

NEWSLETTER

COMMITTEE MEETING

WEDNESDAY, 20 MARCH 2024

9:00 - 10:15 and 10:15 - 11:00 and 11:00 - 12:00 and 12:00 - 13:00
and 15:00 - 16:00 (coordinators' meeting)

BRUSSELS, SPAAK (5B001)

Wednesday, 20 March, 09:00 - 10:15

1. ADOPTION OF THE AGENDA

2. CHAIR'S ANNOUNCEMENTS

The Chair draws attention to the following points:

Interpretation was requested in the following languages:

DE, EN, FR, IT, EL, ES, PT, HU, PL, SK, RO and UK (partially from 9:00-10:15hrs).

Webstreaming

The meeting will be webstreamed and can be followed [live](#).

3. ADOPTION OF MINUTES OF MEETINGS

- 22 February 2024
- 04 March 2024

PV – PE759.705v01-00

PV – PE759.825v01-00

4. EXCHANGE OF VIEWS WITH THE PARLIAMENTARY COMMITTEES ON BUDGET AND ON ANTI-CORRUPTION POLICIES OF THE UKRAINIAN PARLIAMENT VERKHOVNA RADA

CONT/9/15034

Exchange of views

Administrator: Kaare Barslev

- The current state of the budget of Ukraine for the year 2024; the efficiency of expenditure utilization and scrutiny over the use of funds provided as part of the support to Ukraine by the EU;
- Presentation of efficient tools in the fight against corruption.



The CONT Committee will have its third joint meeting with the committee on Budgets and the committee on Anti-Corruption from the Ukrainian Parliament, the Verkhovna Rada.

It has been agreed that the meeting will be divided into two parts. The first part will focus on the topic: "The current state of the budget of Ukraine for the year 2024; the efficiency of expenditure utilization and scrutiny over the use of funds provided as part of the support to Ukraine by the EU". The second part will focus on the topic: "Presentation of efficient tools in the fight against corruption".

Each of the topics will be introduced by two presentations. The first topic will be introduced by the Chair of the Committee on Budgets of the Verkhovna Rada, Ms Pidlasa and by the Chair of the Accounting Chamber of Ukraine, Ms. Olha Pishchanska.

The second topic will be introduced by the Chair of the Committee on Anti-Corruption Policy of the Verkhovna Rada, Ms. Radina and by Director, Directorate B, OLAF, Mr Bianchi.

After the introductions, there will be the possibility for members of the CONT Committee and the two Ukrainian committees to give their comments and/or pose questions. Each of the topics will be concluded by answers from the persons who gave the introductions.

5. ECA'S REVIEW 02/2024 - THE COMMISSION'S RULE OF LAW REPORTING

CONT/9/15009

Jointly with Committee on Civil Liberties, Justice and Home Affairs (LIBE)

*Presentation of the report by ECA reporting Member **Liucija Andrikiienė***



Rapporteur: [Hannes Heide](#) (S&D)

Administrator: Benoît Lefort

This review aims to contribute to a better understanding of the EU's rule of law landscape and of one specific tool in particular: the Commission's annual Rule of Law Report ("the Report").

The Report is structured around four thematic areas: justice systems, anticorruption framework, media pluralism and freedom and other institutional issues related to checks and balances. It builds on dialogue with Member States and stakeholders, and on input from other EU bodies and relevant international organisations.

The Court noted that the Commission's annual Rule of Law Report is a preventive tool that is not legally enforceable. It provides the Commission's assessment of significant rule of law developments each year in all 27 Member States and, since 2022, also includes recommendations. The Report is interlinked with the rest of the toolbox and provides examples of cases in which some of the other tools were applied.

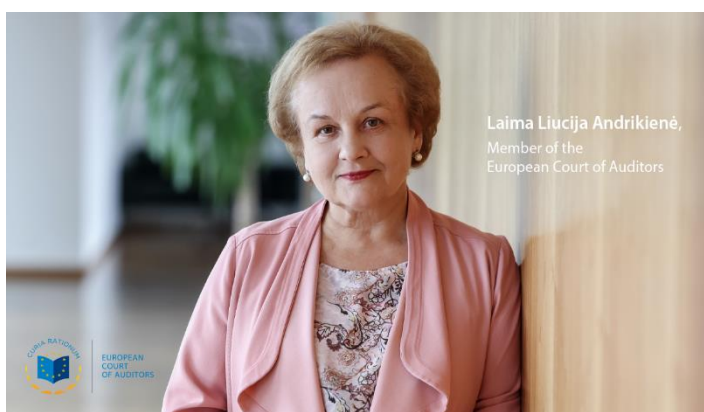
However, it does not provide a comprehensive picture of all cases and measures relating to the rule of law or of the interconnections between them.

