Interinstitutional Agreement (IIA) on the mandatory transparency register in 2021. The IIA, which entered into force on 1 July 2021, already provides for a clear definition of an ‘interest representative’ as ‘any natural or legal person, or formal or informal group, association or network, that engages in covered activities’, i.e., interest representation activities covered by the scope of the IIA. That definition applies to all organisations or self-employed individuals that are eligible to be listed in the Transparency Register, including NGOs. In the Transparency Register system, NGOs are therefore already considered and treated as lobbyists. The scope of the IIA is not based on the legal status of the interest representatives carrying out activities covered by the register but on the influencing activities as such and the types of interests represented. Under the IIA, NGOs would typically register as ‘not representing commercial interests’ and would be required to provide the corresponding financial information set out in Annex II to the IIA. In light of the above, it does not look appropriate or necessary to introduce a different or additional legal definition for, specifically, non-governmental organisations in connection to the EU Transparency Register.

13. (§62o - 2021/PAR/0299) The European Parliament calls on the Commission to commit to guaranteeing adequate resources for the secretariat of the Transparency Register in order to ensure that the entries on the lobbying activities of interest groups, lobbies and NGOs can be checked for accuracy and that lobbying becomes more transparent.

Commission’s response:

The Interinstitutional Agreement between the European Parliament, the Council and the Commission on the Transparency Register (IIA) entered into force on 1 July 2021. The IIA includes a dedicated article on resources (Article 10). It makes it a legal obligation on the three signatory institutions to ensure that the necessary
human, administrative, technical and financial resources are made available, including adequate staffing for the Secretariat of the Transparency Register, so as to ensure that the implementation of the IIA is effective. In addition, the signatory institutions shall take the necessary steps to finance the maintenance, development and promotion of the register. The Management Board of the register, made up of the Secretaries-General of the signatory institutions, determines the annual priorities for the register as well as the budget estimates and share required for the implementation of those priorities (Article 7 IIA). In implementation of those provisions, since 1 January 2022, the signatory institutions adopt binding annual financing agreements laying down the budget for the Transparency Register, as determined by its Management Board. The annual financing agreement for 2022 established an increased budget for the Transparency Register compared to the yearly budgets predating the IIA, for a total amount of EUR 601 714. The 2022 budget was allocated by 57% Commission, 33% Parliament, 10% Council, per the shares agreed by the Management Board.

14. (§62p - 2021/PAR/0300) The European Parliament calls on the Commission to draft a standard contract on the conditions for receiving Union funds with NGOs; stresses that this contract must be equally binding for all Union institutions and agencies.

**Commission's response:**

NGOs are subject to the same rules as for any other entity receiving EU funding. In accordance with the principles of transparency and equality of treatment, all recipients of EU grants sign the same agreement – the corporate model grant agreement that is used by all programmes from eGrants and being rolled out across Commission-managed programmes since 2021. The corporate model grant agreement contains conditions for receiving Union funding, including for example a specific article (Article 14.2), according to which the beneficiaries must commit to and ensure the respect of basic EU values. Failure to comply with this obligation may lead to consequences such as reduction, suspension, termination of the grant agreement or administrative sanction. The Commission does not have the necessary mandate to define and enforce the use of contractual templates for other EU institutions.
15. (§62g - 2021/PAR/0301) The European Parliament calls on the Commission to continue supporting Member States to improve both the quality and number of checks and to share best practices in the fight against fraud.

Commission's response:

The Commission has continued undertaking actions to support Member States to improve both the quality and number of checks and to share best practices in the fight against fraud. This continuous support takes several forms. In particular:

• in the area of Cohesion policy funds, through actions aiming at the support of Member States as provided for in the Joint Anti-Fraud Strategy of DG REGIO, DG EMPL and DG MARE (“JAFS” 2020-2025). Under those actions, the Commission
  o has further encouraged MSs to put in place (or renew) comprehensive national anti-fraud strategies and provided advice in this respect;
  o has been providing,
    □ in cooperation with the European Institute of Public Administration, anti-fraud training to Member States, including on control-related aspects, concerning the European Structural and Investment Funds, and
    □ fraud awareness sessions during technical meetings with national authorities;
  o created the online tool ‘EU Funds Anti-fraud Knowledge and Resource Centre’, made available on the Europa website in May 2021, which provides material for Member States to prevent and detect fraud in EU funds. It includes video modules, good practices and case studies, links to other tools that can help to reduce fraud risks, guidance and legislation, judgements, and multiple-choice tests.

• in the area of agricultural spending, providing specific training to the relevant authorities of the Member States to prevent, detect and correct fraud and other serious irregularities. In the context of anti-fraud seminars held with a series of Member States authorities (mainly Paying Agencies), the Commission made available to them information on fraud trends and patterns that are to be taken into account in their management and control work.

• Regarding the Recovery and Resilience Facility (RRF), providing support to the Member States to make sure that the RRF is effectively protected against fraud. As part of its fraud prevention activities, OLAF issued in 2022 specific anti-fraud advice “for the purchase of IT hardware and software under EU funded projects” as well as “for EU funded environmental investment projects” and disseminated a strategic paper on the overall risk framework related to the new way of funding operations in the Member States that has been introduced with the RRF. This RRF risk framework aimed at building a common vision and approach in protecting the Facility by the numerous and different players involved on the ground. Member States are encouraged to take into consideration these analyses, in particular in the context of the implementation of the national plans under the RRF.
• In order to support the programme authorities in strengthening their work to identify and prevent fraud and corruption affecting cohesion policy funds, through the data-mining and risk-scoring tool ARACHNE (with an ex ante module released in 2022).

• providing technical assistance to Member States through various spending programmes, including through the EU Anti-Fraud Programme that finances technical or operational support for anti-fraud checks, specialised training and research activities.

• On behalf of the Commission, OLAF has also provided different forms of support to the Member States and in particular:

  o with regard to their obligation to report cases of fraud and irregularities via the Irregularity Management System, which is a key anti-fraud tool in the framework of the Management and Control Systems (MCS) related to the EU funding. OLAF carried out a specific analysis to identify potential causes of the decrease in reporting of non-fraudulent irregularities in the programming period 2014-2020 in the cohesion and fisheries policies, whose findings were disseminated to the Member States inviting them to build on them, to assess the situation for their operational programmes, with the aim of implementing corrective measures in case the decline could be due to less effective detection and reporting. To improve the quantity and quality of reporting in IMS and making it more homogenous across the EU, OLAF has also engaged in additional analyses, to target actions with reference to specific operational programmes;

  o OLAF has been delivering on its commitment to provide strategic intelligence to feed into the fraud risk assessments and other fraud prevention and detection activities of the Member States. These analyses and advices span from high strategic, cross-border reports, such as the Annual Report on the Protection of the EU’s financial interests and the Fight against Fraud to sector-specific assessments (e.g. on COVID-19 crisis related risks, risks in the healthcare sector, the already mentioned RRF risk framework) and advices (the two already mentioned, in relation, again, to RRF).

Under the revised action plan of its 2019 Anti-Fraud Strategy, the Commission has renewed its commitment to support Member States in their fight against fraud for the protection of the various EU funds. Some of the actions the recently adopted plan sets out in this regard specifically aim at improving the control work done by Member States authorities or provide for exchanges of best practice examples with them.


Commission’s response:

The Commission has already several mechanisms in place to monitor the possible risks of fraud and corruption.
For instance, the risks of corruption are monitored through the European Semester and the annual Rule of Law Report, which also include recommendations to the Member States and follow-up on their implementation.

In addition, fraud risks and trends are presented in the annual Report on the protection of the EU’s financial interests (the PIF Report), which relies on irregularities and fraud reported to the Commission via the Irregularity Management System (IMS). The report includes general recommendations to the Member States, and monitors their implementation.

As requested by the Commission Anti-Fraud Strategy (CAFS), all Commission services adopt their local anti-fraud strategies based on fraud risk assessments. These strategies cover both internal and external fraud risks related to implementation of the policies and programmes under the responsibility of the respective service.

The EU has also established mechanisms to protect whistle-blowers who report irregularities, fraud, or corruption related to EU funds, such as the Whistleblower Directive (Directive (EU) 2019/1937) on the protection of persons who report breaches of Union law and the internal rules on whistleblowing in force in the EU institutions, bodies, offices and agencies. This encourages individuals to come forward and report any suspicious activities without fear of retaliation.

As additional actions put recently in place, on 11 July 2023, the Commission adopted a revised action plan for the implementation of CAFS (see COM(2023)405 final and SWD(2023)245 final). The revised action plan includes a number of actions aimed at reinforcing fraud risk management in the coming years, such as:

• developing a single integrated IT system (corporate Arachne) for data mining and risk scoring with a view to extend its use to all Member States and to all management modes;

• exploiting the synergies between anti-fraud and anti-corruption policies, notably by identifying common areas of high risk and measures to address such risks;

• exploiting the synergies between policies against organised crime, fraud and corruption, notably by identifying sectors at risk of fraud and corruption by organised crime, and of its infiltration in the legal economy, and measures to address such risks;

• developing a matrix of risk indicators in GETI (Get Intelligence system) to contribute to fraud prevention and to pro-actively identify high risk projects and entities;

• improving the prevention and detection of fraud to the RRF, including by developing risk indicators on fraud, corruption, conflict of interest and double funding and by focusing system audit on identified high-risk areas;

• promoting the use of IMS by Commission auditors for fraud risk assessment purposes;

• updating service-level anti-fraud strategies and fraud risk assessments in principle every 3 years.
Furthermore, the joint communication on the fight against corruption adopted on 3 May 2023 (JOIN92023)12 final) announced establishment of an EU network against corruption (with mapping of common high-risk areas and monitoring of success of anti-corruption actions in the Member States as part of its tasks) and the intention to work on an EU Anti-corruption strategy to achieve a comprehensive and strategic approach. Regarding possible fraud or corruption affecting the EU budget, the Commission refers any information to the European Anti-Fraud Office (OLAF).
17. **($\S$73a in relation to $\S$69,$\S$70 and $\S$71 - 2021/PAR/0303)** The European Parliament calls on the Commission to enhance performance reporting in the areas indicated earlier (above), including climate, gender mainstreaming and geographical balance.

**Commission's response:**

*In the context of the 2024 draft budget and the 2022 AMPR, the Commission has published detailed information both for the EU budget as a whole and for individual programmes with respect to the contributions to climate, biodiversity, gender equality and, for the first time, the digital agenda. The Programme Performance Statements also provide examples of the contributions of individual programmes to the Sustainable Development Goals (SDGs).*

18. **($\S$73b - 2021/PAR/0304)** The European Parliament calls on the Commission to follow up on the Court’s recommendations to better link the Union’s expenditure to its climate, biodiversity, gender mainstreaming and energy objectives.

**Commission's response:**

*In the AMPR for 2022 the Commission has created an annex under the name of “Horizontal priorities”, which includes a section specifically for “green budgeting”. This section puts together the information available of the different green priorities in a single place, with a strengthened focus on results.*

*As regards the synergies between different horizontal goals, these are important and the Commission will continue its efforts to emphasize them. However, a thorough identification/quantification is not possible under the existing IT systems.*


**Commission's response:**

*The 2023 Annual Management and Performance Report included a clear and comprehensive assessment of the performance of the programmes in the following documents:*

- *Volume 1: high-level political summary*
- *Volume 2 - Annex 1: overview of the performance of the programme for the Commission's key priorities*
- *Volume 3 - Annex 4 'Programme performance statements': overview of the performance for each 2021-2027 programme, and 2014-2020 with substantial payments being implemented in 2022.*
20. (§82a - 2021/PAR/0306) The European Parliament calls on the Commission to improve the assessment of financial risks for Traditional Own Resources by implementing the relevant measures of its Customs Action Plan in a timely manner.

Commission's response:

The Commission is determined and continuously works on improving the assessment of the financial risks in the area of customs. Several actions from the Customs Action Plan do indeed contribute to this objective. In general some of the actions of the Customs Action Plan (CAP) will be taken up in the context of the ambitious Commission’s customs reform proposal adopted on 17 May 2023, where streamlining and reinforcing risk management at EU level for allowing full overview on supply chains is a primary objective of the whole reform; linked with a new partnership with trade based on transparency and responsibility and a data driven approach through the construction and management of an EU Customs Data Hub by a European Union Customs Authority.

21. (§82b in relation with §62a, §92c, §109c, §124d - 2021/PAR/0307) 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:

On 17 May 2023, the Commission put forward proposals for the most ambitious and comprehensive reform of the EU Customs Union since its establishment in 1968.

The measures proposed present a world-leading, data-driven vision for EU Customs, which will massively simplify customs processes for business, especially for the most trustworthy traders. Embracing the digital transformation, the reform will cut down on cumbersome customs procedures, replacing traditional declarations with a smarter, data-led approach to import supervision. At the same time, customs authorities will have the tools and resources they need to properly assess and stop imports which pose real risks to the EU, its citizens and its economy. This new EU Customs Data Hub will compile the data provided by business and provide authorities with a 360-degree overview of supply chains and the movement of goods. All Member States will have access to real-time data and will be able to pool information to respond more quickly, consistently and effectively to risks. The new regime will substantially improve cooperation between customs and market surveillance and law enforcement authorities at EU and national level, including through information sharing via the Customs Data Hub.

The Commission calls on Member States and the European Parliament to swiftly agree on the proposals presented today so that citizens, businesses, and
administrations can fully reap the benefits of operating in a Customs Union with an efficiently managed common border for goods.
(§92a in relation with §62b, §109f, §124a - 2021/PAR/0308) 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 without compromising the quality of the controls.

**Commission's response:**

The Commission is constantly working on simplifying procedures both for new and existing EU programmes while maintaining the audit and monitoring standards in line with the Commission’s Regulatory Fitness and Performance Programme (REFIT) which aim to simplify and reduce the costs of meeting existing policy objectives.

This objective was specially followed when preparing the current multi annual financial framework 2021 – 2027. In this respect, rules for Horizon Europe, in particular for personnel cost accounting, were considerably simplified.

The current legal framework of Horizon Europe (as it was also the case for Horizon 2020) does not require any specific training prior to the participation in the program. Therefore, it is not mandatory for the applicants prior to submitting their proposals. However, the EU granting authorities offer e.g. public info days and comprehensive public guidance and manuals on the SEDIA Funding & tender opportunities portal.

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](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](https://eic.ec.europa.eu/index_en)). Since early 2021, the Commission has organised fifty nine (59) 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, 12 in 2022 and 6 until June 2023). 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.

23. (§92b - 2021/PAR/0309) The European Parliament calls on the Commission to issue guidance to beneficiaries on the specific differences, focusing on the eligibility aspects under Horizon Europe (HE), compared to H2020 and similar programmes.

**Commission's response:**

The Commission has implemented the recommendation with the following actions:

- Outreach and communication events have been taking place since the beginning of the Horizon Europe programme, focusing on the key differences between H2020 and Horizon Europe, particularly those regarding cost eligibility aspects. Five coordinators’ days (three focusing on Grant Agreement Preparation and two focusing on Grant Management) have already been organised, reaching more than 200,000 views and these outreach events will continue during the whole Horizon Europe programme.

- The Research Enquiry Service, a dedicated helpdesk providing clarifications and explanations on EU Research programmes (including H2020 and Horizon Europe) already in place.

- Additionally, a series of guidance related to the HE programme are published on the Funding and tender portal. One of these documents, the Annotated Grant Agreement, aims at helping users finding answers to the practical questions they may come across when setting-up or implementing their projects, including on costs eligibility.

24. (§92c in relation with §62a, §82b, §109c, §124d - 2021/PAR/0310) 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 programs under the current MFF.

Nevertheless, the Commission will continue to strive towards further digitalisation as enabler to simplification. Therefore, it would be fair to expect a future enhancement of its digital tools. For the next research and innovation framework programme, the Commission will assess the feasibility of extending functionalities in e-Grants for risk assessment and automatic checks, in line with its simplification policy.

§92d in relation with §89 - 2021/PAR/0311) The European Parliament calls on the Commission to aim for a more balanced participation of widening countries in the context of widening measures.

Commission's response:

The widening measures already in place since Horizon 2020 and now under Horizon Europe are expected to produce ambitious results in the future. These include are Teaming, Twinning and ERA Chairs as examples. These measures are producing promising results.

Meanwhile the Commission has reinforced its training and communication efforts towards the less active widening countries in order to attract more quality applications from all widening countries. Notably, a new National Contact Points project was launched in 2022 including a service package for applicants with experts consulting on proposal writing. Seminars for applicants from the less active countries were held in collaboration with national organisations and the EC executive agencies. Thanks to these activities recent figures especially for the Teaming call demonstrate that the geographical balance is rapidly improving and by the end of 2024 we expect this issue to be resolved definitively. Nevertheless, due to the highly competitive character of these calls a perfect geographical balance cannot be fully achieved. The Commission is closely monitoring the situation.

§92e in relation with §89 - 2021/PAR/0312) The European Parliament calls on the Commission to provide support, promote contacts between project beneficiaries and potential industrial partners, in particular through existing Union initiatives aiming to create links between research and business, and to further support the visibility of projects by encouraging beneficiaries to provide regular updates of project results and make them publicly available on the Union platforms established for that purpose.
Commission's response:

The Commission is currently working on these aspects. Collaboration and cooperation among participants and the industry and, further, dissemination and exploitation of project results is at the core of Horizon Europe. In this context, two important new calls have been included in the work programmes. First, a specific dissemination and exploitation support facility, dedicated to developing activities to strengthen or build D&E capacities in widening countries. Second, the Excellence hubs, connecting innovation ecosystems in widening countries and beyond, bringing together universities, businesses and other actors.

27. (§92f in relation with §90 - 2021/PAR/0313) The European Parliament calls on the Commission to increase awareness, coherence, and sustainability of the support to SME internationalisation; reiterates the need 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.

Commission's response:

As regards in particular SME policy, actions already taken are the following:

- Information on SME Internationalisation instruments: A guide covering all SME internationalisation instruments was finalised and published on 26 July 2023 (Overview of EU instruments contributing to the internationalisation of European businesses (2023) - https://single-market-economy.ec.europa.eu/publications/overview-eu-instruments-contributing-internationalisation-european-businesses-2023_en

In addition, a number of actions have been taken at the level of individual programmes that provide support for SME internationalisation:

As regards SME pillar, actions already taken are the following:

Close attention is already paid to the quality and user-friendliness of guidance documents for applicants. These are made available on the funding and tenders portal and a FAQ service is offered.

The selection of actions to include in SME pillar work programmes includes a screening based on relevance to SME policy priorities. Potential overlaps/synergies are reviewed as part of this process. The monitoring of ongoing actions also covers synergies and cooperation within the programme and with actions funded under other EU programmes.

The Enterprise Europe Network (EEN) provides information and advice to SMEs on participation in EU programmes including the SME pillar of the SMP. Feedback from SMEs making use of the network’s services confirm a high level of satisfaction with EEN services.

A recent survey of those who had received EEN services showed that 99% were happy with the service that they had received. 89% said that the services had met
their needs and two thirds report a direct positive impact of EEN services on their economic results. The reference period was 1 Jan 2022 – June 2023 and the survey was finalised by EISMEA in June 2023.

ECA’s Special report 07/2022: SME internationalisation instruments pointed to a need to make further efforts to raise awareness about EEN Services. This has been addressed by the following actions:

A consolidated communication strategy including campaigns on the EEN thematic animation videos, the #EENis15 anniversary and the Single Market at 30 anniversary, new success stories to highlight the EEN’s impact, a new EEN podcast, a revamped website, a communication toolbox for EEN advisers to become good communicators and blog articles to showcase their expertise and a harmonised visual identity to strengthen the EEN branding.

Feedback from EISMEA on the design of new actions is requested at an earlier stage as part of the process for preparing annual work programmes to draw on their experience with previous projects and ensure that new actions are tailored to beneficiaries needs / constraints and to anticipate and address possible burdens wherever possible. At the same time efforts are made to streamline the actions, make sure that the support is at appropriate level to achieve sufficient impact. The texts of the calls are drafted in close cooperation with EISMEA which ensures higher quality and more rapid publication of the calls.