To prepare the Report, the Commission uses questionnaires to Member States and a public consultation with stakeholders as key sources of information. Its assessment approach is qualitative, based on EU law requirements and other European standards, but it does not communicate or document further the indicators used to assess compliance with these standards. The Report has so far not presented any trends in rule of law developments over the years.

The Commission performs a qualitative assessment of rule of law developments, based on EU law and other European standards. The issues identified are then classified according to their nature and seriousness. The Court noted that besides the questions for country visits and the country chapters themselves, the Commission did not prepare any working documents demonstrating how it decided which issues to report on or how it assessed their seriousness.

The Report's publication is followed by numerous initiatives, both at EU level and in the Member States. These include the Council's annual rule of law dialogue based on the Report, the European Parliament's resolution on each edition of the Report, and the Commission's national dialogues on the rule of law in the Member States.

In addition, there are tools from other EU policies that do not specifically focus on the rule of law but may nevertheless have significant influence on it. These include the Common Provisions Regulation (CPR), which applies to cohesion policy and some other funds, as well as the RRF Regulation and the European Semester. The CPR and



Laima Liucija Andrikiienė,
Member of the
European Court of Auditors

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RRF Regulation include payment conditions linked to the rule of law, while the European Semester's country-specific recommendations can also address some rule of law issues when they are of macroeconomic relevance.

As from 2022, the Report includes recommendations to each Member State and the Commission follows up on them to assess the progress made in their implementation. In 2023, the first year of follow-up, only 11 % of recommendations were implemented in full, 55 % were implemented partially and there was no progress on 34 % of them.

It is proposed that the presentation of the ECA review proceeds as follows:

- CONT and LIBE Chairs' initial remarks;
- The ECA Member Liucija Andrikiienė will present the review;
- The European Commission's representative will make introductory remarks;
- CONT Rapporteur will make observations and raise questions;
- CONT and LIBE Members will make remarks and put questions to the Court's Member and the Commission's representatives;
- The ECA and the European Commission representatives will reply to the questions posed;
- CONT and LIBE Chairs will make concluding remarks.

Wednesday, 20 March, 11:00 - 12:00

6. STUDY ON LESSONS LEARNED FROM THE IMPLEMENTATION OF CRISIS RESPONSE TOOLS INSIDE THE EU, FROM A BUDGETARY CONTROL POINT OF VIEW

CONT/9/15044

Presentation of the study by the authors followed by an exchange of views

CONT Administrator: Hans Stander
PolDep Administrator: Francisco Padilla

Four years have passed since the outbreak of the COVID-19 pandemic in Europe, resulting in a healthcare crisis that had severe consequences well beyond healthcare and affecting the economic situation in the Union.

At Union level, the legislators responded quickly with a series of crisis response instruments that aimed to address the fall-out of the pandemic. These EU crisis response instruments were either entirely new mechanisms, or adaptations of already existing instruments, providing increased flexibility or an adjustment of the original scope.

The Committee on budgetary control has commissioned a study to draw lessons from the implementation of these EU crisis response tools at EU level with regard to how best embed control-, audit- and evaluation-related provisions into crisis frameworks.

The lessons learned are drawn from four instruments in particular:

- Coronavirus Response Investment Initiative (CRII)
- Coronavirus Response Investment Initiative Plus (CRII+)
- Recovery assistance for cohesion and the territories of Europe (REACT-EU)



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- Support to mitigate Unemployment Risks in an Emergency (SURE)

The study is divided into two parts whereby the first part focusses on experience with the implementation of the above mentioned instruments. This part will be presented in the meeting. The second part of the study to be published in the last quarter of 2024 will focus in particular on the lessons learned for future crisis response instruments, building on the experience with these instruments with a view of mapping policy options and recommendations for future crises oriented EU tools.

A first important remark made by the researchers of the study, is that the relaxation of monitoring and reporting obligations resulted in serious limitations in being able to monitor the outcomes and even some of the instruments' non-financial outputs within the scope of the study. This was also found by the Court of Auditors in their Special Report 28/2022 on Support to mitigate Unemployment Risks in an Emergency (SURE), but is observed in the other instruments included in the scope of this study too. These limitations mean that several questions as regards effectiveness and efficiency cannot be answered in detail yet, and put increased pressure on the ex-post evaluations of the instruments, necessitating additional resources for data collection.

Despite the issues with availability of data, a number of interesting conclusions can be drawn already.