Sustainability of SME Pillar actions: in the 2021-7 financial period more financial certainty has been provided for flagship projects that have demonstrated their impact on SMEs by transforming them into multi-annual actions.

As regards SME pillar, actions that are ongoing are the following:

• EISMEA will also continue to explore the possibility to put in place further simplifications for beneficiaries such as lump-sums to reduce the reporting burden wherever appropriate.

• The final evaluation of the COSME Programme is currently ongoing and is due to be finalized by early 2024. It will cover all standard evaluation criteria and, inter alia it will assess administrative burdens and the scope for simplification. The findings will be taken into account in the design of future SME pillar actions.

• The question of sustainability of actions will also be examined in this evaluation.
28. (§109a in relation to §101 - 2021/PAR/0314) 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 with the ECA in order to reduce divergences in the legal interpretation of EU and/or national rules, which are detrimental to both institutions and confusing for Member States, as well as to further align and harmonize audit approaches to the extent possible within the respective mandates of both institutions, so that all stakeholders have more legal clarity. Several initiatives were taken between the two institutions to further improve the early communication and the provision of relevant information on legal questions, in the context of the 2022 Statement of Assurance (SoA) audits, a stock-taking exercise is expected to take place by the end of 2023.

The Commission will also continue to keep the ECA informed and consulted on its interpretation and guidance provided to programme authorities, in order to facilitate a common understanding of the rules between both institutions and enhanced legal certainty for Member States. The recent consultation of the ECA by the DAC on designing the assurance model for Financing Not Linked to Cost options illustrates this cooperation.

The Commission continues its discussion with the ECA to increase the understanding of the deriving positions and would refer to its replies to the recommendations 2021/PAR/0290 and 2021/PAR/0291.

29. (§109b, in relation with §62a, §124c - 2021/PAR/0315) 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’s proposal to revise the Financial Regulation, which is currently being discussed by the European Parliament and the Council as co-legislators, is an opportunity to further increase the protection of the EU budget across management modes against irregularities, fraud, corruption and conflicts of interest.

Under the proposed rules, the Commission envisages to make the use of an integrated IT system for data-mining and risk-scoring compulsory in all management modes. This IT system known as Arachne allows identifying measures, contracts and recipients that are vulnerable to irregularities, fraud, corruption, and conflicts of interest currently under shared management and under the RRF. The proposed changes also aim at further standardising the
recording and storing of data on recipients of all EU funds and the interoperability of the system with other data sources.

The Commission has also proposed to extend the scope of the Early Detection and Exclusion System (EDES) to shared management and direct management when funds are disbursed as financial contributions to Member States (for instance, the RRF funds). The proposed rules would enable the Commission to act on the most serious grounds for exclusion in order to better protect the Union financial interests. The objective is also to make it mandatory that exclusion decisions taken at the EU level are enforced at the national level by the Member States’ managing authorities. In addition, with a view to enhance the EDES’s effectiveness, the Commission has proposed to make it possible to exclude affiliated entities and/or beneficial owners of a primary excluded entity from bidding for public contracts and ultimately from obtaining EU funds.

30. (§109c in relation with §62a, §82b, 92c, §124d - 2021/PAR/0316) 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 supports the need to make the best use of all available digital data and IT systems to further improve the efficiency and effectiveness of systems for reporting, monitoring and audit. The proposals in the upcoming targeted revision of the Financial Regulation for the mandatory use and constant update of a single data scoring system by the Member States, currently debated by the co-legislators, would contribute to this objective.

More globally, the upcoming targeted revision of the Financial Regulation is expected to bring visibility and incentivise the digitalisation of controls and audits to increase their efficiency and quality. This would include the use of emerging technologies such as data-mining, machine learning, robotic process automation and artificial intelligence. Meanwhile, the Commission will continue to offer support and technical assistance to Member State authorities which already use on a voluntary basis its data mining and risk-scoring tool, which has been further developed and improved with regard to its user-friendliness and interoperability with other sources of information. Available IT systems are systematically used by the DAC auditors like Arachne, KOHESIO, IMS and Compass Corporate.

At the level of the Common Audit Directorate (DAC) of DG REGIO and DG EMPL, in line with the Commission’s audit strategy, the audit plan is based on the results of the risk assessment, for which a risk assessment tool is used and allows to make it clearer how to assess Control reports, audit authorities and programmes, with automated calculation of the score. Furthermore, as of 2023, the DAC uses an Artificial Intelligence tool which will provide a comparison of the machine scoring results versus auditors results in order to better assess any deviation.
The European Parliament calls on the Commission to report on the early preventive system audits (EPSA) performed at the beginning of the programming period, in order to confirm the effectiveness of the control systems in the Member States, including the system in place to prevent irregularities.

**Commission’s response:**

The Commission is implementing the audit plan for 2023 and 2024 which will include also a dedicated risk assessment for selection of programmes to be subject to EPSA audits. A dedicated Enquiry Planning Memorandum (EPM) was developed and will be applicable for those audits. The first EPSA audits will be conducted on Q3/2023 according to the results of the dedicated risk assessment of Programmes 2021-2027. The Commission exercises its supervisory role when it comes to EPSA audits conducted by the Audit Authorities on newly identified managing authorities and bodies carrying out the accounting function (Article 78(1) CPR).

The European Parliament calls on the Commission to work together with Member States’ audit authorities, to ensure that the specific risk of double funding, especially with the RRF financing, is well covered by national audits; insists that the Commission performs thematic or compliance audits, tailored to target high-risk areas and/or Member States.

**Commission’s response:**

As regards Cohesion Policy, Member States have the obligation under the Common Provisions Regulation to put in place an effective and efficient control system to prevent irregularities, including double funding. The audit authorities carry out system audits to confirm the effectiveness of the control systems, including the system in place to prevent irregularities such as double funding. At the project level, audit authorities also cover the risk of double funding in their annual audits of a representative sample of operations, for example by checking that the expenditure is kept in separate accounts or under a separate accounting code.

The supervisory role of the Commission is implemented through audits tailored to target high-risk areas. To the extent that double funding is identified as risky for specific programmes and/or Member States, thematic or compliance audits can be added to the audit plan.

The preventive role of the Commission is implemented through close collaboration and exchange of audit methodologies and risks, and working sessions are organised regularly between the Commission and the national counterparts in the Member States to discuss and identify potential issues.

Regarding specifically the risk of double funding between the Cohesion Policy funds and the RRF and how to address this risk in system audits and audits of operations, the Commission audit service for Cohesion (DAC) organised a dedicated workshop in October 2022 in Cyprus with all audit authorities, where the audit authorities from France and Greece presented their approaches. This
workshop discussed the different measures and tools implemented at various levels aiming to prevent or detect double funding: data mining tools, self-declarations from final recipients, demarcation lines between funds. Most Member States use the same IT systems already in place for Cohesion Policy funds also for the RRF, which allows to identify any overlap. On the EU-level, there are IT tools that can be used to identify double funding (Kohesio, Financial Transparency System, Arachne). In particular, a single integrated IT system for data mining and risk-scoring like Arachne is an effective tool to identify the risk of double funding and to implement appropriate control and audit procedures. Currently 20 Member States use Arachne for Cohesion Policy programmes and 14 Member States for the RRF, while other Member States show interest for both policy areas.

For the RRF, the aspect of double funding is built into the audit methodologies. In this respect, 16 system audits, covering 16 Coordinating Bodies and 48 implementing bodies were launched in 2022. All these audits covered the aspect of double funding. The RRF audit reports are shared with the audit authorities and the aspects covered in the system audits are discussed with the same audit authorities. Furthermore, guidance has been issued in September 2021 to highlight the responsibilities for national authorities to focus on i.e. double funding. A Memorandum of Understanding has been adopted in order to facilitate the exchange of information between ECFIN and DAC concerning risks identified, audit findings and conclusions gathered through their audit work, notably for all the bodies which are common for the implementation of both the RRF and the Cohesion Policy.

The DAC and the audit services of DG ECFIN coordinate their audit methodology and implementation of their audit plans and exchange relevant audit results and risks identified.

The Commission highlights the fact that several measures are in place to coordinate the simultaneous implementation of the RRF and of the Cohesion Policy funds; avoid the risk of double funding; and address national administration capacity issues. Investment that is planned and implemented under the two instruments must be coordinated. Programming documents under both instruments must specify how they will complement each other. To ensure good coordination, the operational arrangements signed with Member States under the RRF also include an annual stakeholder event to be held in each Member State to discuss, amongst others, complementarity and synergies between the RRF and other EU programmes. The Commission also provides continuous administrative support and guidance to improve the administrative capacity of the Member States – by technical assistance in Cohesion Policy, the technical support instrument (TSI), peer-to-peer exchanges and practitioner networks.

33. ($§109f in relation with §62b, §92a, §124a - 2021/PAR/0319$) 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 without compromising the quality of the controls.
Commission's response:

The Commission is constantly working on simplifying rules and procedures while ensuring adequate financial control.

In terms of simplification, 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 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 priority for the Commission in the 2021-2027 MFF is to focus on implementation and to maximise the potential offered by these new rules – for example by rolling out a ‘corporate approach’ to the electronic management of Union programmes with a corporate Model Grant Agreement implemented exclusively through online tools, and the corresponding common legal and guidance documents, for facilitating participation of beneficiaries in multiple programmes and reducing administrative burden by harmonising previously divergent rules between programmes. This harmonisation should also help to address common errors. Moreover, this will be reinforced by additional simplification measures included in the proposal for the revision of the Financial Regulation adopted on 16 May 2022 (COM(2022)223), 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, while ensuring protection of the EU’s financial interests.

In procurement domain, the Commission is working on building the corporate eProcurement solution aiming to fully digitalise its procurement procedures and contract management. The digitalisation will ensure high simplification of all procedures, in particular for very high value contracts signed jointly by several general directorates or inter-institutional contracts. In line with the European Interoperability Framework (EIF), the corporate eProcurement solution aims to ensure interoperability with the MS national systems, for example, for the submission of invoices via PEPPOL and the verification of supporting documents using ESPD.

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. To enhance simplification in the implementation of the ERDF/CF (and JTF) programmes, REGIO works closely with Member States to integrate and implement the simplification possibilities introduced by the 2021-27 regulations and make the simplification a success on the ground, especially for beneficiaries. Moreover, the proposal for revision of the Financial Regulation (COM(2022) 223 final) contains several measures for simplification and reduction of administrative burden, notably for crisis situations.

Dg REGIO setup since 2018 a Transnational Network (TN) for Simplification composed of representatives of managing and audit authorities from all 27 Member States. The network meets three times per year and acts as a platform for regular exchanges of experience and practices around simplification, including
Simplified Cost Options (SCOs) and Financing Not Linked to Costs (FNLC). Within this framework, DG REGIO has closely worked with Member States on specific topics related to the simplification of Cohesion Policy, i.e. selection of operations, management verifications, gold-plating, digitalisation of processes and procedures, collaboration between managing authorities and beneficiaries. More particularly, the TN work allowed to identify and report 16 cases of better administrative practices with regard to the selection of operations and to map good practices with regard to the digitalisation of processes, risk-based management verifications and cooperation between authorities and beneficiaries.

Simplification and gold-plating should be included on the agenda of monitoring committees of programmes on a regular basis. The monitoring committees’ members are advised to examine - at least once a year - gold-plating, inefficient practices and unnecessary rules that are causing administrative cost and burden for the programmes’ beneficiaries and authorities.

One of the most important measures to reduce administrative costs and burden is the use simplified cost options (SCOs) and Financing Not Linked to Costs (FNLC), effective in reducing the error rate, facilitating access of small beneficiaries to the European Structural and Investment Funds thanks to the simplification of the management process and allowing organizations to focus more on the achievement of the objectives while maintaining a high level of assurance of legality and regularity. REGIO put significant effort in providing support to Member States in setting-up their SCO/FNLC methodologies in order to enhance their uptake of these simplification tools. As a result, by end 2022, 110 SCO schemes were adopted as part of programmes of 10 Member States and Interreg with a total estimated amount of EUR 4.5 billion (EU and national). In addition, 4 FNLC schemes were adopted as part of the programmes of 4 Member States for a total estimated amount of EUR 1.2 billion (EU and national).

Another simplification in the 2021-2027 is the carry-over of well-functioning management and control systems, thus ensuring a seamless transition between programming periods (with authorities and well-established procedures already in place). In the case where systems needed to be adjusted, audit authorities are required to carry out preventive system audits within 21 months of adoption of the programme, to confirm the effective set-up and functioning of the new system. REGIO has also planned in its audit strategy to carry out a number of early preventive system audits, to obtain direct re-assurance, in full coordination with audit authorities.

The simplification agenda is also very much linked to the one related to administrative capacity building: deploying e-cohesion or simplified costs or any new procedure requires the relevant expertise and capacities in managing authorities. The initiatives and support of the Commission to the Member States in this area also contribute to boost simplification. 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, 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 and is accessible to wide public.
The European Parliament calls on the Commission to substantially 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 without compromising the quality of the controls.

**Commission's response:**

*In the CAP in force until end of 2022, the Commission already proceeded to several legal simplification initiatives under the Integrated Administration and Control System (IACS). The need to concentrate on simplifications for the benefit of the farmer was i.a. addressed by reducing administrative penalties and introducing the so called "yellow card" system for "first offenders" in case of small over-declarations. The provisions established by the "yellow card" system, amending the previous administrative penalties system, are mandatory and must be offered to all beneficiaries respecting the conditions set by Article 19a of Regulation No 640/2014. In this context, the "yellow card" system contributes to a fair, robust and simpler implementation of the CAP, focusing particularly on simplification for farmers while taking into account the need for sound financial management. Administrative penalties in respect of declared animals under the animal aid schemes or animal-related support measure were also simplified with Reg 640/2014 (Article 31).

In addition, significant efforts were committed to offer assistance and guidelines for paying agencies in respect of IACS and more specifically with regard to the implementation of the Checks by Monitoring. Commission actively supported 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.

The new CAP, in force since 1 January 2023, sets out an EU framework with fewer rules set at Union level, aiming to address the issue of simplification in several ways.

Firstly, there is a major change in the way the policy is implemented. There is a shift from the compliance approach, based on detailed EU rules for beneficiaries, to a performance-based framework, focusing on the achievement of results by the Member States. In addition, specific simplifications of rules were also introduced such as, for example, the one-off compensation for maintaining land in the context of wetland and more flexible use of tools for organic farming support.

Secondly, the new legislation greatly reduced the level of details in EU legislation. Thus, the Member States 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 enables them to reduce complexity and administrative burden vis-à-vis the farmers.
And thirdly, the new legislation 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 enshrined in the FR 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.

35. (§124b - 2021/PAR/0321) The European Parliament calls on the Commission to make better use and encourage the systematic use of AI and data from new technologies such as the Union owned Copernicus Sentinel satellites to monitor and control the correct use of all 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.

36. (§124c in relation with §62a, §109b - 2021/PAR/0322) The European Parliament calls on the Commission to make use of the IT tools, ARACHNE and EDES, mandatory and systematic for paying agencies, as important tools 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. While it was agreed by the co-legislators that Arachne will not be mandatory in the 2023-2027 CAP, the Commission has an obligation to make Arachne available to the Member States for all CAP expenditure free of charge and to present a report on the use and interoperability of the data-mining tool by 2025.

So far, 13 Member States are using the system for the CAP expenditure (with data for at least 1 operational programme uploaded in Arachne) and other 4 Member States attended or requested “general introduction to ‘Arachne’ workshop”.

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.

The Commission has also proposed a targeted extension of the scope of the Early Detection and Exclusion System (EDES) to shared management. The proposed rules would enable the Commission to better protect the Union financial interests by adopting administrative measures against unreliable persons and entities also when they apply for or receive funds under shared management. The objective is also to make it mandatory that exclusion decisions taken at the EU level are enforced at the national level. Finally, the Commission will strive to make the different IT tools interoperable as to allow for a swifter detection of risks.

37. (§124d in relation with §62a, §82b, 92c, §109c - 2021/PAR/0323) 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 and the RRF, a datamining and risk-scoring tool (ARACHNE) was developed to assist the Member States in their audit and control tasks, with a view to a generalised application by the Member States. For the CAP, the Member States will have to collect information and to publish the group, which beneficiaries belong to, where applicable.

In its 2022 proposal for a Financial Regulation recast, the Commission proposed to widen the scope of the datamining and risk-scoring tool to all management modes and to make its use compulsory.

Since its release, the ARACHNE tool has been developed and improved with regard to its user-friendliness and interoperability with other sources of information, and, in particular, for the specificities of the CAP expenditure. The Commission will continue to modernize this tool, to offer support and technical assistance to Member State authorities and to do its utmost to encourage them to use this tool by highlighting its usefulness for checking circumvention, conflicts of interest, etc.
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 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.

With regards to the establishment of integrated and interoperable system, please also see recommendation 2021/PAR/0287.

38. (§124e - 2021/PAR/0324) The European Parliament calls on the Commission to present an amendment to the rules of the CAP aimed at preventing Union funds from being disbursed where land has been obtained by force or where ownership has been falsely declared.

**Commission's response:**

The rules under the Common Agricultural Policy (CAP) provide for mechanisms to prevent the disbursement of Union funds when irregularities are detected. Such mechanisms are one of the means to ensure the protection of the Union financial interests.

In accordance with the principle of shared management, Member States are responsible for implementing the rules of the CAP, including making payments to beneficiaries. In view of their responsibility to protect the EU’s financial interests, Member States have to take all the necessary measures to ensure that subsidies are granted in line with the applicable rules to prevent, detect and correct irregularities.

According to the relevant CAP provisions, having the eligible hectares/declared parcels at the farmer's disposal (on a date fixed by the Member State) is a condition for receiving direct payments. This requirement implies that the use of the agricultural land is asserted on a valid legal basis. As established also by case law (Case T-259/05, paragraphs 95-97), the principle of the prohibition of abusive practices applies to the CAP and it holds that the scope of EU regulations must not be extended to cover abusive practices of economic operators. Abusive use of agricultural land (including use against the will or without the consent of the owner, or by means of fraudulent practices) with the intention of receiving direct payments falls under this principle.

In July 2021, the Commission services shared a note with the Member States to bring their attention to the Judgment of the Court of Justice of the European Union in Case C-216/19. The note provides an overview and explanation of the requirement of ‘eligible hectares at the farmer’s disposal’ with a view to facilitating its application across the EU.

When it comes to fraudulent behaviour that constitutes a criminal offence (e.g. violence, intimidation, corruption, etc), other authorities in the Member States (police, public prosecutors, etc.) are competent to deal with in accordance with
national law. At EU level, the European Anti-Fraud Office (OLAF) is competent to conduct administrative investigations into fraud, corruption and any other illegal activity affecting the EU’s financial interests. If an offence is committed against the EU’s financial interests as defined in Directive (EU) 2017/131 on the fight against fraud to the Union's financial interests by means of criminal law (the PIF Directive), the European Public Prosecutor’s Office (EPPO) is competent for investigating, prosecuting and bringing to judgment the perpetrators of, and accomplices of such, criminal offences.

39. ($124f - 2021/PAR/0325) The European Parliament calls on the Commission to collecting and publishing data on the biggest CAP beneficiaries across Member States, including the integrated data from other Union funds.

**Commission's response:**

The Commission recalls that under the 2014-2020 rules of Cohesion Policy and CAP (2014-2022), Member States must keep and publish data on projects, groups of projects and beneficiaries, not on beneficial owners. The new 2023-2027 CAP requires Member States to collect information, allowing the identification of beneficiaries, including the identification of the group in which they participate, as defined in Article 2, point (11) of Directive 2013/34/EU.

Moreover, the Commission with its proposal of a recast of the Financial Regulation of May 2022 proposed to create a common EU level public database consolidating, centralising and publishing information on recipients financed by the EU budget. This would allow compiling, on a systematic basis, (for further transmission to the EP in the context of the discharge procedure) the list of the 50 largest individual recipients per Member State as well as a list of the 50 largest recipients aggregated across all Member States. As the political trilogues with the co-legislators on the Financial Regulation recast are ongoing, the Commission cannot prejudge at this stage whether the proposal will be adopted.
The European Parliament calls on the Commission to consider the activities employed by the Common Implementation Center in RTD for the Horizon Europe Funds in support of SMEs, such as webinars and coordinator days, and copy successful elements of the Common Implementation Center in RTD’s approach to the EDF, notably to give more specific knowledge of Union funding to SMEs and decrease the administrative burden for them.

Commission’s response:

The methodology applied by the common implementation centre was and still is being considered to develop pertinent similar activities in the frame of the implementation of the European Defence Fund (EDF).

Regarding the implementation of the EDF, it is worth noting that SMEs participation (in particular the cross-border participation of SMEs in industrial consortia) is being facilitated through targeted EDF calls, financial bonuses, and a specific award criterion.

The participation of SMEs was also supported through the use of simplified cost options (in particular lump sums). The Commission organises on an annual basis EDF info days (more than 2000 participants and almost 700 SMEs and startups in 2023), and participates in national EDF outreach events, incl. workshops with SME beneficiaries. The coordinators of the projects that are selected for funding, are invited to the coordinators’ day. During that day the Commission details the processes of the Grant Agreement Preparation. All these events facilitate the understanding of the EDF programme.

In 2023, the EU Defence Innovation Scheme (EUDIS) was launched. This is a set of instruments enabled by the EDF to foster defence innovation in the European Union. EUDIS targets small and medium-sized enterprises, including start-ups and other non-traditional players in the defence industry ecosystem. It aims to lower entry barriers into the defence domain for smaller players and innovators, focusing on technological readiness and market maturity.

In addition, support to defence-related SMEs is being provided via the European Network of Defence-related Regions (ENDR), which brings together regional organisations and clusters. The network of EDF National Focal Points (with participants appointed by Member States) provide information and advice to potential applicants and beneficiaries of the EDF and assist in building partnerships. Furthermore, the network of EDF National Focal Points will be supported in their tasks through a grant of 1.5 M€, expected to be signed in 2023.

The results of all these measures are reflected in the 2021 EDF calls: 41.9% of the participating entities were SMEs, and 14% of the total funding available through these calls (EUR 1.2 billion) was awarded to SMEs (total: EUR 168 million). In the 2022 EDF calls, 38.2% of the participating entities are SMEs, and 20% of the total funding available through these calls (EUR 832 million) will be for SMEs (total: EUR 166 million). In 2021-2022, a total of 511 SMEs are supported through EDF projects.
Moreover, up to 400 SMEs annually will benefit from support under the EU Defence Innovation Scheme (EUDIS), for example by receiving business coaching, or by participating in hackathons or innovation challenges.
The European Parliament calls on the Commission to reconsider the exclusion of the categories of expenditure that the Court identified and to clearly disclose the limitations of its RER (Residual Error Rate) methodology.

**Commission’s response:**

The Commission implemented the recommendation to disclose the contracts excluded from the RER population. Information on contracts excluded and justification for it are provided in DG NEAR’s Annual Activity Report for 2022.

The ECA annual report for 2022 confirms that the recommendation is implemented in most respects.

Concerning the specific category of “thematic grants”, the Commission clarifies that those contracts were already subject to the RER study in the past, as they were included in the additional grant sample. However, to address the ECA’s observation of 2021, these grants have been included also in the main sample.

The contracts falling under the definition of “old contracts” have been consistently excluded from the scope of the RER study for a reason of efficiency. “Old contracts” are defined by no operational activity in the last eight years and/or no controls in the last five years. The inclusion of such contracts would not reveal any valuable information.

The European Parliament calls on the Commission to better communicate the error rates it presents vis-a-vis the error rate presented by the Court, better explaining the differences and clearly stating that the Commission supports the Court’s error rate, and provides its own calculations in order to give a more detailed analysis that looks into the root causes of the errors.

**Commission’s response:**

In its Annual Management and Performance Report for the EU Budget (AMPR), the Commission explains the main differences between its risk at payment and the Court’s level of error. The Commission always supports the Court where it agrees with the latter’s findings and explains in detail the cases where it disagrees with the Court’s conclusion; this is to be found in the replies to the Court’s Annual Report. The Commission will continue to improve these explanations in cases where significant differences are observed.

See also reply to 2021/PAR/290.

The Commission does not only provide its own calculations in order to give a more detailed analysis that looks into the root causes of the errors. The Commission’s approach is tailored to the needs of the Authorising Officers by Delegation as managers of the EU funds. The controls carried out by the Commission services, whose results are disclosed in their Annual Activity Reports, allow the Commission to apply financial corrections and recoveries, to assess the impact of
identified errors on the internal control system, to design and apply mitigating measures to address the issues identified and to determine a risk at payment - this is one of the indicators of the performance of the Commission’s controls and of the legality and regularity of the funds managed.

DG NEAR reports the error rates resulting from its annual residual error rate (RER) study, which is based on a representative sample of contracts closed in a done year. Moreover, the RER study focuses on closed contracts for which all controls have already taken place, whereas the errors found by the ECA refer to ongoing contracts which are still subject to controls and corrections.

In 2021 and in 2022, DG NEAR reported a global error rate of 1,05% and 1% respectively, well below the materiality threshold of 2%. For its Chapter 8 "Neighbourhood and the World", the ECA does not calculate an error rate, as the number of transactions audited is insufficient, but considers the expenditure under this heading of the budget to be at high risk of error, meaning above 2%.

The Commission considers the recommendation as implemented.

43. (§146c - 2021/PAR/0329) The European Parliament calls on the Commission to ensure that future partnership agreements are based on the principles of transparency, solidarity, shared responsibility, respect for human rights, the rule of law and international humanitarian law, concretely by conducting ex-ante human rights' impact assessments before engaging in projects in third countries, as well as monitoring throughout the implementation phase and making results available to the discharge authority.

**Commission's response:**

The Commission has been updating its internal Risk Management Framework, extending it to all third countries receiving EU development assistance. The framework aims to assess risk across modalities and thematic areas and pays particular attention to political risk, which encompasses human rights and fundamental freedoms, Equality, inclusion and non-discrimination, and Democracy and Rule of Law. Improvements aim to ensure that risks are more effectively identified and mitigated, with increased use of international indicators, which allow greater comparability and reliability.

Furthermore, the Commission has adopted on 30/06/2021 an updated toolbox on the ‘Human Rights-Based Approach’ (SWD(2021) 179 final). In line with articles 8.2 and 8.8 of NDICI-Global Europe, the toolbox reflects new EU and global policy commitments, including the SDGs, starting from the identification and formulation of actions to their implementation, including monitoring and evaluation. Commission staff is regularly trained in applying the HRBA and the quality review system ensuring the screening of new actions has been reinforced.

These monitoring tools allow for the Commission to put on hold any EU intervention presenting serious concerns over fundamental values.

Lastly, in line with the provisions of the standard Financing Agreement template that the Commission may conclude with Partner countries for the implementation of EU external actions, the Partner countries commit to the respect of several
principles, including the principles of transparency and non-discrimination. Also, the Commission may suspend and/or terminate such Financing Agreements in case the Partner country fails to observe the principles of international law, including the principles as referred to in the United Nations Charter, the principles of democracy, the rule of law or good governance, or respect for human rights and fundamental freedoms.

44. (§146d - 2021/PAR/0330) The European Parliament calls on the Commission to comply with Regulation (EU) 2021/947 by ensuring that migration-related spending in NDICI is indicatively 10% of the instrument; ensure full transparency, by establishing a clear overview of all instruments within the Union budget used to finance cooperation with third countries in the field of migration management, including information on the amount, purpose and source of funding, as well as providing detailed information on any other potential support measures provided by Union agencies, such as Frontex, in order to ensure that the discharge authority can effectively perform its institutional role in exercising scrutiny of the implementation of the Union budget.

Commission's response:

The NDICI-Global Europe funding instrument sets out an indicative spending target of 10% for migration and forced displacement related actions, including actions directly addressing their root causes. Following the adoption of the NDICI Regulation, the European Commission has established a migration marker, allowing for close monitoring of migration spending under the instrument. All actions are closely scrutinized in our internal quality control process to ensure the migration marker is appropriately applied. An annual validation of the implementation of the migration marker is undertaken and the resulting figures are reported in the Commission’s Annual Report on External Action. Actions related to migration and forced displacement represent 20.5% of the total of Heading VI commitments. In 2021 – the first year of implementing NDICI-Global Europe - migration and forced displacement related actions adopted by the Commission represented 14% of the overall 2021 spending under NDICI.

Also in 2021, 20.25% of the voted Common Foreign and Security Policy budget was spent on migration related actions (EUBAM Rafah, EUBAM Libya and EUCAP Sahel Niger).

Home Affairs funds primarily serve the interests of the Union’s internal policy. Accordingly, actions funded in or in relation to third countries are not development-oriented but rather contribute to policy objectives internal to the Union, such as in the field of return to the country of origin of third country nationals illegally staying in the Union, or in exceptional cases support border management in third countries.

Justice and Home Affairs Agencies, among them, Frontex, are also providing support in the external dimension, however similarly to the Home Affairs funds, these actions first and foremost cater for internal policies.
The European Parliament calls on the Commission to make the list of all final beneficiaries and projects available to auditors and the Discharge Authority and to strengthen Commission's efforts on the collection of information on final recipients of Union funding at the Commission level; calls on the Commission to ensure that individuals or groups affiliated, linked to, or supporting terrorist organisations are excluded from Union funding.

**Commission's response:**

The Commission always provides the relevant information on beneficiaries and projects to auditors as requested.

The Commission wishes to be fully transparent on beneficiaries of EU funds. Within the limitations set by the current Article 38 of the Financial Regulation, the Commission is publishing information on beneficiaries of the EU funds, for actions under direct and indirect management. Records of the funding allocated are available via the Financial Transparency System (FTS: https://ec.europa.eu/budget/financial-transparency-system/index.html).

For cohesion policy funds, the knowledge base called Kohesio (https://kohesio.ec.europa.eu/en/) connects and standardises data and information on EU-funded projects and related beneficiaries. In May 2023, Kohesio contained information on 1.8 million projects and about 650 000 beneficiaries supported by the European Regional Development Fund, Cohesion Fund and European Social Fund, for over EUR 500 billion in total investments.

In natural resources, transparency of information is achieved at Member State level through the development and management of national systems and, as applicable, databases accessible through internet (see https://comm-ewcms-agriculture.acc.fpis.tech.ec.europa.eu/common-agricultural-policy/financing-cap/beneficiaries_en#bycountry).

In line with the European Parliament’s recurrent calls, the Commission’s proposal COM(2022)223 of 16 May 2022 for a recast of the Financial Regulation envisages to expand the publication of information under Article 38: if adopted, the data on recipients of EU funding will be consolidated on a single website covering all methods of EU budget implementation (direct, indirect and shared management) and budget implementation by other Union institutions and bodies.

Likewise, implementing the Inter-institutional Agreement of 16 December 2020, the same proposal COM(2022)223 envisages in Article 36, the expansion to all methods of EU budget implementation, of a uniform system of 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.

The European Anti-Fraud Office OLAF and other Union investigative and control bodies would have the necessary access to those data within the exercise of their respective competences.

The Commission takes a ‘zero tolerance’ approach to terrorist financing, terrorism offences or offences linked to terrorist activities. The Early Detection and Exclusion System in the Financial Regulation (Articles 135 – 145) provides for the exclusion from Union financing of persons or entities guilty of such crimes based on a final judgment. This is also 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. The Commission has also proposed as part of the revision of the Financial Regulation (recast) to add “incitement to discrimination, hatred or violence” as a new explicit situation of exclusion. 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.

Additionally, all entities implementing EU funds are subject to compliance with EU restrictive measures (EURM), stemming from Article 215 Treaty on the Functioning of the European Union and enacted through Council decisions allowing the targeting of governments of non-EU countries, companies, groups, organisations, or individuals and prohibiting listed entities or persons from receiving EU funding, including several sanction regimes aimed at combatting terrorist activity. 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.


Commission’s response:

The Commission fully shares the Parliament’s concern to enhance coherence and sustainability of the NDICI-Global Europe funding and recalls that the ongoing mid-term evaluation of NDICI-Global Europe is addressing, among others, its coherence and sustainability in line with Article 42(4) of NDICI Regulation. The Commission recalls that greater coherence was one of the key rationales of its proposal to integrate previously separate external financing instruments into one streamlined instrument. Simplification of the number of instruments ensures that, in order to pursue the objectives of its policies, the EU can apply the right tool mix for each country and region without risking overlaps and inconsistencies. Geographic approach under NDICI-Global Europe provides for greater coherence amongst NDICI-Global Europe funded actions and allows for a more strategic and coherent approach of the EU action worldwide. This leads to greater sustainability of the EU external cooperation. The Commission is also receiving positive feedback in that regard from the stakeholders that are consulted in the context of the ongoing mid-term evaluation of the instrument.
The European Parliament calls on the Commission to provide a comprehensive overview of spending under the new Global Gateway programme and simplify the existing instruments in order to mainstream Union priorities under the Global Gateway.

**Commission's response:**

The Commission is setting up a methodology in order to be able to present a comprehensive overview of global financial contributions and investments mobilised under the Global Gateway. The figures will include both direct budget contributions and mobilised investments. The data will be the result of a joint exercise of the Commission, EU Member States (including their public development banks and development finance institutions) as well as the EIB and the EBRD. With the adoption of the NDICI - Global Europe Regulation, a new regulatory framework with a coherent and simplified set of rules and procedures has already been established.
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 political commitment to achieving gender equality at all levels of Commission management by the end of the current mandate, the Commission is working relentlessly to implement the specific targets, concrete actions and binding measures already adopted in 2020 as well as the updated targets adopted in 2023. This comprehensive set of measures to support women in their endeavours to pursue a management career have 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.

As in the past, the Commission is fully committed to providing data and statistics on gender. In this respect, the Commission is pleased to report that the percentage of women in management functions has risen considerably since the beginning of the mandate: in July 2023, the share of women in management functions is 45.2% at senior management level (up nearly 9 percentage points since the beginning of the mandate) and 47.5% at middle management level (up 6 percentage points). Overall, the total share for management is 47.1% (up nearly 7 percentage points).

The European Parliament stresses that according to the Article 27 of the Staff Regulations of Officials, the Commission, like all Union institutions, must ensure that all Member States are proportionally represented. The EP calls on the Commission to continue its work to ensure a fair geographical balance of its staff at all levels, especially at senior management level, where strong imbalances persist, while at the same time fulfilling the requirements in the Staff Regulations regarding competences and merits of candidates.

Commission's response:
Geographical balance is at the heart of the geo-political vision that guides the current Commission.

Addressing the structural nature of geographic imbalances at management level requires tackling and remedying the causes of under representation from the point of initial recruitment, with an approach specifically tailored for each Member State. The Commission is developing joint Action Plans with the underrepresented Member States. These Action Plans contain tailored measures to address geographical imbalances for the relevant Member State.

With regard to the issue of geographical balance at senior management level, the Commission has put in place tailored coaching programmes for candidates with management potential to address their development needs with a view to a potential career in senior management. These learning and coaching opportunities are particularly well suited for candidates of the underrepresented
nationalities; they have been presented, discussed and deployed in the course of 2021, 2022 and 2023 via dedicated meetings and individual calls with the middle managers from the underrepresented nationalities.

In addition, the Commission has stepped up its mentoring and individual career guidance activities particularly towards managers from the under-represented nationalities.

At middle management level, the Commission has continued the successful rollout of the Female Talent Development Programme in 2021, as a way to support pre-management talent, including from under-represented nationalities, with the aim of increasing their numbers in management functions.

50.  ($155c - 2021/PAR/0336) The European Parliament calls on the Commission to take all necessary steps to continue building a more diverse and inclusive work environment and culture by taking actions in favour of people with disabilities, including improvements in the access to buildings.

Commission's response:

The Commission confirms it is taking the necessary steps in building a more diverse and inclusive work environment, including in the access to building. The Commission is monitoring actively the situation to continuously improve the access for people with disabilities to buildings. Current actions include:

- Adaptations of lifts for people with reduced mobility
- Installation of podotactile tiles in stairs

This is reflected in the diversity and inclusion strategy adopted by the Commission in 2017, and in a diversity and inclusion action plan for the period 2023-2024, see https://myintracomm.ec.europa.eu/staff/Documents/working-conditions/diversity/Diversity_inclusion_Action_plan_final.pdf. The action plan contains specific actions in favour of people with disabilities, including in the field of access to buildings: “Ensure accessibility for all newly occupied buildings of the Commission, subject to possible urban planning requirements of the host countries. Ensure that by 2030 all Commission buildings follow European accessibility standards, subject to urban planning requirements of the host countries.”

The plan was developed using the results obtained from a diversity, inclusion and respect at the workplace survey, conducted in March 2021, as a benchmark. Work is already in progress to prepare a new survey, that will assess the impact of the implemented actions by comparing them to the 2021 survey results. This will culminate in a first progress report by end 2025, hence implementing the Court’s recommendation.

51.  ($155d - 2021/PAR/0337) The European Parliament calls on the Commission to provide an analysis on the effects of employing an increasing number of contract agents, which the Parliament has constantly expressed concerns about
**Commission's response:**

The Commission appreciates the concern expressed by the EP and wants to highlight it follows the evolution of contract agents and establishes a yearly report on the use of contract agents, with the current report on 2020-2021 likely to be published in early December (ref. latest report 2019-2020 COM(2021) 648 final, published on 26 October 2021). The report includes numbers of staff, level and type of posts, geographical balance and budgetary resources per function group.

The European Parliament calls on the Commission to set clear rules on revolving doors in particular for Commissioners and senior former officials engaging in new activities after leaving the service, also in the agencies.

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**Commission's response:**

Ethical behaviour of political decision-makers and members of staff of the EU is of utmost importance for the credibility of the institutions.

The creation of an Ethics Body common to all EU institutions, proposed by the Commission on 8 June 2023[footnote (1)], will contribute to a common ethics culture of Members of all institutions and provide more clarity on what is acceptable for everyone in- and outside the institutions.

As regards the Members of the Commission, the Treaties provide that their independence must be beyond doubt (Article 17 TEU), that they must behave with integrity and discretion throughout and after the end of their term of office (Article 245 TFEU) and that they have an obligation of professional secrecy (Article 339 TFEU). In addition, the Commission adopted a new far-reaching Code of Conduct for Members of the European Commission in 2018[footnote (2)] covering all ethical areas.

With regard to post-mandate activities, Members of the Commission have the right to pursue a professional career after their mandate. However, they continue to be bound by their duty of integrity and discretion and continue to be bound by the duties of collegiality and discretion, with respect to the Commission's decisions and activities during their term of office.

They must inform the Commission of their intention to engage in a professional activity during a period of two years (3 years for former Presidents) after they have ceased to hold office. The Commission examines the information to determine whether the nature of the planned activity is compatible with Article 245 of the Treaty on the Functioning of the European Union, and, if the planned activity is related to the portfolio of the former Member, it decides only after having consulted the Commission's Independent Ethical Committee. In any case, they must not lobby Members or their staff on behalf of their own business, that of their employer or client, on matters for which they were responsible within their portfolio for a period of two years after ceasing to hold office. All decisions of the Commission and the related opinions of the Independent Ethical Committee are public[footnote (3)].
As regards staff, the EU Staff Regulations are applicable to the staff of the institutions (except for the European Central Bank which has its own staff regulations) and most decentralised agencies, and provide a robust ethical framework for post service activities. Under Article 16 of the Staff Regulations, former staff must request authorisation from their institution if they intend to work after the service in the first two years after leaving the institution.