From a budgetary control perspective, the most interesting one is that the study did not find systemic adverse effects associated with crisis-related flexibilities and simplifications on the principles of sound financial management and the protection of the EU's financial interests.

Also, the overall assessment of the crisis response measures in the scope of the study is positive. Given the nature of the crisis, the interventions and features of the instruments, such as simplicity, faster processes, and flexibility in reallocation, were highly relevant. The response was fast, with SURE and CRII/CRII+ introduced within a few weeks after the announcement of the first lockdown.

Based on the available (though incomplete) information, the instruments can generally be considered to have achieved their objectives to contribute to mitigating the socio-economic impacts of the pandemic.

As shown by this study, the use of cohesion policy in its current form to mitigate the impact of successive crises comes with considerable trade-offs that form a good starting point for identifying areas where strengthening the crisis-related conditionality of cohesion policy would be necessary. As for SURE, considerations of whether such mechanism could form the blueprint for future crisis response mechanisms requires careful consideration of the conditions under which the advantage for it would exist, and the criteria for triggering the mechanism.

7. ECA SPECIAL REPORT 03/2024 – THE RULE OF LAW IN THE EU - AN IMPROVED FRAMEWORK TO PROTECT THE EU'S FINANCIAL INTERESTS, BUT RISKS REMAIN

CONT/9/15012

Jointly with Committee on Budgets (BUDG)

Presentation of the report by ECA reporting Member **Annemie Turtelboom**



Rapporteur: [Hannes Heide](#) (S&D)

Administrator: Benoît Lefort

In this audit, the Court focused its audit work on the Commission's actions for a sample of six Member States. The sample included those countries for which procedures under Article 7 TEU (Poland and Hungary) and the Conditionality Regulation (Hungary) had been opened, and those that fell under the Cooperation and Verification Mechanism (Romania and Bulgaria). It also included Greece and Italy (based on identified rule of law challenges, geographical balance and materiality).

This audit did not cover the implementation of the RRF or the funds covered by the CPR. The Court did not carry out any audit work in these Member States to directly examine their compliance with the rule of law. As the Court's audit fieldwork ended before the Commission decided, on 13 December 2023, that Hungary had partially achieved certain horizontal enabling conditions, this decision was taken into account but not audited. The Court also did not assess whether the budgetary and remedial measures imposed under the Conditionality Regulation had been effective in addressing the deficiencies identified by the Commission in connection with the principles of the rule of law.

The Court concluded that the Conditionality Regulation marks an improvement in the rule of law framework. For the single case in which the Commission had proposed measures under the Conditionality Regulation since it entered into force (Hungary), it also concluded that the Commission's proposal was compliant with the Regulation, based on a fair assessment, and complemented the other budgetary mechanisms under the Recovery and Resilience Facility and cohesion policy.

However, certain aspects of the Regulation are difficult to apply: in particular, the requirement to establish a sufficiently direct link between breaches of principles of the rule of law and the EU's financial interest. Furthermore, while the effectiveness of the budgetary and remedial measures taken so far can only be assessed at a later stage, the Court identified a number of risks that could significantly undermine their effectiveness. In particular, the Court noted that a Member State's formal compliance with the remedial measures may not necessarily result in effective and sustainable improvements on the ground that go beyond a mere box-ticking exercise. There are also the risks of such measures subsequently being reversed, or of simultaneous deterioration in other respects.



The Court recommends that the Commission:

- Ensure the necessary administrative capacity to apply the Conditionality Regulation;
- Systematically identify, assess and document, for all Member States, how rule of law issues have been addressed under the Conditionality Regulation;
- Monitor the impact of rule-of-law-related measures;

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- Base any proposal to lift budgetary measures on solid evidence;
- Report on the effectiveness of the measures taken in response to breaches of the principles of the rule of law on an annual basis;
- Improve the rule of law framework when preparing future legislative proposals.

It is proposed that the presentation of the ECA Special Report proceeds as follows:

- CONT and BUDG Chairs' initial remarks;
- The ECA Member Annemie Turtelboom will present the Report;
- The European Commission's representative will make introductory remarks;
- CONT Rapporteur will make observations and raise questions;
- CONT and BUDG Members will make remarks and put questions to the Court's Member and the Commission's representatives. LIBE Members have also been invited as speakers to this agenda point;
- The ECA and the European Commission representatives will reply to the questions posed;
- CONT and BUDG Chairs will make concluding remarks.