Furthermore, in the case of former senior officials as defined in implementing rules[footnote (4)], the institution shall, in principle, prohibit them, during the 12 months after leaving the service, from engaging in lobbying or advocacy vis-à-vis staff of their former institution for their business, clients or employers on matters for which they were responsible during the last three years in the service. Each institution shall annually publish information on the implementation of that obligation, including a list of the cases assessed[footnote (5)].

As regards Commission staff, any move to the private sector or to other entities is carefully assessed, on a case-by-case basis by the administration. In line with the principle of proportionality, under Article 16 of the Staff Regulations, the competent Appointing Authority may prohibit an activity or give its approval subject to conditions only when and if the envisaged activity would be in conflict with the legitimate interests of the institution. Similar rules apply with regard to outside activities while on leave on personal grounds.

Former staff remain bound by the duty of confidentiality (Article 17 of the Staff Regulations).

Any failure by staff or former staff to comply with their obligations shall make them liable to disciplinary action.

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Links - footnotes:


(4) C(2018)4048 Commission Decision on outside activities and assignments and on occupational activities after leaving the Service


53. (§155f - 2021/PAR/0339) The European Parliament calls on the Commission to be at the forefront of whistle-blower protection, laying the foundations for more uniform regulation across all institutions, based on best practices and higher standards.
Commission's response:

The Commission confirms its commitment to engage in reinforced exchange with other Institutions, to take stock of best practices, with a view to ensuring the highest standards of protection for whistle-blowers. With regards to the request to working towards a uniform regulation across institutions, the Commission wants to highlight that it can only commit itself to this goal, as every Institution is autonomous.
COVID-19 related support

54. **(§162a in relation to §158 - 2021/PAR/0340)** The European Parliament calls on the Commission to report comprehensively on the COVID-19 related expenditure and report back to the discharge authority, including a presentation of vaccine procurement contracts.

**Commission's response:**

*Under the EU Vaccines Strategy, the Commission secured up to 4.6 billion doses of COVID-19 vaccines at an expected total cost of close to €71 billion.*

*The European Commission has undergone an audit of the European Court of Auditors on the EU COVID-19 vaccine procurement, specifically on the procedures, investments and negotiations.*

*The special report of the Court of Auditors was published in September 2022 (SR 2022/19) and concluded that “sufficient doses were secured after initial challenges, but performance of the process was not sufficiently assessed.*

*The Commission has also the right to carry out on-the-spot checks and inspections until five years after the final payment and it intends to carry out such verifications.*

*On 28 July 2022, the Commission provided a report to the Council and the Parliament on the implementation of the ESI, providing evidence of the good results achieved, in particular through the vaccine instrument, which consumed 70% of the ESI funds.*

*In the context of the discharge procedure for 2021, the Commission provided to the CONT Committee in a dedicated reading room the amounts of upfront payments paid for COVID-19 vaccines.*

55. **(§162b - 2021/PAR/0341)** The European Parliament calls on the Commission to verify that COVID-19 vaccine manufacturers comply with the terms of advance purchase agreements, in particular as regards production cost estimates, the use of upfront financing and, where applicable, no-profit clauses, and take corrective action as necessary and keep the Discharge Authority fully informed.

**Commission's response:**

*The European Commission is ensuring compliance of manufacturers through continuous cooperation with MS, notably via the Vaccines Steering Board.*

*The Commission has the right to carry out on-the-spot checks and inspections until five years after the final payment, and it intends to carry out such verifications based on risk assessment.*

56. **(§162c in relation to §160 - 2021/PAR/0342)** The European Parliament calls on the Commission to participate in hearings in the European Parliament regarding the negotiations and contracts with the vaccine manufacturers.
Commission's response:

Since the inception of the COVID-19 pandemic and the creation of dedicated committees or groups in the EP, the Commission has on several occasions by way of participation in hearings or in-camera briefing to the Vaccines Contact Group of the EP (23 meetings held between 10 March 2021 and 11 May 2022) and later on to the COVI Committee reported to the Parliament on the negotiations and contracts with the vaccine manufacturers.

The Commission will continue to participate in EP hearings where necessary.
The European Parliament calls on the Commission to make the list of all final recipients and projects of RRF funding available to auditors and the discharge authority for all payments (in 2021 and throughout the implementation of the RRF), and provide the Court with full access to the ‘Fenix’ IT tool.

Commission's response:

The RRF Regulation provides for a clear obligation on the Member States to collect and ensure access for audit and control purposes data on all final recipients of RRF funds, and where relevant their beneficial owners and subcontractors. The legal text, as adopted by the European Parliament and the Council, reflects a careful balance agreed between the two co-legislators, namely an obligation to collect such data and ensure access but no general obligation to provide this data to the Commission. Any requests by the Commission to receive such data can only be made in the context of specific audit and control needs. The Commission is indeed making use of this provision in the context of ex-post audits and, when requested in the context of the discharge, will provide to the discharge authority any necessary information that the Commission would have in its possession.

In addition, the REPowerEU Regulation (EU) 2023/435 of 27 February 2023 requires each Member State to create an easy-to-use public portal containing data on the 100 final recipients receiving the highest amount of funding for the implementation of measures under the RRF. Moreover, this data is provided to the Commission, which publishes the data received on the Recovery and Resilience Scoreboard and centralises the Member States' public portals.

Furthermore, the Commission released in March 2023 an interactive EU map to provide easy access to information on a selection of exemplary projects funded by the RRF. This map, which is updated on a regular basis, shows reforms and investments by location and provides specific information on their state of implementation.

Concerning access for the European Court of Auditors (ECA), the Commission confirms that in line with its prerogatives the ECA has full access to available documentation on all payment requests once the payment has been made. This includes access to all documents submitted by the Member States within the dedicated IT tools.

The European Parliament calls on the Commission to take steps to operationalise the new obligation on Member States to publish the 100 final recipients receiving the highest amount of RRF funding and to take all appropriate measures if Member States fail to adequately implement this provision.
Commission's response:

In its Guidance on Recovery and Resilience Plans in the context of REPowerEU of 1 February 2023, the Commission provided a first set of explanations regarding transparency on final recipients under the RRF and the new reporting obligations stemming from the amended RRF Regulation.

On 16 March 2023, the implementation of Article 25a of the REPowerEU Regulation (EU) 2023/435 of 27 February 2023 was discussed in the Informal Expert Group on the implementation of the RRF, composed of experts nominated by the Member States with observers by the European Parliament and Council secretariats and chaired by the Commission. The Commission reminded Member States of their obligations regarding the publication – twice per year - of data on the 100 final recipients receiving the largest amount of funds for the implementation of measures under the RRF, provided clarification as to the definition of final recipients, and explained how these provisions should be operationalised.

Following the meeting, the Commission shared a template and additional technical guidance to ensure consistency in the publication of the data across Member States, including both the mandatory fields required by the Regulation, as well as optional fields allowing Member States to voluntarily provide further information.

While the legal text provides no specific deadlines for the updates of the data, the Commission invited the Member States to provide the two data updates alongside the obligatory bi-annual reporting that the Commission has asked Member States to perform in April and October of each year.

By the end of the April 2023 bi-annual reporting round nine Member States had reported data on the final recipients receiving the largest amount of RRF funds (publishing the data on their own national portals and/or reporting the data directly to the Commission).

During the meeting of the Informal Expert Group on the implementation of the RRF on 12 May 2023, the Commission presented the state of play of Member States’ reporting on final recipients, demonstrated how the information will be displayed on the Recovery and Resilience Scoreboard and reminded Member States of their obligations.

By mid-November 2023, 24 Member States (all except France, Luxembourg and Spain) had reported and published the 100 final recipients receiving the largest amount of RRF funds, enabling the Commission to subsequently publish the data on the Recovery and Resilience Scoreboard.

59. (§205c - 2021/PAR/0345) The European Parliament calls on the Commission to indicate, together with the Member States, the exact name of all social programmes and support measures implemented in the Member States with RRF funds; demands therefore an indication of the share of RRF funds in these programmes and an exact indication of the benefits that have been proportionally replaced by RRF funds in national protection for unemployment, health and long-term care.
Commission's response:

The list of supported measures in each Member State is publicly available in the respective Implementing Decisions adopted by the Council. The Recovery and Resilience Scoreboard reports on the share of funding estimated to be allocated to measures with a social dimension, in line with Commission Delegated Regulation (EU) 2021/2105 of 28 September 2021. On average, Member States have dedicated around 28% of their RRF funds to measures supporting social objectives.

As provided by Article 5(1) of the RRF Regulation, support from the Facility may only in duly justified cases substitute recurring national budgetary expenditure. The Staff Working Documents published by the Commission include information as to the reassurances provided by the Member States concerned and the conditions under which the Commission considered such cases justified.

60. ($\$205d\ -\ 2021/PAR/0346) The European Parliament calls on the Commission to explain to the discharge authority the reasoning and logic behind the framework for assessing milestones and targets under the RRF Regulation and the Commission methodology for the determination of payment suspension under the RRF Regulation and consider providing additional definitions to reduce the impact of the subjective elements contained in them.

Commission's response:

The ‘Framework for assessing milestones and targets under the RRF Regulation’ as set out in Annex I of the Commission Communication COM(2023) 99 final of 21 February 2023 transparently frames the approach applied by the Commission and ensures that the Commission’s assessment treats Member States equally and is based on objective and verifiable evidence. In addition to the standard interpretation practice that is applied to all acts of EU legislation, the guidance makes clear how the Commission applies the concept of “satisfactory fulfilment” that is provided by the RRF Regulation. In this respect, minimal deviations linked to the amounts, formal requirements, timing or substance can be accepted in a limited set of circumstances, as explained in the Framework. The Commission will continue to communicate its assessment, including the use of such deviations, transparently through its published preliminary assessments. This preliminary assessment allows the Economic and Financial Committee to form its opinion, as required by the RRF Regulation, as well as allows for scrutiny by the European Parliament, the European Court of Auditors and the wider public.

Similarly, the Commission has and will continue to apply the ‘Methodology for the determination of payment suspension under the RRF’ as set out in Annex II of Commission Communication COM(2023) 99 final of 21 February 2023, in full respect of the principles of equal treatment and proportionality and in line with the RRF’s performance-based nature.

On 1 March 2023, the Commission presented to the RRF Working Group of the European Parliament in a dedicated session the framework for assessing milestones and targets and the methodology for determining payment suspension. Members were given the opportunity to ask questions which the Commission
answered. The Commission remains available to provide further such presentations if requested by the discharge authority.

61. (§205e - 2021/PAR/0347) The European Parliament calls on the Commission to assess the Member States’ fulfilment of the Rule of Law milestones in the RRPs on the basis of a detailed assessment, clear and fixed criteria, and fully in line with CJEU case law, not merely looking at the formal adoption of reform legislation but also at the legal and practical application, and not on the basis of political negotiations.

Commission’s response:

The rule of law is crucial for every citizen and business in the EU as it is a precondition for the respect of other values, it guarantees that fundamental rights are upheld in line with a set of core democratic values, ensures the application of EU law, and supports an investment-friendly business environment. Whilst the RRF is not an instrument targeted specifically at rule of law, given the breadth of policy areas covered by RRF reforms and investments, some measures cover issues related to the rule of law, including to ensure the protection of the EU financial interests. For instance, RRPs contain measures targeted at judicial reforms or anti-corruption frameworks.

The milestones and targets set by the Council and assessed by the Commission as part of payment requests go beyond mere formal requirements for the adoption of specific legislation. Rather, they include specific substance requirements for such legislation and as far as relevant and possible also cover the legal acts’ implementation. This is also true for rule of law-related milestones and targets.

All milestones and targets are assessed with the same thorough and sound approach. The Commission ensures that each milestone and target fulfils the requirements set by the Council Implementing Decision, in line with its ‘Framework for assessing milestones and targets under the RRF Regulation’ set out in Annex I of the Commission Communication COM(2023) 99 final of 21 February 2023. While the Commission may ask the Member State to submit additional documentation and evidence throughout the payment request assessment process, the assessment is the responsibility of the Commission and not the result of a ‘negotiation’ with the Member State.

62. (§205f - 2021/PAR/0348) The European Parliament calls on the Commission to apply a more transparent appointment procedure for all positions, particularly those in management and to bring more clarity to the existing appointment procedure, which comes up short in terms of transparency and accountability.

Commission’s response:

The European Commission stands by the principles of transparency, fairness and equality of opportunity in all its appointments. The Commission’s current procedures, which are based on the Staff Regulations as interpreted by case law,
provide the robust framework necessary to guarantee these principles during the selection and appointment process at all levels. All selection and appointment procedures are merit-based and are run in full compliance with the regulatory framework. More particularly, the Commission is transparent in publishing information on selection procedures at both middle and senior management level to all interested stakeholders on a dedicated page on Europa (https://commission.europa.eu/jobs-european-commission/job-opportunities/managers-european-commission_en). This page also provides a link to externally published vacancy notices.

Furthermore, the Commission reiterated its allegiance to the principle of transparency in the HR Strategy that was adopted on 5 April 2022. Since then, no less than 32 management positions, mostly at senior management level, have been published externally with a view to attracting an increasingly broad and diverse pool of candidates (https://commission.europa.eu/jobs-european-commission/job-opportunities/managers-european-commission/apply-management-positions-european-commission_en).

63. (§205g - 2021/PAR/0349) The European Parliament calls on the Commission not to approve any payment request unless all Rule of Law milestones have been fully met.

**Commission’s response:**

As noted in the replies to recommendations (e) and (t), under the RRF, payments are made based on the satisfactory fulfilment of milestones and targets, which in turn measure the progress of implementation of specific reforms and investments. The milestones and targets are set by the Council through an Implementing Decision and the Commission is tasked to assess their satisfactory fulfilment. In case one or more milestones or targets are not or only partially fulfilled, the Commission will reduce the payment amount in line with the suspension methodology laid out in Annex II of the Commission Communication COM(2023) 99 final of 21 February 2023. In case milestones were set to assure that a specific Member State’s control systems are fully in place, the Commission will not make any regular payment to that Member State until they are satisfactorily fulfilled.

64. (§205h - 2021/PAR/0350) The European Parliament calls on the Commission to support Member States in increasing their administrative capacity to handle the parallel administrative systems of RRF and cohesion fund implementation, and help them reduce unnecessary administrative burdens, simplify tenders and provide for more targeted information, thus facilitating the access of SMEs and those who are self-employed to funding.

**Commission’s response:**

The Commission has and will continue to work closely with every Member State to speed up implementation on the ground and address bottlenecks through constant dialogue and targeted actions. The Commission is providing administrative support and advice to Member States to strengthen their administrative capacity in
multiple ways, be it under the technical assistance in cohesion policy, the technical support instrument (TSI) or measures supported by the RRF which aim to enhance the administrative capacity of the Member State.

For instance, a majority of Member States have already received support from the TSI for preparing their REPowerEU chapters, improving control systems and monitoring and reporting arrangements, or launching communication campaigns. The Commission also encourages Member States to include in their initial and modified RRPs reforms aimed at removing bottlenecks to the implementation of investments and facilitating the management and absorption of both RRF and cohesion policy funds, such as reforms that help speeding-up permit-granting procedures. Moreover, the Commission is organising regular meetings of the Informal Expert Group on the implementation of the RRF (5 in 2022) to discuss technical aspects and encourage the exchange of good practices amongst national authorities. The topic of administrative capacity building was last discussed in a meeting of the Informal Expert Group on the implementation of the RRF in May 2023 and the next meeting dedicated, inter alia, to administrative capacity building will be organised in autumn 2023.

The Commission recalls that most RRPs already include measures which provide direct support to small and medium-sized enterprises (SMEs). These measures cover a wide range of areas, from improvement of the business environment and access to public procurement to digitalisation and improvement of their environmental sustainability. A number of measures also aim at improving SMEs’ growth and resilience through improved access to finance, reskilling and upskilling of their employees or strengthening their research and development capacities. To date, about a third of the milestones and targets related to the measures supporting SMEs have been fulfilled.

65. (§205i - 2021/PAR/0351) The European Parliament calls on the Commission to apply additional vigilance if there are signals of misuse, fraud and organised crime targeting the funds available under the RRF together with EUROPOL, the EPPO, OLAF and other relevant actors and introduce reporting on suspicions of fraud in the RRF to the Commission through the Irregularity Management System and to the EPPO as foreseen in the relevant regulations.

Commission's response:

The Commission has put in place a strong and thorough control system to ensure the regular and efficient use of RRF funds and is pro-actively working with OLAF, Europol and the European Public Prosecutor’s Office. Any serious indication of potential misuse or fraud of RRF funding that the Commission becomes aware of is systematically notified to OLAF. In addition, Member States are obliged to report detected irregularities to the Commission through the management declaration submitted alongside each payment request.

The Irregularity Management System IMS has been adapted to allow Member States to notify irregularities under the RRF. The Commission has completed this technical work and invited OLAF to present the IMS to the Member States at the meeting of the Informal Expert Group on the implementation of the RRF on 12
May 2023. The Commission has invited the Member States, including at the Informal Expert Group, to use the IMS and will continue to do so in the future. The Commission recalls however that it has no legal basis to oblige the Member States to use the IMS for the RRF.

The European Parliament calls on the Commission to make clear that all projects and measures financed by any national RRP of Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, are to be considered as financed by Union money from the RRF, and thus fall under the scope of the EPPO.

Commission's response:
Projects and measures financed by any RRP of Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939 fall under the scope of EPPO, as specified in article 22(2)(e) of the RRF Regulation.

The European Parliament calls on the Commission to request especially in light of the Internal Auditor’s risk assessment as the basis for its audit planning, that the implementation of the RRF should continue to feature prominently in its audit plans, given its innovative character and high financial stakes.

Commission's response:
The RRF continues to feature prominently in the Commission’s Internal Audit Service (IAS) audit plans. In 2022 and in 2023 the IAS reviewed the design and the effective implementation of the RRF control and audit strategies to assess their adequacy to provide reasonable assurance on a) the legality and regularity of the payments and b) the effectiveness of the Member States’ control systems to protect the financial interests of the Union. The IAS analysed the work performed by the Commission’s services involved in implementing the RRF and also collected and analysed information stemming from the work performed by the European Court of Auditors (in order to avoid overlaps as required by internationally accepted internal auditing standards and to reduce the audit burden on the Commission’s services).

The Commission’s Internal Audit Service has launched, as part of its 2023 audit plan, an engagement focused on the RRF implementation measures as referred to in the IAS 2022 Overall Opinion namely design and implementation of the financial management systems and the audit and control strategies to ensure their adequacy; implementation of the framework for assessing milestones and targets and the Commission methodology for the determination of payment suspensions under the RRF Regulation; and specific responsibilities of the Commission in relation to other elements of compliance, i.e. protection of the financial interests of the Union. Furthermore, in the last quarter of 2023 the IAS will carry out a risk assessment to prepare its internal audit plan for 2024 during which it will re-assess the RRF risks, including any new or emerging ones.
The Commission recalls further that it has put in place a dedicated audit unit in the Directorate General Economic and Financial Affairs to undertake ex-post and system audits on the RRF in the Member States based on a specific risk-based audit plan. The unit has already conducted 27 audits on the Protection of the Financial Interest of the Union (covering 26 MS, one country twice) as well as 14 audits on milestones and targets and will continue to implement its audit plan. The auditors consider all milestones and targets within each payment request as part of a risk-assessment. The ex-post audits cover the fulfilment of conditions of each milestone or target identified as ‘high-risk’.

68. (
205l - 2021/PAR/0354) The European Parliament calls on the Commission to evaluate the procedure with regard to enforcing implementation of Country Specific Recommendations (CSRs) in the European Semester and the RRF and, where necessary, propose new tools to enforce implementation, considering that for some Member States, all Country Specific Recommendations were addressed in the RRP, while for other (bigger) Member States, not all CSRs were addressed.

Commission's response:

The Commission recalls that, as per the RRF Regulation, each RRP must address ‘all or a significant subset’ of relevant country-specific recommendations (CSRs). Accordingly, all Member States put forward, fully in line with the RRF Regulation, measures to address all or a significant subset of relevant CSRs within their RRP. All RRPs were, after being assessed positively by the Commission, approved by the Council.

The Commission provided a detailed and transparent account of the contribution of each RRP to the implementation of CSRs in its Staff Working Documents published alongside the respective Commission Proposal for a Council Implementing Decision on the Member State’s RRP. As outlined by the European Court of Auditors in its special report SR 21/2022, the Commission asked Member States to propose additional measures during the assessment of the draft RRPs when it identified gaps for some elements of the CSRs.

In general, the implementation of CSRs is monitored in the context of the European Semester. The reporting of the Semester and the RRF, including the respective IT tools ‘CeSaR’ and ‘FENIX’, have been aligned, in line with the recommendations made by the European Court of Auditors. Member States report as part of the regular Semester reporting on the implementation of relevant RRP measures with a link to the CSRs, and the Commission takes the progress on relevant RRP measures into account when drafting its country reports. The Commission is ready to make further information on the contribution of RRPs to the implementation of CSRs available on the Recovery and Resilience Scoreboard.

69. (
205m - 2021/PAR/0355) The European Parliament calls on the Commission to make a clear distinction between budgeted results and achieved results in its communication on the RRF in general and more specific concerning the RRF Scoreboard, in order to correctly inform the general public and avoid misunderstandings.
Commission's response:

The scope and aims of the Recovery and Resilience Scoreboard are set by the RRF Regulation and a dedicated delegated act (Delegated Regulation (EU) 2021/2106). The Commission recalls that, in line with the performance-based nature of the Facility, the Commission receives no reporting on actual expenditure by the Member States and can accordingly not provide any such reporting itself. In line with this, the RRF Regulation explicitly provides in Art. 29(3) that specific reporting on expenditure must be based on the estimated costs of the Recovery and Resilience Plans.

The Commission will review the available descriptions and explanations on the Scoreboard to ensure there is no ambiguity regarding which information is based on estimated costs or actual results as measured through performance reporting, in particular the common indicators.

70. (§205n - 2021/PAR/0356) The European Parliament calls on the Commission to improve publishing, including on the RRF scoreboard, the amounts borrowed by the Union to fund the RRF, and the interest incurred to pay for the borrowed amounts as well as the amounts of interest paid by the Member States to the Commission on the loans made available to them under the RRF.

Commission's response:

The Commission publishes several reports on borrowing and lending operations:

- Twice per year, the Commission reports on the implementation of its borrowing and lending operations in line with Article 12 of Commission Implementing Decision C(2022)9700. In this report the Commission discusses, amongst others, the amounts borrowed to fund NGEU and other programmes and the cost of this funding.

- Every quarter, the Commission sends a quarterly update to the Parliament and Council with the amounts borrowed in the previous quarter, an overview of the costs incurred on the outstanding borrowing – including detailed information of the components of these costs, i.e. interest costs, liquidity management costs, administrative overhead. In this report, details are provided as to non-repayable support disbursed, for which costs are covered by the EU budget and the amounts borrowed by Member States under the RRF loan component, including when they need to repay these amounts, and the interest rate incurred by the borrowing Member States on this borrowing.

- Once a year, the Commission publishes in line with article 16 and 17 of the Interinstitutional Agreement (IIA)[1] a report on the implementation of NGEU, including the outstanding assets and liabilities arising from the borrowing and lending operations and how the borrowed funds have contributed to the objectives of programmes funded under NGEU.
The Commission also publishes forward-looking information on its borrowing operations:
- The annual borrowing Decision sets a ceiling on the borrowing operations over the coming year in order to cap the overall liability of the Union budget.
- The 6-monthly funding plan operationalises the borrowing decision by determining the key financial parameters of the borrowing, such as the mix of short and long-term funding.

Real-time information on the amounts borrowed and interest rates is available on the Commission’s website, on which the Commission publishes after each transaction a press release with background information and key data.

71. (§205o - 2021/PAR/0357) The European Parliament calls on the Commission to perform, in 2023, an analysis of national expenditure by comparing expenditure and investments in the national budgets before and after making the RRF funding available to the Member States that received the largest share of support under the RRF in order to establish whether funding from the RRF replaced recurring national expenditure instead of investments, while acknowledging that a severe economic downturn after the COVID-19 pandemic was averted.

Commission’s response:
The Commission undertakes analyses of government expenditure and will assess possibilities to further consider the impact of the RRF. Based on data on national expenditure before and after the availability of RRF funding, such an analysis will be conducted, subject to available data and at a stage of implementation which allows for meaningful comparisons between Member States.

72. (§205p - 2021/PAR/0358) The European Parliament calls on the Commission to report to the discharge authority what Member States, that received pre-financing from the RRF that could not yet be allocated to investments, did with the funds received.

Commission’s response:
In line with the performance-based logic of the instrument, Member States may have spent a lower or higher amount of funds for the implementation of their RRP than they have received from the RRF; notably some Member States have not yet received any pre-financing or regular payment but are, in line with their commitments, already implementing the investments and reforms in their Recovery and Resilience Plans. Since disbursements under the Facility are made upon the satisfactory fulfilment of milestones and targets, Member States will generally incur costs for the implementation of measures in the RRP already before receiving regular payments under the Facility linked to the milestones and targets for such a measure.

The Commission recalls that Article 24(9) of the RRF Regulation provides for a possibility, in case within 18 months of the date of the adoption of the Council
implementing decision a Member State has made no tangible progress in respect of any of its milestones and targets, for the Commission to terminate the financing and loan agreements and recover any pre-financing paid. Accordingly, in case a Member State would fail to implement its RRP, all EU funding received as pre-financing would be fully recovered. The Commission notes that this provision has not been applied so far.

73. (§205q - 2021/PAR/0359) The European Parliament calls on the Commission to only accept milestones and targets for which it has received documentation supporting its implementation, and not just statements of Member States and ensure recording of a sufficient audit trail that covers all elements considered relevant in the assessment process of milestones and targets.

**Commission's response:**

In line with its obligations, the Commission thoroughly assesses the satisfactory fulfilment of each milestone and target. Such an assessment is not based on simple statements but on primary documentation provided by the Member States and in-depth analyses by Commission staff. The documentation and audit trail are available to the Commission auditors, the Commission’s Internal Audit Service, and the European Court of Auditors. The Commission recalls that in line with the European Court of Auditors’ recommendation to this effect, the Commission has further increased the transparency of its assessment by publishing its previously internal framework for the assessment of satisfactory fulfilment as Annex I of the Commission Communication COM(2023) 99 final of 21 February 2023, and further improved the level of detail of its preliminary assessments.

The Commission also recalls that it has chosen already from the first payment in December 2021 to publish its preliminary assessments, outlining for each milestone and target the requirements, the evidence reviewed by the Commission, and the Commission’s analysis.

74. (§205r - 2021/PAR/0360) The European Parliament calls on the Commission to put in place a reliable ex-ante and ex-post framework to check if all milestones and targets are really implemented and documented, including a sufficient audit trail recording the assessment of milestones, paying particular attention to the assessment of whether the do no significant harm (DNSH) principle has been respected, as well as to substantiate results for investments contributing to the green and digital targets in the RRF.

**Commission's response:**

The Commission performs thorough ex-ante assessments to ensure that all milestones and targets are implemented before issuing a payment. Please refer to the replies to commendation (q).

Following this assessment prior to the payment, the Commission also carries out risk-based ex-post audits on milestones and targets to obtain additional assurance.
that the milestones and targets have been met. For payments made in 2022, the Commission audits confirmed that the audited milestones and targets have been satisfactorily fulfilled. Should the Commission consider ex-post a milestone or a target as unfulfilled, it will initiate financial corrections to recover the unduly disbursed amounts.

Recovery and resilience plans are only approved if all measures comply with the DNSH principle. Member States, when submitting their plans, need to provide detailed information to demonstrate how it is ensured that no measure included in their plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852, which is then assessed by the Commission. In case of any doubts, further clarification is sought, and non-compliant measures or parts of measures are excluded from the recovery and resilience plans. This assessment is duly documented. In those cases where additional reassurance is warranted, relevant specifications regarding the compliance with the DNSH principle are included in milestones and/or targets for the respective measure. The European Court of Auditors has concluded in its special report SR 21/2022 that all six recovery and resilience plans audited for this special report included only measures that complied with the DNSH principle and that the Commission had ‘correctly requested [...] the exclusion of certain parts of measures it considered incompliant with the DNSH principle’.

Milestones and targets related to climate and digital transition-related measures include whenever necessary specific requirements to ensure their contribution to the green and digital transition. Information on the climate and digital intervention fields of measures in the RRPs and their corresponding conditions can be obtained from the published Commission Staff Working Documents. Moreover, a list of implemented milestones and targets is available on the Recovery and Resilience Scoreboard, containing those milestones and targets that have been reported as completed by the Member States and subsequently assessed as satisfactorily fulfilled by the Commission. When specifically mentioned in the milestone or target, a positive assessment entails the fulfilment of the conditions of climate and digital intervention fields. In addition, eight of the fourteen common indicators capture the advancement alongside important dimensions of the green and digital transition, monitoring energy savings, renewable energy production, infrastructure for alternative fuels and charging points, disaster protection, high-capacity network expansion, rollout of digital products, services, and processes; and digital education. To further substantiate the impact of green investments on the ground, a yearly impact report on measures financed by NextGenerationEU green bonds will be published from 2023 onwards. The impact report will estimate the impact of investments in NextGenerationEU green bonds on climate and/or environment, by providing output and impact indicators.

The European Parliament calls on the Commission to reconsider the formulation of the declaration of assurance of the Directorate-General for Economic and Financial Affairs and extend its scope to the compliance of RRF funded measures with Union and national rules for future years given the unsatisfactory justification provided by the Commission and the responsibility as Guardian of the Treaty for the protection of the Union’s financial interests.
Commission's response:

The Statement of Assurance (SoA) issued by the Directorate-General for Economic and Financial Affairs in its Annual Activity Report 2022 has been fully aligned with those issued by other DGs. Additionally, Chapter 2 of the Annual Activity Report of DG ECFIN outlines the areas for which assurance is provided, including regarding the compliance with national and Union law.

76. (§205t - 2021/PAR/0362) The European Parliament calls on the Commission to closely monitor fulfilment of milestones and targets, in particular those related to audit, monitoring and control.

Commission's response:

The Commission will continue to monitor on a continuous basis the implementation of each RRP, in close contact with national authorities. Aside from regular stock-taking meetings, Member States must report twice a year on the progress made in the achievements of the milestones and targets in their RRPs, thus enabling the Commission to identify implementation delays and risks of non-fulfilment. Whilst the data is self-reported, it provides a comprehensive overview of the implementation of all plans and useful indications as to possible implementation delays and risks of non-fulfilment.

Upon receiving a payment request, the Commission carefully assesses the satisfactory fulfilment of all milestones and targets included in the request and may require additional information or carry out additional controls in order to obtain the necessary complementary assurance. These preliminary assessments are public and accessible online. Following up on the recommendations made by the European Court of Auditors, the Commission Communication COM(2023) 99 final of 21 February 2023 provides further clarity and transparency on the procedures that the Commission has established for assessing the satisfactory fulfilment of milestones and targets and suspending payments. In 2022, the Commission assessed 13 payment requests including 366 milestones and targets and concluded that all milestones and targets have been satisfactorily fulfilled. The Commission applied the payment suspension methodology for the first time in 2023, when it was confronted with the first case of non-satisfactory fulfilment.

Following payment, the Commission also carries out risk-based ex-post audits on milestones and targets to obtain additional assurance that the information provided by the Member State is correct. Based on the audit work it conducted on the payments made in 2022, the Commission concluded that all the audited milestones and targets have been satisfactorily achieved. Should the Commission consider ex-post a milestone or a target as unfulfilled, it will initiate financial corrections to recover the undue part of the payment made.

The audit and control milestones included in the RRPs are subject to the same ex-ante and ex-post control procedures. Their satisfactory fulfilment is a prerequisite before any payment can be made. After careful evaluation, the Commission considered - as did the European Court of Auditors – that all the 16 control milestones included in the 2022 RRF payments have been satisfactorily fulfilled.
The European Parliament calls on the Commission to assess not only the set-up but also the actual functioning of Member States’ audit and control arrangements under Article 22 of the RRF Regulation, while identifying areas that could be improved or made more efficient.

Commission's response:

As required by the RRF Regulation, Member States must put in place and maintain sufficiently robust national audit and control systems to ensure the protection of the Union’s financial interests. The Commission assessed as part of the RRP’s approval procedure whether the control systems set up by each Member State provided sufficient assurance and agreed, where necessary, specific milestones with the Member States concerned to address minor deficiencies. The satisfactory fulfilment of these milestones, which in some cases include the submission of audit reports confirming effective implementation, is a prerequisite before any payment can be done.

In addition to these guarantees, the Commission undertakes system audits to confirm that the Member State systems are fully functional and effectively protect the financial interests of the Union. In line with its own risk-based control strategy, the Commission carries out system audits for each Member State and additional risk-based audit work to verify the compliance of the systems with the regulatory requirements. The Commission carried out 16 system audits in 2022 and will have audited all Member States at least once by the end of 2023. Where relevant, recommendations for improvement were issued with strict implementation deadlines and the Commission is actively following up on the effective implementation of these recommendations.

In the context of the revision of RRPs, and based on the results of its audit work, the Commission also assesses for each Member State the need for an audit and control milestone, strengthening thereby its monitoring of the actual functioning of Member States’ audit and control arrangements.

The European Parliament calls on the Commission to clarify to the discharge authority what methodology it has applied to arrive at the agreed payment profiles, particularly how the number and magnitude of underlying milestones and targets relate to the size of each payment tranche.

Commission's response:

The RRF Regulation clearly sets the methodology to determine the overall allocation per Member State but does not provide a methodology to set the specific disbursement profile, which links a specific disbursement to a specific set of milestones and targets to be satisfactorily fulfilled. In line with the requirement to act ‘in close cooperation with the Member State concerned’, the Commission discussed the disbursement profile with each Member State based on a proposal by that Member State. The disbursement profile which the Commission proposes to the Council, and which the Council ultimately determines, reflects therefore
several factors, including the national financing needs and budgetary planning, and the proportion of milestones and targets in each instalment as well as their relative importance, in line with the instrument’s performance-based approach.

The Commission stands ready to provide a more detailed overview of the methodology used as well as some practical examples at a meeting of the RRF Working Group, if requested.

79. (§205w - 2021/PAR/0365) The European Parliament calls on the Commission to re-perform the Court’s analysis of payment profiles from Special Report 21/2022 for all payment profiles of all Member States and report to the discharge authority how each payment request relates to the number of milestones and targets to be fulfilled for each Member State, and to propose measures to guarantee that all milestones and targets are completed by 31 August 2026.

Commission's response:

As outlined in reply to recommendation (v), the disbursement profile is framed by the overall financial allocation and reflects several factors, including the national financing needs and budgetary planning, and the proportion of milestones and targets in each instalment as well as their relative importance.

The list and amount of disbursements and the associated milestones and targets for each Member State are set out in the annex of the respective Council Implementing Decision and accordingly part of the public record.

The fulfilment of milestones and targets is subject to national decisions and actions. The Commission accordingly cannot guarantee that Member States complete all milestones and targets by 31 August 2026. However, the Commission is monitoring each RRP through the reporting by the Member States and public information and is in close and continuous contact with each Member State to discuss progress, delays and ways to support the implementation of measures in the RRP. Dedicated support is provided through the Informal Expert Group on the implementation of the RRF, which serves to disseminate guidance and to exchange experiences and good practices, as well as through bilateral support for individual Member States, notably through the Technical Support Instrument.

Member States are in the process of submitting modifications to their RRPs, notably to include REPowerEU chapters, adapt their RRPs to take account of the updated financial allocation as published in June 2022, and/or take up remaining loan support. Current payment profiles are therefore expected to change considerably. The Commission will provide an analysis of the revised RRPs in the Annual Report 2024.

80. (§205x - 2021/PAR/0366) The European Parliament calls on the Commission to address the risks and challenges arising from the parallel implementation of cohesion and the RRF, in particular concerning the involvement of local, regional, economic and social partners and civil society organisations, resulting in possibly easier absorption of RRF funding in comparison to cohesion funding, by putting more emphasis on involvement of these actors in the implementation of the RRF
through a co-governance approach, also aimed at strengthening the complementarity between the RRF and cohesion.

**Commission's response:**

The Commission provides continuous administrative support and guidance to improve the administrative capacity of the Member States, be it under the under technical assistance in cohesion policy, the technical support instrument (TSI) or the enabling reforms and measures supported by the RRF (see reply to recommendation h). The Commission is working closely with every Member State to speed up implementation on the ground and address bottlenecks through a constant dialogue. The operational arrangements negotiated between the Commission and the Member States provide for the organisation of at least quarterly exchanges to take stock of the progress made in the implementation of the RRFs. Similarly, the Commission is closely associated to the implementation of cohesion policy programmes through monitoring committees that bring together managing authorities and relevant stakeholders. These regular exchanges allow for the early detection and joint resolution of potential implementation challenges.

Additional coordination arrangements have also been put in place to foster complementarity between funds. The operational arrangements signed under the RRF provide, for instance, for the organisation of annual events, bringing together institutions, stakeholders and beneficiaries of RRF support to discuss the state of play of the RRP implementation and synergies with other EU funds, including cohesion policy funds. The RRF Regulation requires that national authorities consult local and regional authorities, social partners, civil society, youth organisations and other relevant stakeholders when drawing up or revising their RRFs. The results of these consultations are summarised in each RRP as well as in the Staff Working Document published by the Commission. For all new REPowerEU chapters, the amended RRF Regulation requires Member States to clearly set out the outcome of the consultation process as regards that specific chapter and outline how the input received was reflected in the new chapter.

The Commission stands ready, if needed, to provide the European Parliament with examples of stakeholder consultations and good practices in terms of coordination between national and regional authorities.

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81. (§205y - 2021/PAR/0367) The European Parliament calls on the Commission to strongly encourage Member States that seek to amend their RRPs to include cross-border projects in their investments and to put more emphasis on such truly European projects in general; recalls that cross-border projects should address existing bottlenecks in energy transmission, distribution and storage, thus providing Union added value; approve only RePowerEU chapters of Member States which allocate at least 30% of financing to projects having a cross-border or multi-country dimension or effect, as agreed in the RePowerEU negotiations and report to the discharge authority.
Commission's response:

The Commission’s Guidance on Recovery and Resilience Plans in the context of REPowerEU of 1 February 2023 and the REPowerEU Regulation (EU) 2023/435 of 27 February 2023 explicitly encourages the uptake of cross-border projects. The Commission had also already encouraged Member States to include cross-border and multi-country projects in their recovery and resilience plans through its January 2021 guidance to Member States on Recovery and Resilience Plans in view of their potential to strengthen the Union’s resilience, better integrate value chains and deepen the Single Market (SWD(2021) 12 final).

82. (§205z - 2021/PAR/0368) The European Parliament calls on the Commission to make the full amount of outstanding loans and decommitted payments available, in particular for cross-border projects focusing on energy-independency and to accelerate the energy transition; urges the Commission to encourage and support the Member States to develop cross-border projects, in particular on energy-independency and to allow Member States to request a loan from outstanding loans and decommitted payments to finance cross-border projects focusing on energy; calls on the Commission to report both to Parliament and to the Council with regard to the implementation progress, suspended and decommitted payments and requests on loans.

Commission's response:

As set out in the Guidance on Recovery and Resilience Plans in the context of REPowerEU of 1 February 2023, the Commission strongly encourages the Member States to include reforms and notably investments with a cross-border or multi-country dimension or effect into their RRPs. An explicit assessment criterion concerning the cross-border or multi-country dimension or effect of REPowerEU measures has also been included in the amended RRF Regulation in force since 1 March 2023 and will be fully applied by the Commission.