Wednesday, 20 March, 15:00 - 16:00

***** In camera *****

8. COORDINATORS MEETING

***** End of in camera *****

9. ANY OTHER BUSINESS

10. NEXT MEETINGS

- 09 April 2024 (14:30-16:00 Jointly with LIBE)

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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

FOR FURTHER INFORMATION

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

NEWS FROM POLICY DEPARTMENT - BUDGETARY AFFAIRS

RECENT PUBLICATIONS

Publications Catalogue 2019 - 2023

CONT

Study [“The future of digitalisation of budgetary control”](#)

At a Glance [“Nomination for a Member of the European Court of Auditors: Italy”](#)

Workshop Proceedings [“Preventing EU funds from reaching sanctioned individuals or entities”](#)

Briefing [“Cohesion Policy Calendar \(2021-2027 and 2014-2020 Programming Periods\)”](#)

Study [“Due Diligence in EU Institutions' Own-Account Procurement: Rules and Practices”](#)

Workshop Proceedings [“Sponsorships of EU Presidencies: Stocktaking and Perspectives”](#)

Briefing [“Nominations for Members of the European Court of Auditors: Sweden and Portugal”](#)

Briefing [“EU assistance to Ukraine and scrutiny of the EU financing provided”](#)

Briefing [“Preventing EU funds from ending up with individuals or companies tied to the EU-Russia sanctions list”](#)

In-Depth Analysis [“The EU Emissions Trading System: Method and Effects of Free Allowance Allocation”](#)

Briefing [“Nominations for Members of the European Court of Auditors: Belgium and Finland”](#)

At a Glance [“Transparency and accountability of EU funding for NGOs active in EU policy areas within EU territory”](#)

Briefing [“Nominations for Members of the European Court of Auditors: Denmark, Spain and Ireland”](#)

Study [“Transparency and accountability of EU funding for NGOs active in EU policy areas within EU territory”](#)

At a Glance [“Nominations for Members of the European Court of Auditors: Slovakia”](#)

At a Glance [“The use of contract agents in decentralised EU agencies”](#)

Briefing [“Sponsorships of EU Presidencies: stocktaking and perspectives”](#)

Briefing [“The Role of Investigative Journalism to Uncover Fraud and Corruption in Europe”](#)

Study [“The use of contract agents in decentralised EU agencies”](#)

At a Glance [“Nominations for Members of the European Court of Auditors: Hungary”](#)

BUDG

Study [“The impacts of recent inflation developments on the EU finances”](#)

Briefing [“ITER financing by the EU budget - state-of-play”](#)

Briefing [“An estimate of the European Union's long-term borrowing cost bill”](#)

Briefing [“Gender budgeting in the Member States”](#)

At a Glance [“Options for a stronger and more agile EU budget”](#)

Study [“Options for a stronger and more agile EU budget”](#)

Briefing [“Ukraine: Financing of reconstruction and the role of the EU budget”](#)

Briefing [“Budgetary aspects of EU defence policy”](#)

In-Depth Analysis [“Recovery and Resilience Dialogue with the European Commission”](#)

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Briefing [“EU Financial assistance to Africa and Latin America 2021-2027”](#)

Briefing [“Human and Financial Resources in Decentralised EU Agencies”](#)

In-Depth Analysis [“The rising cost of European Union borrowing and what to do about it”](#)

Briefing [“Statistical own resources: Examples of the gender pay gap and food waste”](#)

At a Glance [“The tools for protecting the EU budget from breaches of the rule of law: the Conditionality Regulation in context”](#)

Briefing [“Financial impact of the war in Ukraine: current and future challenges for the EU budget”](#)

Study [“The tools for protecting the EU budget from breaches of the rule of law the Conditionality Regulation in context”](#)

Briefing [“EU external action and crisis response: is the EU budget fit for purpose?”](#)

FORTHCOMING PUBLICATIONS

BUDG

Study “Mapping the current structure and discovering the potential of ‘other revenue’ ”

Study “Adapting the EU budget to make it fit for purpose for future enlargements”

In-Depth Analysis “The history of the EU budget” (Update)

Study “Contingent liabilities for the EU budget: an updated appraisal”

Study “The performance framework for the EU budget: further steps towards the mainstreaming of horizontal priorities and for delivering an outcome/impact-oriented approach”

CONT

Study “EU anti-fraud architecture - the role of EU-level players, how they cooperate and the challenges they face”

Study “Lessons learned from the implementation of crisis response tools inside the EU, from a budgetary control point of view”

Policy Department for Budgetary Affairs - poldep-budg@ep.europa.eu

Policy Department Webpage: <https://poldepnet.in.ep.europa.eu/home/budgetary-affairs/presentation-of-poldep-d.html>

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