The Commission recalls that Member States could take up unused loans for measures in their recovery and resilience plans and in particular in their REPowerEU chapters until 31 August 2023 and that the Commission had encouraged them to do so in the guidance referenced above. However, the European Union Recovery Instrument Regulation does not foresee any possibility to use unused loans allocated to the RRF for other purposes.

The amount of payments, suspension and decommitments is reported as part of the regular budgetary reporting by the Commission.

83. (§205aa - 2021/PAR/0369) The European Parliament calls on the Commission to strengthen, where relevant, its system audits in the Member States for each internal control system (in case of decentralised or implementation methods) and to ensure a reasonable number of tests of individual procurement files in order to guarantee the effectiveness in practice of the internal control systems.
Commission's response:

The Commission recalls that the implementation of the national control systems is an obligation of the Member States. The Commission further recalls that it has accepted a recommendation by the European Court of Auditors to adapt its audit strategy and ex-post methodology to include in an even more systematic manner checks on public procurement to ensure national systems are effective. On this basis, the Commission can provide as part of its statement of assurance also assurance on Member States’ regular checks regarding compliance with public procurement procedures.

The European Parliament calls on the Commission to make sure checks on double funding are included in the Member States’ audit and control frameworks for the NGEU, rural development and cohesion programmes and to ensure its proper functioning through system checks; in addition, calls on the Commission to verify that double funding does not take place by performing risk-based checks on all payments to final recipients under these programmes.

Commission's response:

For the Recovery and Resilience Facility, all Member States must put in place adequate control systems, which must also include checks to prevent, detect and correct cases of double funding. To provide assurance on these systems, the Commission systematically checks, for the sample of operations selected from the milestones and targets falling into the scope of its ex-post audits, the absence of double funding. In the context of these ex-post audits, the Commission notably requests information on final recipients and cross-checks this information with other information on projects under Cohesion as well as databases covering direct expenditure incurred by the Commission.

For the shared management Funds, such as rural development and cohesion programmes, the Member States also have the obligation to put in place adequate management and control systems to prevent, detect and correct cases of double funding. These systems are audited on a risk basis by the Commission, as well as by the national audit authorities/bodies.

The European Parliament calls on the Commission to make sure that the reliability of the repositories of the final recipients of the Member States is guaranteed, in particular as regards the integrity and completeness, with a view to ensuring, that once irregularities concerning final recipients are discovered, correct follow-up is done at Union level.

Commission’s response:

National repositories on final recipients are within the responsibility of the respective Member State. The Commission cannot take responsibility for the integrity or completeness of systems not under its own control. The Commission checks that these systems are functional and collect all required data necessary for
the audits and controls that the Commission conducts. To this end, the Commission requests a sample of such data during its ex-post audits. If any issues are detected, they are included in the Commission’s audit reports and followed up.

As provided by the RRF Regulation, specific irregularities, once detected, must first be corrected by the respective Member State. In case a Member State fails to take action to correct a specific serious irregularity, the Commission can intervene. In any case, indications of actual or potential fraud detected by the Commission are reported to OLAF, which follows up in line with its statutory processes.

86. \(§205ad\) in relation to \(§202\) - 2021/PAR/0372) The European Parliament calls on the Commission to report to the discharge authority what the Commission has done to neutralise the potential conflict of interest in Member States and at Union level particularly with regard to the engagement of consultants.

**Commission's response:**

The Commission does not use consultants in the implementation of the RRF or in the follow-up of RRPs, with the exception of a consultancy contract for independent input to the RRF mid-term evaluation.

At national level, as provided in Article 22(1) of the RRF Regulation, conflicts of interests must be first and foremost avoided and detected by the national control system. The Commission has assurance on the adequacy of the national control systems through its initial assessment of the RRPs, Member States’ reporting as part of the management declaration and summaries of audits alongside each payment request, the Commission’s own ex-post and systems audits. As for all other programmes, information related to the audit work undertaken is included in the Annual Activity Report.

87. \(§205ae\) - 2021/PAR/0373) The European Parliament calls on the Commission to provide a detailed report to the discharge authority about reforms which Member States had implemented already before disbursements have been paid out and mandatory measures they have taken in order to adapt the national law to new Union directives as milestones or targets in the national RRPs.

**Commission's response:**

Progress in implementing reforms is measured by the fulfilment of the corresponding milestones and targets, which are listed in the Implementing Decisions adopted by the Council and thoroughly assessed as part of the payment requests submitted by the Member States. A list of implemented reforms is available on the Recovery and Resilience Scoreboard, containing reforms that have been reported as completed by the Member States and subsequently assessed as satisfactorily fulfilled by the Commission. The list of completed milestones and targets is already available on the Commission's Recovery and Resilience Scoreboard and each preliminary assessment, including the analysis...
underpinning the satisfactory fulfilment of any reform, has been published. The Annual Report will each year provide further information on implementation in a synthetic format.

The Commission verifies the completeness and correctness of the transposition of Union law into national law and reports annually on the application and enforcement of law to Parliament and Council.
88. **(§23 - 2021/PAR/0374)** The European Parliament calls on the Commission, given the high error rate each year, to review its ex ante and ex post audit strategy, and to further generalise digitisation for more systematic controls with a priority on the partner countries where the most errors have been identified.

**Commission's response:**

The Commission’s DG INTPA is currently reviewing its control strategy, including ex ante and ex post audits. This review will also assess the cost-effectiveness of controls. The Commission is also taking actions such as awareness raising, trainings and supervision missions to concerned EU Delegations as appropriate, with a view to improving controls. The digitalisation of controls in external action is ongoing, with the view to adopt the corporate practices and tools. In particular, the upcoming transition to the corporate eAudit will facilitate a more systematic and integrated monitoring of findings from audits and verifications facilitating thus a more holistic follow-up process.

89. **(§26 - 2021/PAR/0375)** The European Parliament echoing the observations of the Court, asks the Commission to rethink the cost-effectiveness approach used in ex post checks as it might not be effective and might lead exactly to the weaknesses that both the Court and Parliament have been pointing out.

**Commission's response:**

The Commission’s DG INTPA is currently reviewing its control strategy, including ex ante and ex post audits. This review will also assess the cost-effectiveness of controls. The Commission is also taking actions such as awareness raising, trainings and supervision missions to concerned EU Delegations as appropriate, with a view to improving controls. The digitalisation of controls in external action is ongoing, with the view to adopt the corporate practices and tools. In particular, the upcoming transition to the corporate eAudit will facilitate a more systematic and integrated monitoring of findings from audits and verifications facilitating thus a more holistic follow-up process.

90. **(§31 - 2021/PAR/0376)** The European Parliament finds it unacceptable that, as in previous years, some international organisations provided only limited access to documents (e.g., in read-only format), preventing the Court from making copies of the documents, thus hindering the planning and execution of the audit and leading to delays and thus preventing the Court from fulfilling its fundamental prerogative as ensured by the TFEU, as previously mentioned in related observations in the Court’s 2018 and 2020 annual reports. EP calls on the Commission to proceed with the efforts and strengthen the cooperation with the international organisations to ensure that the Court has complete, unrestricted and timely access to all the necessary information, allowing the Court to check the legality and regularity of Union budget expenditure.
Commission's response:

The Commission has intensified communication with International Organisations on ECA's access to documents. The Commission is working actively with the concerned International Organisations whose transactions contributed to the error rate, both through practical solutions and high-level dialogue. The Commission has also a permanent contact point who liaises immediately with relevant International Organisations whenever a problem is brought to its attention by the ECA, to speed up submission of documents. The issue of providing the ECA access to documents has been discussed in recent meetings of the EU-UN Financial and Administrative Framework Agreement (FAFA) Working Group and bilateral meetings between the Commission and its partners. It is also systematically included in the regular dialogue with the UN organisations. The Commission has also facilitated technical discussions between the United Nations (UN) and the ECA with a view to ensure mutual understanding of the constraints of all parties and to identify concrete and practical steps towards ensuring smooth access to documents. Joint trainings with UN staff have resumed in 2023, and the Commission has also agreed with the UN to set up Joint Technical Groups to discuss regularly audit and control issues. However, for UN Organisations, providing more than “read only” access to their documents goes against their internal rules. The Commission will continue to take action to find practical and long-term solutions to these issues.

91. (§44 and §45 - 2021/PAR/0377) The European Parliament calls on the Commission to further improve controls in order to reduce transactional errors and implement in full the recommendations of the Court.

Commission's response:

The Commission highlights that the errors in transactions identified by the ECA do not imply fraudulent activities. The Commission has accepted most recommendations in the ECA's Annual Reports for the financial years 2021 and 2022, and is taking actions in order to address frequent and punctual errors.

In 2022, DG INTPA assessed the systemic findings in expenditure verifications of actions implemented by 20 globally operating International Organisations (IOs) whose audit task management is centralised. The findings of this assessment, as well as proposed mitigating measures, were shared with relevant HQ and Delegation staff in January 2023.

The Commission has also informed and provided training on frequent errors for its key partners, such as UN entities, as well as the representatives of EU Member States.

92. (§53 and §74 - 2021/PAR/0378) The European Parliament draws attention to the fact that poverty eradication, promotion of democratic values and environmental degradation remain among the greatest challenges faced today; calls for appropriate funding in order to halt the ongoing movement away from the SDGs. EP emphasises
that, despite the numerous challenges that the Union is facing linked to the COVID-19 pandemic, and the Russian war of aggression in Ukraine and its geopolitical and economic effects, spending on development assistance needs to be scaled up.

**Commission's response:**

The Commission fully shares the Parliament's attention to development assistance, and recalls that the EU with its Member states remains the biggest official development assistance (ODA) provider and is committed to support partner countries in implementing the SDGs. As per the NDICI Regulation, at least 93% of the funding under NDICI-GLOBAL Europe should be ODA eligible. The 2021 contribution to the target is 99.6%. As showed by the EU voluntary review on the implementation of the SDGs, the EU’s Global Gateway strategy directly contributes to making progress on a range of interlinked SDGs. Despite the unprecedented series of crises, the NDICI-GLOBAL Europe had to respond since the beginning of its implementation, the in-built flexibility of the instrument has allowed it to cope with the most urgent needs, while ensuring continuity of support to partner countries with the resources already programmed. To further support partner countries facing food security-related needs, EUR 600 million of additional funds recommitted from the past European Development Funds have been mobilised in 2022. However, the needs are higher than what the heading 6 of the MFF and the instruments were equipped with and, if approved, the proposed revision of the MFF should give back some leeway to respond to future crises.

93.  

(§66 - 2021/PAR/0379) The European Parliament welcomes the introduction by the Commission of coherent and binding corporate minimum rules for communication and Union visibility across all Union funding programmes and management modes in the funding period 2021-2027; considers, however, that each beneficiary country should be partially responsible for programming communication actions (under the Union services supervision) with a view to raising awareness among their populations of the projects and activities financed by the Union; asks the Commission to explore this possibility.

**Commission's response:**

The Commission is taking action to ensure proper visibility of the EU’s financial support to partner countries, with a view to raising awareness among the citizens of both EU and partner countries. All entities implementing EU-funded external actions have a contractual obligation to inform relevant audiences of the Union’s support for their work. This obligation applies equally to all recipients of EU funding, including actions that are implemented by partner countries. All recipients of EU funding must therefore use the EU emblem in their communication to acknowledge the support received under EU programmes and contribute to the visibility of the EU on the ground.

Ensuring proper visibility of the EU’s financial contribution, combined with a more focused, strategic, and data-driven approach to communication by the EU, will contribute to increasing awareness and understanding of the EU, and the impact of EU-financed projects, among target audiences in partner countries. To
maximise reach and impact, the Commission will increasingly look to adopt joint communication actions, with EU Member States and Team Europe actors, as well as partner countries, ensuring a coherent and compelling narrative which demonstrates the EU's added value as a partner. However, the Commission is not in a position to supervise communication actions undertaken by beneficiary countries.

94. (§68 - 2021/PAR/0380) The European Parliament calls on the Commission to assess whether an online platform where all EDF and NDICI-Global Europe projects would be publicised could be established, to increase transparency and access to data.

**Commission's response:**

Other sources already provide this information. For example, the Commission’s Financial Transparency System website allows users to search through the beneficiaries of funding from the EU budget, implemented directly or indirectly, and beneficiaries of the European Development Fund. The EU Aid Explorer provides a one-stop shop for funding information, allowing users to access data and detailed information on international development projects funded by the EU and its Member States. The Commission is constantly updating its existing websites and other online platforms to ensure proper visibility of the EU’s External Action Instruments, including EDF and NDICI-Global Europe projects. In addition, EU Delegation websites provide a direct link to projects for users to learn more about EU-funded projects worldwide. In the interests of efficiency and effectiveness, the Commission will focus efforts on further enhancing relevant content on existing websites rather than the creation of a new stand-alone online platform.

95. (§72 - 2021/PAR/0381) The European Parliament points to the added value of ‘blending’ instruments, combining public grants with private loans; calls on the Commission to prioritise and incentivise the use of such instruments; calls on the Commission to involve the private sector, namely through local small and medium-sized enterprises and entrepreneurs.

**Commission's response:**

The Commission has prioritised and incentivised the use of such instruments through the set up and operations of various Regional Investment Platforms which guide the Commission’s Blending Facilities. These facilities cover the regions listed in the Global Europe Regulation. Moreover, the EU also provides blending support under the Western Balkans Investment Framework, which has several specificities. The Regional Investment Platforms regularly meet to formulate opinions on blending operations, ensuring that the use of blending instruments remains a key implementing modality for the Commission and that they are used in synergy with other tools at the Commission’s disposal such as budgetary guarantees. Blending operations are developed and designed in line with the “policy first” principle and the Commission plays a key role in steering
blending projects in cooperation with partner countries and IFIs. Within this context, blending plays a key role when it comes to the implementation of Global Gateway in all regions listed in the Global Europe Regulation, as well as the Economic and Investment Plans for the Neighbourhood and Enlargement Regions. The Commission and its partner institutions (including development financial institutions and development agencies) actively engage with local private sector organizations to discuss challenges and opportunities to increase access to finance through financial instruments such as blended finance operations. The involvement of the local private sector and SMEs varies from co-investors in projects, beneficiaries of investments as well as through participation in public-private dialogue processes to support policy reforms targeting, among others, innovative financing solutions for SMEs. Finally, policy dialogue through our European Union Delegations as well as National Investment Forums held in partnership with our partner countries are an opportunity to present the financial vehicles supported by the EU in a given country and engage with private sector stakeholders to better understand their constraints and needs for SME development. While the Commission has already incentivised and prioritised these actions through these Blending operations, these activities will continue throughout the current MFF.
Bodies set up under the TFEU and the Euratom Treaty - Joint Undertakings

96. \((\text{ITER }\S\,17;\ \text{SESAR }\S\,31;\ \text{Clean Sky2 }\S\,15;\ \text{Bio-based Europe }\S\,26;\ \text{IMI2 }\S\,18;\ \text{Clean Hydrogen }\S\,18;\ \text{Shift2Rail }\S\,33;\ \text{Key Digital Technologies }\S\,18;\ \text{European High Performance Computing }\S\,25 - 2021/PAR/0382)\) The European Parliament notes that:

ITER, §17

Since January 2016, those joint undertakings that are only partly financed from the Union budget are required to pay the part of the employer’s contributions to the Union pension scheme, corresponding to the ratio of their third-country subsidised revenues to their total revenues; is concerned that, as the Commission has neither provided for this expenditure in the joint undertakings’ budgets nor formally requested the payments, the joint undertakings have not yet paid such contributions.

SESAR, §31

The part of the employers' contributions for the staff of the Joint Undertakings corresponding to the ratio of their non-EU subsidised revenues to their total revenues, has not been paid by the Joint Undertakings to the Union pension scheme since 2016, as the Commission has neither foreseen this expenditure in the budget of the Joint Undertakings nor formally requested the payments.

Clean Sky2, §15

The part of the employers' contributions for the staff of the Joint Undertakings corresponding to the ratio of their non-EU subsidised revenues to their total revenues, has not been paid by the Joint Undertakings to the Union pension scheme since 2016, as the Commission has neither foreseen this expenditure in the budget of the Joint Undertakings nor formally requested the payments.

BBI, §26

The part of the employers’ contributions for the staff of the joint undertakings corresponding to the ratio of their third-country subsidised revenues to their total revenues, has not been paid by the joint undertakings to the Union pension scheme since 2016, as the Commission has neither provided for this expenditure in the budget of the joint Undertaking nor formally requested the payments.

IMI2, §18

The employers' contributions for the staff of the Joint Undertakings corresponding to the ratio of their non-Union subsidised revenues to their total revenues, have not been paid by the Joint Undertakings to the Union pension scheme since 2016, as the Commission has neither provided for this expenditure in the budget of the Joint Undertakings nor formally requested the payments.
Clean Hydrogen, §18

The part of the employers’ contributions for the members of staff of the joint undertakings corresponding to the ratio of their third-country subsidised revenues to their total revenues, has not been paid by the joint undertakings to the Union pension scheme since 2016, as the Commission has neither provided for this expenditure in the budget of the joint undertakings nor formally requested the payments.

Shift2Rail, §33

Following the observations of the Court of Auditors (the ‘Court’), that the Joint Undertaking agrees to pay its employer’s pension contributions in line with the calculation to be provided by the Commission’s services, once legal aspects are confirmed.

Key Digital Technologies, §18

The part of the employers’ contributions for the staff of the joint undertakings corresponding to the ratio of their third-country subsidised revenues to their total revenues, has not been paid by the joint undertakings to the Union pension scheme since 2016, as the Commission has neither provided for this expenditure in the budget of the joint undertakings nor formally requested the payments.

European High Performance Computing, §25

The Joint Undertaking is working with the Commission’s Directorate-General for Budget to clarify the situation on the Joint Undertaking’s staff pension contributions, in line with the Court’s recommendations of the made in late 2021; calls on the Joint Undertaking not to wait for the final calculation of outstanding contributions, but to consider this obligation when planning its future budget, such as through a corresponding accrual for pension contributions.

calls on the Commission to take steps to avoid similar issues in the future.

**Commission's response:**

*Following discussions with the Joint Undertakings, the Commission issued guidance to the Joint Undertakings in June 2022 on the calculation of their respective employer’s contribution to the pension scheme.*

*The Commission’s Paymaster Office (PMO) is only able to establish a correct amount for the pension contribution at the very end of the year, once the amount of all the salaries for the full year (including December) – and consequently the joint undertakings’ employees’ contributions to the pension scheme – is known (this information is necessary for the calculation of the employer’s contribution).*

*Based on the guidance issued by the Commission services, PMO contacted the joint undertakings in December 2022 with their calculations of the amount to be paid, and subsequently started issuing debit notes to the joint undertakings for 2022. All the debit notes for the 2022 pension contributions were issued in*
December 2022, except for Fusion for Energy Joint Undertaking. For the latter, the calculation is based on the real budgetary execution and therefore it had to be based on the final 2022 accounts, which were available in the beginning of 2023. Therefore the invoice for Fusion for Energy was sent and cashed in March 2023.

Similarly the Joint Undertakings will be invoiced for the 2023 employer’s pension contribution at the end of 2023 (or, in the case of Fusion for Energy, in the beginning of 2024).

(ITER §18 - 2021/PAR/0383) The European Parliament calls in this regard that, in line with the Commission’s guidance to the joint undertakings, on the Commission’s Office for Administration and Payment of Individual Entitlements to calculate the employer contribution for each joint undertaking as a percentage of the third-country revenue related to the total revenue of the Joint Undertaking, including third-country revenue for operational expenditure; notes that, for ITER, this percentage share was set at 21.6 % for the period 2017-2020 or around EUR 5.8 million, and at 19.8 % for the year 2021 or around EUR 1.5 million; underlines, in addition, that that guidance only takes account of the respective provisions of the Staff Regulations in determining the calculation method for the joint undertakings’ payments of employer contributions to the Union budget based on revenue.

Commission’s response:

The Commission’s Office for Administration and Payment of Individual Entitlements (PMO) calculated the employer’s contribution for Fusion 4 Energy joint undertaking (implementing ITER programme) in line with Commission guidance.

At present, one third of the pension contribution (corresponding to the so called ‘employee’s contribution’) is deducted directly from the salaries of JU employees. The employer’s contribution therefore corresponds to the remaining two thirds and must be paid in part by the Joint Undertaking. As per Article 83a(2) of the Staff Regulations, the exact part to be paid by the JU shall correspond to the proportion between:

- the JUs total revenues less the subsidy that JU receives from the general budget of the European Union

- and its total revenues’.

For F4E this percentage share for the years 2017-2020 was indeed set at 21.6 % resulting in EUR 5.8 million employer’s pension contribution and the percentage share for the year 2021 was set at 19.8 % resulting in EUR 1.5 million employer pension contribution. The contributions for years 2017-2020 and for 2021 were invoiced in 2022.

Since for F4E the percentage of the employers pension contribution is calculated based on the real execution calculated on the basis of the JUs final accounts, the percentage share for the year 2022 could only be calculated and invoiced in the beginning of 2023 (percentage share 25.5 % resulting in EUR 2 million employers contribution).
The European Parliament recalls that the agencies are the most qualified in assessing the use of resources and play a crucial role in supporting the right sustainable projects in line with the European Green Deal; calls on the Commission to ensure funding supporting the Union agencies in securing the social dialogue; notes that Union agencies have a crucial role in securing social dialogue with the Union institutions.

**Commission’s response:**

The Commission assesses in detail the resource needs of each agency within the framework of the annual budget process. The EU contribution proposed in the draft budget aims to ensure adequate financial and human resources in the overall constrained environment of stable staffing policy, but also includes additional resources stipulated in the adopted Legislative Financial Statements of new initiatives that entrust new tasks to agencies, 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 limited resources available within the MFF as adopted by Council with consent from the European Parliament. As a consequence of the staff and budget reinforcements proposed in the LFS and actually granted in the annual budgetary procedure, the aggregate staff and budget growth of decentralised agencies is significant throughout the current MFF.

The agencies have their own legal personality and responsibility to ensure the social dialogue within their organisation. The European Commission encourages the smooth running of social dialogue within EU Agencies.

More specifically for the Executive agencies, according to a Commission decision of 15.12.2022 establishing guidelines for the establishment and operation of executive agencies financed from the EU budget and other sources, the European Commission supports all efforts to take into consideration the staff representatives opinions in the decision making process relating to staff matters or and encourage executive agencies to provide staff representation with appropriate resources (including human resources).

The European Parliament calls on the Commission to increase the use of cross-cutting evaluations of agencies in the context of the Commission’s fitness checks of the different policy areas; notes that the Commission should use evaluation results to identify synergies and possible changes, including mergers, and, where appropriate, to prepare legislative proposals in response to changing needs.

**Commission’s response:**

The Commission agrees that it is important to consider the coherence of the role and tasks of agencies when conducting regular cross-cutting evaluations in a
policy area (fitness checks), to identify synergies and cut red tape, while considering potential mergers or closures of agencies operating in this area. The Commission confirms its commitment to the Better Regulation agenda, also in relation to agencies' founding acts, both for new and for existing agencies. The Commission has adopted a new Better Regulation Communication on 29 April 2021; and related to this published a revised Better Regulation Toolbox on 25 November 2021.

The wording of the Better Regulation Toolbox was adapted to encourage the use of cross-cutting evaluations of agencies in the context of fitness checks and to identify possible synergies and changes. The revised Toolbox provides additional guidance on impact assessments, also in relation to new agencies. The guidance in the Toolbox was furthermore strengthened in relation to the evaluation of the agencies, including their governance bodies and the efficiency of these.

The improved Toolbox provides a solid framework for increasing the use of cross-cutting evaluations of EU agencies in the context of fitness checks and for supporting the Commission’s work on evaluations and impact assessment in relation to agencies. Both serve to identify possible synergies and the need for changes, including changes to the composition of agencies' governance bodies.

As example, the cross-cutting evaluation of the agencies acting in social affairs (EUROFOUND CEDEFOP ETF and EU OSHA) is currently being conducted by the Commission.

100. ($36 in relation to EU-OSHA, §12; EUROFOUND, §14; EIGE, §10; EMSA, §11 - 2021/PAR/0386) The European Parliament notes an improved gender balance in 2021, compared to 2020, at the level of senior management, with 68% men and 32% women (74,6% and 25,4%, respectively in 2020) and for staff overall with 50,26% men and 49,73% women (52,7% and 47,3%, respectively in 2020); further notes that the gender balance reported for the management boards of the agencies was 62% men and 38% women, representing also an improvement compared to the previous year; calls on the agencies to work on improving further the gender balance in senior management; reiterates its calls on the Commission and Member States to observe gender balance when nominating and appointing members of the management or administrative boards; recalls the ambition of the agencies to align with the Commission to reach a gender balance of 50% at all levels of its management by the end of 2024.

Commission's response:

The Commission is committed to contributing to gender balance in agencies. As a rule, Commission proposals for founding acts setting up new agencies include a standard provision calling on all parties to achieve a balanced representation between men and women on the agency’s Management Board.

Moreover, the Gender Equality Strategy 2020-2025 includes the commitment that: “The Commission will [...] increase efforts towards reaching a larger share of female managers in EU agencies”.

In most agencies, the proportion of women middle managers has increased over the last five years.
In senior management positions, in 75% cases, the shortlist of candidates for the selection of executive directors (and deputy executive directors), is established by the Commission which provides the opportunity, whenever possible, that shortlists presented to the management board are gender-balanced.

Since 2020 stricter requirements were introduced for harmonised reporting on the evolution of gender balance in management through the Single Programming Document (SPD). DG HR systematically reviews these data and provides comments for inclusion in the Commission’s Opinion on each agency’s SPD.

When it comes to the Commission representatives on the boards of decentralised agencies, the appointment of representatives is linked to the function and is not personal. Representatives are accordingly generally in senior management positions in the Commission, which is committed to reaching gender balance at all its management levels by the end of the current mandate.

[The functions of head of unit and head of department are hereby defined as middle management functions].

101.  

§38 - 2021/PAR/0387) The European Parliament reiterates its concern about the large size of the management boards of certain agencies (e.g. Cedefop, EU-OSHA, Eurofound), making it difficult to make decisions and generating considerable administrative costs; urges the Commission to make a suitable proposal in this regard.

Commission’s response:

As regards the agencies specifically referred to (Cedefop, EU-OSHA and Eurofound), the Commission recalls that these agencies operate in the area of employment policy where it is commonly agreed by co-legislators that the governance should be based on a tripartite structure with representatives from employers’ organisation, workers’ organisations and government officials.

The Commission regularly evaluates the governance of agencies in line with the Common Approach and its Better Regulation Agenda and where appropriate makes legislative proposals.

The last external evaluation of the four agencies referred to was published in 2019 (at the time Eurofound, Cedefop, EU-OSHA and ETF) and did not lead to changes to the management board structure.

Link:


Another cross-cutting evaluation of these agencies is currently being conducted.

102.  

§47 in relation with EIOPA §15 - 2021/PAR/0388) The European Parliament recalls the importance for all procurement procedures, to ensure fair competition
between tenderers and to procure goods and services at the best price, respecting the principles of transparency, proportionality, equal treatment and non-discrimination; invites all agencies to implement the e-procurement IT tools developed by the Commission and calls on the latter to clarify and update the procedures and templates in the procurement guidelines.

**Commission's response:**

In 2021 the e-Preparation module started being used also by regulatory agencies (the onboarding process is ongoing). At the moment e-Preparation is used by more than 100 Contracting Authorities from all Commission DGs and other EU institutions, bodies and agencies (Executive and Regulatory). The module eSubmission, integrated in the eProcurement suite, is used by all DGs and EAs, and the great majority of Regulatory Agencies, European Institutions and Bodies (120 different Contracting Authorities). The most often used procedure types under the Financial Regulation are supported by eSubmission (open, restricted, negotiated without prior publication of a contract notice, negotiated low & middle value, competitive procedure with negotiation, design contest).

An advanced e-Evaluation module is under assessment and will be developed in 2024.

The roll out of the corporate eContracting solution in the Commission and Executive Agencies has started in 2023 and will be gradually rolled out as the developments are put in place.

103. (§55 - 2021/PAR/0389) The European Parliament calls on the EUAN to coordinate efforts for the implementation, in all its member agencies, of all recommendations issued by the European Ombudsman in the Inspection Report of 28 February 2019 (case SI/2/2-17/NF) in order to enforce the one-year lobbying and advocacy ban for senior Union staff who have left the civil service and to publish annually information on the cases assessed for this purpose; acknowledges however the lack of binding power of those recommendations and calls on the Commission to fill this gap.

**Commission's response:**

The Commission requests the decentralised agencies, via its representative(s) in the management boards of agencies, that the ban on lobbying and advocacy is always included in the authorisation of occupational activities of former senior staff. The Commission representative can also remind the agency’s management board of the obligation to annually publish the information on the cases assessed for this purpose. The Commission’s own practice of publishing each year information on the implementation of third paragraph of Article 16 SR, including a list of cases assessed, is fully in line with the requirements of the SR, which expressly indicates that the publication shall be done on an annual basis. In order to ensure further transparency, the Commission gives additional visibility to its Annual report on the publication of information concerning occupational activities of former senior officials (published under the fourth paragraph of
Article 16 SR) with a dedicated section/tab on its Transparency Portal. The Transparency Portal is indeed designed to provide a good and immediate overview of all the relevant transparency tools and a quick and direct access to information on the decision-making process within the Commission.

It is noted that the Commission’s weight in the final decision of the management board of agencies concerning executive director’s activities after the mandate, is limited as per the respective founding regulations and it usually has one vote in the management boards; as a result it does not have the power to enforce the obligations set out in Article 16 of the Staff Regulations.
Bodies set up under the TFEU and the Euratom Treaty

104. (BEREC, §18 - 2021/PAR/0390) The European Parliament notes that, according to the Agency’s follow-up report to the observations to the discharge authority’s 2020 discharge, the Commission terminates the provision of accounting services to the Agency in 2023 and that the Agency, with its current 16 establishment plan posts, is not able to internalise the mandatory accounting officer duties; calls on the Commission and on the Agency to allocate the necessary resources to ensure the continuity in this key domain and report back to the discharge authority.

Commission’s response:

The Commission has worked with the agency during 2023 to ensure a smooth handover, which is planned in the coming months.

105. ("EU-OSHA, §12; EUROFOUND, §14; EIGE, §10; EMSA, §11; EUROJUST, §9 in relation to Performance, financial management and control of EU agencies §36 - 2021/PAR/0391) "EU-OSHA, §12

The European Parliament notes the gender balance reporting for 2021, at senior management level with 3 men (representing 75 %) and 1 woman (representing 25 %), at the level of the management board with 65 men (representing 66 %) and 34 women (representing 34 %), and among the Agency’s overall staff, with 21 men (representing 33 %) and 43 women (representing 67 %); calls on the Agency to improve the gender balance in its overall staff, and to report any developments in that regard to the discharge authority; reiterates its call on the Commission and on the Council to ensure that gender balance is taken into account when nominating members to the management board of the Agency.

EUROFOUND, §14

The European Parliament notes that in 2021 the breakdown by gender of the Foundation’s senior management was five men (56 %) and four women (44 %), of its management board members was 54 men (64 %) and 30 women (36 %), and of its overall staff was 41 men (43 %) and 55 women (57 %); notes the underrepresentation of staff from Cyprus, Estonia, Malta and Slovenia; reminds the Commission and the Member States to take into account the importance of ensuring gender and geographical balance when nominating members to the Foundation’s management board; urges the Foundation to ensure gender and geographical balance when recruiting its staff.

EIGE, §10

The European Parliament notes the balanced gender distribution in senior management (2 men (50 %) and 2 women (50 %)), and the unbalanced gender distribution on the management board (6 men (19 %) and 26 women (81 %)) and among staff overall (12 men (29 %) and 30 women (71 %)); reiterates its call on the Institute to ensure gender balance in the future; asks the Commission and the
Member States to take into account the importance of ensuring gender balance when nominating their members to the Institute’s management board.

EMSA, §11

The European Parliament notes with satisfaction that gender balance was achieved among the Agency’s senior management members, with 3 out of 5 (60%) being women; notes with concern the lack of gender balance among the Agency’s management board members, with 47 out of 65 (72%) being men; further notes with concern the lack of gender balance within the Agency’s overall staff, with 172 out of 268 (64%) being men; notes, moreover, that in 2021 the Agency successfully launched the Speed Network initiative to offer women interested in a position at the Agency or a career in the maritime sector in general the opportunity of a short informal conversation with female staff members; encourages 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.

EUROJUST, §9

The European Parliament notes the lack of gender and geographical balance within the Agency for 2021; notes that the Agency reported 6 men (67%) and 3 women (33%) in senior and middle management, 18 men (67%) and 9 women (33%) in the Agency’s management board, and 77 men (33%) and 158 women (67%) in overall staff; asks the Agency to ensure gender and geographical balance at the staff level in the future; 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.

Commission’s response:

*The Commission welcomes the Parliament’s call for promoting gender balance in agencies’ governing structures and the information about the gender composition in EU-OSHA, EUROFOUND, EIGE, EMSA and EUROJUST.*

*The Commission is committed to encouraging gender balance in governing bodies of all agencies. As a standard, Commission proposals for founding acts setting up new agencies include a provision calling on all parties to achieve a balanced representation between men and women on the agency’s Management Board.*

*When it comes to the Commission representatives on the boards of decentralised agencies, the appointment of representatives is linked to the function and is not personal. Representatives are accordingly generally in senior management positions in the Commission, which is committed to reaching gender balance at all its management levels by the end of the current mandate.*

106. *(EASO, §9 - 2021/PAR/0392)* The European Parliament notes with great concern the Office’s note nº 3.7.1 of its final accounts for 2021, which disclosed that the lack of human resources in 2022 could limit the ability to perform some of the tasks of the Office’s new mandate; notes that the Office stressed the need for 68 additional
posts, over a period of three years, in its establishment plan to meet the requirements of the new mandate in a sustainable way, as well as those in connection with the different crises in the field in which the Office operates; calls on the Commission to better reflect the operational needs of the Office when deciding upon future establishment plans.

Commission’s response:

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council.

The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the Agency’s budget request and the tasks assigned to it. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statement. The legislative financial statement accompanies legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the Agency. As a consequence of the staff and budget reinforcements included in various legislative financial statements and introduced in the annual budgetary procedure, the aggregate staff and budget growth in decentralised agencies has been significant throughout the current MFF.

The legislative financial statement annexed to the new mandate for EASO, which transformed it into the EUAA, was fully implemented already before the new mandate was adopted by the co-legislators, in order to allow the Agency to support the Member States facing multiple asylum crises. In 2022 the EUAA received 5 additional posts (Fundamental Rights Officer) to accommodate the additional tasks entrusted to the Agency during the final adoption of the new Regulation (not included in the existing legislative financial statement). Since 2021, the Agency also operates with a temporary top-up of 90 contract agents without a corresponding legislative financial statement amendment.

The Commission also cooperated closely with the Agency to arrange a derogation from the Financial Framework Regulation, allowing the Agency to build up a pool of remunerated external experts, which has since served as valuable complementary source of experts deployed in the field.

Finally, working closely with the Commission, the Agency is currently conducting a reprioritisation exercise aimed at a more efficient and effective allocation of existing posts to its new and evolving tasks, in particular by re-purposing the relatively large number of currently vacant posts.

107. (European Border and Coast Guard Agency §10 - 2021/PAR/0393) The European Parliament notes with concern the second Court observation highlighted as an ‘Emphasis of matter’ that contributions from non-Union Schengen area countries and the balancing Union contribution are not correctly calculated; notes that the latter was overstated by EUR 2,6 million and the former was understated by the same amount; notes further that there was no impact on the operating revenue of the
statement of financial performance for the year 2021; maintains however its observation that this is an indication of the need for additional guidance from the Commission to Union bodies on how to calculate correctly contributions from non-Union countries; calls on the Commission to issue additional guidance without further delay.

**Commission’s response:**

The contributions of the Schengen Associated Countries (SAC) to the European Border and Coast Guard Agency’s budget are governed by two arrangements between the European Community and the SAC. Respectively, they are the “Arrangement between the European Community, of the one part, and the Swiss Confederation and the Principality of Liechtenstein, of the other part, on the modes of the participation by those States in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union”, and the “Arrangement between the European Community and the Republic of Iceland and the Kingdom of Norway on the modalities of the participation by those States in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union”.

This is a different approach compared to most other decentralised agencies where the EFTA contributions are managed centrally by the Commission. In those cases, the Commission calculates the contribution following a standardised method, consistently based on a GDP key and in line with Protocol 31 (implementing protocol of Art.82 of the EEA agreement).

In the case of EBCGA, the Agency is responsible for the calculation of the SAC contribution, in line with the provisions, outlined in the above-mentioned legal bases. They include different calculation bases as compared to the one included in Protocol 31.

The Commission supports a standardisation at the time of the review of such bilateral agreements.

108. (European Border and Coast Guard Agency §10 - 2021/PAR/0394) The European Parliament notes the Agency’s measures to mitigate the high risk of losing possible unspent budget, with Members States sending on a monthly basis monitoring tables, indicating up to date real costs incurred; calls on the Internal Audit Service (IAS) to conduct an evaluation of the Agency’s mechanism for the monitoring of costs and forecasting needs under grant provisions, as well as the effect, on the financial management of its return operations, of the upgrades of the Frontex Applications for Return (FAR) and Integrated Return Management Applications (IRMA) systems.

**Commission’s response:**

The Internal Audit Service (IAS) is aware of the budgetary situation of Frontex as reported in the CAAR 2021 and notably the implementation delays due in particular to COVID-19 restrictions, but also the considerable increase in the Agency’s overall budget.
In 2023, following the 2021 – 2023 Strategic Internal Audit Plan (SIAP) for Frontex, the Internal Audit Service plans to launch an audit on the ‘Management of returns’. The risk of inefficient use of resources in the management of returns will be addressed during this audit.

Furthermore, during the next in-depth risk assessment which will result in the IAS 2024 – 2026 Strategic Internal Audit Plan for Frontex, the Internal Audit Service will re-assess the inherent risks that Frontex faces, including in relation to the monitoring of costs and forecasting needs under grant provisions.

109. (European Border and Coast Guard Agency §27 - 2021/PAR/0395) The European Parliament notes with appreciation the appointment of the FRO in June 2021; recalls however the European Anti-Fraud Office (OLAF) finding that the FRO was not assigned a case-handler for reports on serious incidents with alleged violations of fundamental rights; notes further that the Agency has come closer to the full implementation of its extended mandate by having in office, in 2022, a total of 46 FRMs, compared to only 20 FRMs in 2021; notes that most of the FRMs have been appointed at AD level; regrets nevertheless that a differentiation exists between FRMs, as 15 are still recruited on AST positions, compared to the other 31 recruited at AD level; recalls the Parliament and Commission’s long standing call for at least 40 FRMs at AD level; highlights that Regulation (EU) 2019/1896 provides the framework for further increases in the number of FRMs as the Agency continues to expand, with the initial 40 FRMs being the threshold and not the ceiling; urges the Commission and the Agency to modify the establishment plan of the Agency in order to recruit all FRMs at AD level.

Commission's response:

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council.

The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the Agency’s budget request and the tasks assigned to the Agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statement. The legislative financial statement accompanies the legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the Agency.

This grading within the establishment plan can be adjusted annually during the annual budget procedure, within the limitations of the Staff Regulations and the normal annual progression rate of staff’s careers and depending on the request of the Agency.

Moreover, in accordance with Article 110(6) of the EBCG Regulation, the executive director of Frontex assesses on an annual basis, and in consultation with the fundamental rights officer, whether the number of the fundamental rights monitors needs to be increased. Following that assessment, where necessary, the executive director proposes to the Management Board an increase of the number
of fundamental rights monitors for the following year, depending on operational needs.

110. **(European Border and Coast Guard Agency §47 - 2021/PAR/0396)** The European Parliament notes the Court’s observations on the Agency’s internal control weaknesses in the areas of recruitment procedures, procurement procedures and with regard to the delegation of powers to authorising officers by delegation or sub-delegation; notes further the Agency’s replies to the Court’s findings and the measures already implemented; welcomes the adoption by the Agency in January 2022 of clearer instructions to the selection committee members ensuring more consistent assessment and harmonised procedures; calls on the IAS to include the Agency’s updated recruitment procedures in its future audits.

**Commission's response:**

The Internal Audit Service (IAS) undertook an audit of the agency’s ‘HR Planning, Allocation and Recruitment’ processes as part of its 2019 audit plan. The recommendations issued by the IAS are currently being implemented by Frontex and feed into the updated recruitment procedures mentioned in the discharge recommendation.

Furthermore, during its 2022 audit on the ‘Recruitment, training and deployment of the Standing Corps’, the IAS identified several areas for improvement, particularly on the evaluation of candidates. The corresponding recommendations are currently being implemented by Frontex.

Finally, during the next in-depth risk assessment which will result in the IAS 2024 – 2026 Strategic Internal Audit Plan on Frontex, the IAS will re-assess the inherent risks that Frontex faces, including in relation to recruitment procedures.

111. **(ECDC §47 - 2021/PAR/0397)** The European Parliament notes that, in 2021, the implementation of the Centre’s Strategy 2021-2027 was slow due to the COVID-19 pandemic and to the new obligations imposed on the Centre in the context of the establishment of HERA; calls on the Commission to grant to the Centre the necessary resources to fulfil the objectives of the Strategy 2021-2027 and to implement the Centre’s mandate in accordance with the revised Regulation (EC) No 851/2004.

**Commission’s response:**

The new mandate of the European Centre for Disease Prevention and Control (ECDC) (Regulation (EU)2022/2370 of 23/11/2022) expands the mission and tasks of the Centre to enhance its capacity to provide the required robust and independent scientific expertise, and to support actions which are relevant to the prevention, preparedness and response planning for and the combatting of serious cross-border threats to health. The Centre estimated its needs of resources in its Strategy 2021-2027, with its annual updates, and received all resources it had requested in the budgetary procedures for the 2022 and 2023 budgets.
112. *(ECHA §3 - 2021/PAR/0398)* The European Parliament stresses the need to address the lack of predictability of the Agency’s fee income; calls on the Commission to present its proposal to strengthen the governance of the Agency and increase the sustainability of its financing model without delay, in line with its commitment expressed in the Chemicals Strategy for Sustainability.

**Commission’s response:**

*In line with its commitment in the Chemicals Strategy for Sustainability (CSS), the Commission has planned to adopt in 2023 a proposal for a basic regulation of the European Chemicals Agency with the aim to strengthen its governance and increase the sustainability of its financing. The proposal is under preparation and its adoption by the Commission depends also on the completion of the preparation of other proposals deriving from the implementation of the CSS and entrusting ECHA with extended or new tasks, which have an impact on the agency’s resources, financing and the scientific committees’ future mandates.*

113. *(EIOPA §15 in relation with Performance, financial management and control of EU agencies §47 - 2021/PAR/0399)* The European Parliament recalls the importance of the procurement procedure to ensure fair competition between tenderers and to procure goods and services at the best price, respecting the principles of transparency, proportionality, equal treatment and non-discrimination; notes with concern the Court’s observation regarding the public procurement weaknesses that are increasing and remain the largest source of irregular payments for most of agencies; calls on the Authority to implement the e-procurement information technology tools developed by the Commission; calls on the Commission to clarify and update the procedures and templates in the procurement guidelines.

**Commission’s response:**

*In 2021 the e-Preparation module started being used also by regulatory agencies (the onboarding process is ongoing). At the moment e-Preparation is used by more than 100 Contracting Authorities from all Commission DGs and other EU institutions, bodies and agencies (Executive and Regulatory). The module eSubmission, integrated in the eProcurement suite, is used by all DGs and EAs, and the great majority of Regulatory Agencies, European Institutions and Bodies (120 different Contracting Authorities). The most often used procedure types under the Financial Regulation are supported by eSubmission (open, restricted, negotiated without prior publication of a contract notice, negotiated low & middle value, competitive procedure with negotiation, design contest). An advanced e-Evaluation module is under assessment and will be developed in 2024.

The roll out of the corporate eContracting solution in the Commission and Executive Agencies has started in 2023 and will be gradually rolled out as the developments are put in place.*
114. (EMCDDA §18 - 2021/PAR/0400) The European Parliament is concerned about the ongoing observation from the Court in the use of external staff and interim workers; is concerned that, according to the Court's report, the Centre hired these interim workers through a framework contract without respecting the requirements of Directive 2008/104/EC and of the Portuguese labour law; calls on the Centre to analyse the working conditions of its interim workers and ensure they are in line with Union and national labour law; further calls on the Centre to rely as much as possible on permanent staff and calls once again on the Commission to ensure appropriate human resources allocations for this purpose; welcomes the proposal made by the Commission to transform the Centre in a Union Drugs Agency; recalls that the new agency should be provided with the necessary human and financial resources to fulfil the objectives, tasks and responsibilities assigned to it under a regulation on a European Union Drugs Agency.

Commission's response:

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council. The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the agency’s budget request and the tasks assigned to the agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statement. The legislative financial statement accompanies the legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the Agency. As a consequence of the staff and budget reinforcement included in the legislative financial statement and introduced in the annual budgetary procedure, the aggregate staff and budget growth of decentralised agencies is significant throughout the current MFF. The Commission notes the agency’s new mandate, changing EMCDDA in the European Union Drugs Agency includes a substantial increase in the Agency’s budget, including a doubling of the EU contribution and a substantial increase of establishment plan posts from 76 to 103 and contract agents from 34 to 41 in the current MFF.

115. (ESMA §38 - 2021/PAR/0401) The European Parliament notes that the Authority identified risks in 2021 such as, among others, a limited capacity to deliver on its mandates, inadequate resources and lack of expertise to manage the extensive legislative agenda (namely as regards the capital markets union and CCPs), the consequences of the withdrawal of the United Kingdom from the Union, potential new mandates for the Authority in certain areas (such as in relation to central securities depositaries), more volatile financial markets, and a limited supervisory convergence and supervision of third-country CCPs; calls on the Commission to take these issues into account and allocate the resources necessary for the Authority to deliver on new or extended mandates.
Commission's response:

Prior to submitting proposals or initiatives to the legislative authority, the Commission assesses the resources the Authority would require to deliver on new or extended mandates. In doing so, it takes into account the Authority’s current resourcing as well as the limits of the multiannual financial framework and the resultant constraints on staffing, in the light of which, all Union bodies should manage their resource in accordance with the principle of sound financial management and strive for synergies and efficiencies.

When it is determined that a proposal may have an impact on the budget, including changes in the number of posts, the proposal is accompanied by a financial statement as required by Article 35(1) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (‘the Financial Regulation’). The Commission also, when requested, supports the legislative authority to assess the budgetary impact of amendments to proposals submitted to the legislative authority and assists the Union Institution proposing the amendment to prepare a financial statement as also required by Article 35(1) of the Financial Regulation.

In the context of the annual budgetary procedure, the Commission will continue to keep under review the level of resources allocated to the Authority by the budgetary authority and, when requested, will assist the budgetary authority in its deliberation of the appropriate level of resources to allocate to the Authority to deliver on new or extended mandates. In this respect, the Commission notes that, at the end of 2022, ESMA had only filled 319 of the 355 posts authorised in the budget for 2022 and that, for 2023 the budgetary authority has approved a further 20 Temporary Agent posts.

116. (ESMA §39 - 2021/PAR/0402) The European Parliament notes that the issues stemming from the Authority’s follow-up to the Court’s observations from previous years, such as the Authority's annual cross-financing of activities, the harmonisation of the fee calculation system and the scope of circumvention for the fee-charging mechanism, do not fall under Authority’s scope of action; calls on the Commission to revise the delegated acts and amend the regulations relating to such issues, as proposed by the Authority.

Commission's response:

The Commission is currently preparing an initiative to amend the relevant delegated acts laying down the calculation of fees charged by ESMA to directly supervised entities. The aim is to harmonise and to simplify ESMA’s fee management system across sectors. The delegated acts are planned to be adopted in Q4 2023 by the Commission and will be sent to the co-legislators for scrutiny right after.
These amendments will simplify ESMA’s fee management and thus give ESMA the tools to avoid situations that can lead to a cross-financing of activities, as identified by the ECA.

Following the observations in the 2018 report of the European Court of Auditors on possible circumvention of the fee charging mechanism by CRAs, and in line with recital 4 of Delegated Regulation 272/2012, ESMA is monitoring the fair allocation of fees and the risk of reallocation of revenue to other entities within a group in order to reduce fee contributions. Until now, ESMA did not share evidence with the Commission suggesting that EU CRAs are transferring revenues to non-EU entities part of the group to avoid payment of supervisory fees.

117. (EUROJUST §8 - 2021/PAR/0403) The European Parliament notes with appreciation that, on 31 December 2021, the establishment plan was 100% executed, with 207 temporary agents appointed out of 207 temporary agents authorised under the Union budget (compared to 204 appointed out of 207 authorised posts in 2020); notes that, in addition, 30.5 contract agents and 19 out of 21 full-time equivalent seconded national experts worked for the Agency in 2021; notes however, from the Agency’s reply to the discharge authority, the Agency’s concern regarding the insufficient human resources allocated within the MFF 2021-2027, particularly in the context of the increase of tasks and demands for the Agency to support operational cases and the additional workload resulting from the new Eurojust legal framework; calls on the Agency and the Commission to engage in an active dialogue in order to address the issue of understaffing in its future establishment plans.

Commission's response:

In its task of monitoring the activities of the agencies, the Commission is part of the governance bodies of Eurojust (i.e., Executive Board and College). The Commission acknowledges the agency’s efforts to achieve efficiencies through reprioritisation and reorganisation and understands there are limits to the amount of resources that can be reallocated annually due to efficiencies. The Commission has checked the needs of the agency in terms of resources and as part of its role in the governance of Eurojust and in the annual budget procedure, and has proposed a budget that takes these needs into account. In addition, the Commission is monitoring HR needs through the implementation and recruitment of new staff allocated to Eurojust in the LFS regarding the Counter-Terrorism Register or the Core International Centre Evidence Database.

118. (CEPOL §16 - 2021/PAR/0404) The European Parliament underlines that the significant widening of the Agency’s work with the entry into force of its current mandate has still not been followed up with a similar increase in staff numbers; notes with concern the suggestions made by the Commission to the Agency not to request new posts for the upcoming years, in spite of the necessity to have more staff; highlights in addition that in absence of additional human resources, the Agency is using contract agents on a number of tasks that would normally be executed by temporary agents; urges the Commission to reconsider its position
concerning the grading of posts in order for those posts to reflect the workload and responsibilities of staff.

**Commission's response:**

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council.

The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the Agency's budget request and the tasks assigned to the Agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statement. The legislative financial statement accompanies the legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the Agency. The grading within the establishment plan can be adjusted annually during the annual budget procedure, within the limitations of the Staff Regulations and the normal annual progression rate of staff’s careers.

119. (CEPOL §17 - 2021/PAR/0405) The European Parliament notes with concern that the staff turnover rate remained high in 2021, at 11.8%; appreciates the efforts undertaken by the Agency to address that issue, including by introducing a new structured exit interview; highlights the fact that the results of conducting such interviews have revealed that the high turnover is mostly caused by the high workload and low grading of posts; underlines in addition that the Agency has been experiencing difficulties with the recruitment process, caused by both a low number of applications and a high number of successful candidates refusing the job offers; highlights the fact that the salary correction coefficient applied to remunerations offered for positions within the Agency has an extremely negative impact on the Agency’s ability to reduce staff turnover, to recruit the staff it requires for the optimal implementation of its mandate, as well as to become attractive for highly skilled candidates; calls on the Commission to revise the correction coefficient in order to better reflect the economic realities of relocating to and living in the Agency’s host city; further calls on the Commission and the Agency to make available additional facilities such as access to international schools, child and healthcare, in order to make working for the Agency more attractive.

**Commission's response:**

The grading of posts in the Agency is comparable to the grading of posts in other Agencies and EU institutions. In the Commission’s opinion, the grading is unlikely to have an impact on turnover of staff.

Correction coefficients are part of the Method for updating EU staff remuneration, which ensures that the purchasing power of EU staff evolves in parallel with that of national civil servants. Their purpose is to ensure that EU staff members enjoy the same level of purchasing power, regardless of their place
of employment. They are automatically updated based on Eurostat’s independent assessment of the cost-of-living in each location assessed relatively to Brussels and Luxembourg.

Since 2004, EU staff lost 11.7% of purchasing power. This is notably due to the combined effect of the reforms of the Staff Regulations in 2004 and in 2013 and recent limited salary adjustments. As a result, the Commission also faces attractiveness issues as almost half of the Member States are currently underrepresented. These issues are only translated by correction coefficients. This is because the sole purpose of correction coefficients is to ensure equal treatment among staff members, i.e. that the purchasing power of EU staff evolves in the same manner in all duty stations.

The correction coefficient is determined at regular intervals for each Member State and duty station by Eurostat, based on their independent assessment of the cost-of-living in each location. The Commission has no influence on the correction coefficient.

The Commission is already supporting the Agency by clarifying the measures that can be taken within the boundaries of the Staff regulation in order to make the allocation of resources more efficient and make posts more attractive.

As regards the access to schools, in line with Guidelines on staff policy in the European Regulatory Agencies C(2005)5304, in absence of European Schools in their location, agencies can conclude services contracts with the surrounding international schools. CEPOL avails of this possibility and currently has 12 agreements in place with international schools in Budapest. The Member State may also request the Board of Governors of the European Schools that the selected international school is granted accreditation and if successful becomes a European Accredited School, the process being managed by the Office of the Secretary-General of the European Schools.

120. (CEPOL §22 - 2021/PAR/0406) The European Parliament notes that in 2021 the Agency only had one temporary agent and one contract agent posts for procurement related procedures, two additional contract agents working on externally financed projects; notes that the Agency is using interim agents to help with the workload; highlights, with great concern, the fact that at least up to November 2022, the highest graded procurement officer was AST-5 with a recruitment grade of AST-3, a grade considered by the Agency as too low considering the responsibilities assigned to that post; underlines that the inadequate grading of such posts may impact on the quality of public procurement procedures undertaken by the Agency; calls on the Commission to urgently address those issues;

Commission’s response:

The Commission proposes a draft budget, including the establishment plan and a guidance on the number of staff, based on an assessment of the Agency’s budget request and the tasks assigned to the Agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statement. The legislative financial statement accompanies the legislative proposals and quantifies the necessary budget and staff to fulfil the additional
tasks entrusted to the Agency. The grading within the establishment plan can be adjusted annually during the annual budget procedure, within the limitations of the Staff Regulations and the normal annual progression rate of staff’s careers, establishment plan and depending on the request formulated by the Agency.

121. (eu-LISA §2 - 2021/PAR/0407) The European Parliament welcomes the fact that, in 2021, no non-automatic carry-overs were performed; notes, however, a high amount of automatic carry-overs (EUR 11,1 million) of non-differentiated payment appropriations for Title II (infrastructure and operating expenditure), representing 56 % of the total of EUR 19,8 million for that title and 93,55 % of the total amount (EUR 11,8 million) of automatic carry-overs from 2021 to 2022; echoes the Court’s opinion that high rates of carry-overs contradict the budgetary principle of annuality and are indicative of structural issues in the implementation of the budget; notes the Agency’s reply that carry-overs of Title II expenditure related mainly to external support service providers, contracted by the Agency to address systematic understaffing following the assignment of new tasks to the Agency that were not accompanied by an adequate allocation of human resources; further notes that the timeliness of contracts with such external service providers were not aligned with the calendar year, but with the duration of the necessary services provided; calls, nevertheless, on the Agency to address those issues and report to the discharge authority on the measures taken in that respect; calls on the Commission to improve coordination between the allocation of new tasks and the necessary resources in order to reduce the need for resorting to external service providers.

**Commission’s response:**

The Commission carries out impact assessments prior to issuing new proposals and consults eu-LISA on the resources needed by the Agency during the preparation of legislative financial statements that accompany Commission proposals. Resources must be adequately justified.

The Commission, when deemed necessary, revises the legislative financial statements prior to formal adoption of legal instruments to realign resources with revised implementation schedules following negotiations with the co-legislators (e.g. COM (2018) 302).

The Commission closely monitors the Agency’s budgetary implementation and stands ready to assist the Agency in budgetary adjustments. The Agency has the possibility to return appropriations that it is not able to make use of, (when properly justified) in the Global Transfer Exercise.

122. (eu-LISA §9 - 2021/PAR/0408) The European Parliament highlights that, in 2021, seven members of staff left the Agency, representing a turnover of 5,5 %, higher than the target of 5 % and higher than the 3,7 % baseline of 2020; welcomes the monitoring and evaluation of reasons with respect to that indicator by the Agency’s management; notes from the Agency’s replies that among the identified causes, contracts with limited duration, contracts with low grades and the heavy workload were reported during exit interviews organised by the Agency; highlights the need for increased flexibility in terms of the availability of human resources in order to
allow the Agency to adapt to fluctuations in the workload and possible delays in the adoption of relevant legislative acts; calls on the Commission to engage in a constructive dialogue with the Agency and address those issues when determining the availability of resources in future establishment plans.

Commission’s response:

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council.

The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the agency’s budget request and the tasks assigned to the agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statements that accompany the legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the agency. The Commission consults eu-LISA on the resources needed by the Agency during the preparation of legislative financial statements.

The Staff Regulations of officials and the Conditions of Employment of other servants of the European Union apply equally to all EU Institutions, Agencies and other bodies, including eu-LISA.

The grading within the establishment plans can be adjusted annually during the budget procedure, within the limitations of the Staff Regulations and the normal annual career progression rate.

In 2023, the Commission engaged with the Agency with the support of its Human Resources service to discuss ways to improve the occupancy rate and staff retention, in particular, the Commission organised a specific workshop with the Agency in March 2023. It should also be noted that the eu-LISA Management Board has delegated the internal organisation of the Agency to the Executive Director.

123. (eu-LISA §18 - 2021/PAR/0409) The European Parliament highlights that in 2021, 759 legal commitments were signed by the Agency; notes that the Agency employs 14 procurement member of staff (11 officers and 3 assistants); highlights that the Agency does not dispose of an appropriate level graded post in order to organise a fully operational procurement unit; calls on the Commission to take into consideration these needs when determining the availability of resources in future establishment plans.

Commission’s response:

The Budget Authority (European Parliament and the Council) decides on the final Budget for the decentralised agencies, based on the draft Budget proposed by the Commission and the political priorities of the European Parliament and of the Council.
The Commission proposes a draft budget, including the establishment plan and a guidance on the number of contract agents and seconded national experts, based on an assessment of the agency’s budget request and the tasks assigned to the agency. The Commission’s draft budget proposal is based on the MFF Agreement and any applicable legislative financial statements that accompany the legislative proposals and quantifies the necessary budget and staff to fulfil the additional tasks entrusted to the agency. The Commission consults eu-LISA on the resources needed by the Agency during the preparation of legislative financial statements. The agency’s establishment plan has been reinforced with 6 posts for Security without a supporting legislative financial statement in Budget 2023.

The Executive Director of the agency is responsible for allocating the tasks and posts within its organisation.