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**A8-0101/2015**

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# REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Committee on Budgetary Control

Rapporteur: Ingeborg Gräßle

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# 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission communication of 11 June 2014 entitled 'Synthesis of the Commission's management achievements in 2013' (COM(2014)0342),

– having regard to the Commission's annual evaluation report on the Union's finances based on the results achieved (COM(2014)0383) and to the accompanying Commission staff working documents (SWD(2014)0200, SWD(2014)0201),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2013, together with the institutions' replies[3], and to the Court of Auditors' special reports,

– having regard to the various decisions and recommendations of the Ombudsman concerning the Commission, together with the institutions' implementation of those recommendations in the interests of citizens;

– having regard to the statement of assurance[4] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2013 (05303/2015 – C8-0053/2015),

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1 OJ L 66, 8.3.2013.
2 OJ C 403, 13.11.2014, p. 1.
3 OJ C 398, 12.11.2014, p. 1.
4 OJ C 403, 13.11.2014, p. 128.

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2] and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2013;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies, and in its resolution of ... on the Court of auditors' special reports in the context of the Commission discharge for the financial year 2013[3];

3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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1 OJ L 248, 16.9.2002, p. 1.
2 OJ L 298, 26.10.2012, p. 1.
3 Texts adopted of that date, P8_TA(2015)0000.

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2013 (2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2013[3],

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2013, together with the Agency's replies[4],

– having regard to the statement of assurance[5] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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[1] OJ L 66, 8.3.2013.
[2] OJ C 403, 13.11.2014, p. 1.
[3] OJ C 408, 15.11.2014, p. 39.
[4] OJ C 442, 10.12.2014, p. 67.
[5] OJ C 403, 13.11.2014, p. 128.

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2009/336/EC of 20 April 2009 on the creation of the Education, Audiovisual and Culture Executive Agency for the management of Community action in the fields of education, audiovisual and culture in application of Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the ‘Education, Audiovisual and Culture Executive Agency’ and repealing Decision 2009/336/EC[6],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2013;

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[1] OJ L 248, 16.9.2002, p. 1.
[2] OJ L 298, 26.10.2012, p. 1.
[3] OJ L 11, 16.1.2003, p. 1.
[4] OJ L 297, 22.9.2004, p. 6.
[5] OJ L 101, 21.4.2009, p. 26.
[6] OJ L 343, 19.12.2013, p. 46.

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2013
(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2013[3],

– having regard to the Commission’s report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) for the financial year 2013, together with the Agency’s replies[4],

– having regard to the statement of assurance[5] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

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1 OJ L 66, 8.3.2013.
2 OJ C 403, 13.11.2014, p. 1.
3 OJ C 408, 15.11.2014, p. 6.
4 OJ C 442, 10.12.2014, p. 74.
5 OJ C 403, 13.11.2014, p. 128.

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2004/20/EC of 23 December 2003 setting up an executive agency, the "Intelligent Energy Executive Agency", to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the ‘Executive Agency for Small and Medium-sized Enterprises’ and repealing Decisions 2004/20/EC and 2007/372/EC[6],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Director of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation) discharge in

[1] OJ L 248, 16.9.2002, p. 1.
[2] OJ L 298, 26.10.2012, p. 1.
[3] OJ L 11, 16.1.2003, p. 1.
[4] OJ L 297, 22.9.2004, p. 6.
[5] OJ L 5, 9.1.2004, p. 85.
[6] OJ L 341, 18.12.2013, p. 73.

respect of the implementation of the Agency's budget for the financial year 2013;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation), the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Executive Agency for Health and Consumers) for the financial year 2013**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Executive Agency for Health and Consumers) for the financial year 2013[3],

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' report on the annual accounts of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Executive Agency for Health and Consumers) for the financial year 2013, together with the Agency's replies[4],

– having regard to the statement of assurance[5] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

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1 OJ L 66, 8.3.2013.
2 OJ C 403, 13.11.2014, p. 1.
3 OJ C 408, 15.11.2014, p. 5.
4 OJ C 442, 10.12.2014, p. 83.
5 OJ C 403, 13.11.2014, p. 128.

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2004/858/EC of 15 December 2004 setting up an executive agency, the "Executive Agency for the Public Health Programme" for the management of Community action in the field of public health pursuant to Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/770/EU of 17 December 2003 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC[6],

– having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the ‘Consumers, Health and Food Executive Agency’ into the ‘Consumers, Health, Agriculture and Food Executive Agency’[7],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

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1 OJ L 248, 16.9.2002, p. 1.
2 OJ L 298, 26.10.2012, p. 1.
3 OJ L 11, 16.1.2003, p. 1.
4 OJ L 297, 22.9.2004, p. 6.
5 OJ L 369, 16.12.2004, p. 73.
6 OJ L 341, 18.12.2013, p. 69.
7 OJ L 363, 18.12.2014, p. 183

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Executive Agency for Health and Consumers) discharge in respect of the implementation of the Agency's budget for the financial year 2013;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency (formerly the Executive Agency for Health and Consumers), the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2013**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2013,

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' report on the annual accounts of the European Research Council Executive Agency for the financial year 2013, together with the Agency's replies[3],

– having regard to the statement of assurance[4] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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[1] OJ L 66, 8.3.2013.
[2] OJ C 403, 13.11.2014, p. 1.
[3] OJ C 442, 10.12.2014, p. 240.
[4] OJ C 403, 13.11.2014, p. 128.

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2008/37/EC of 14 December 2007 setting up the European Research Council Executive Agency for the management of the specific Community programme Ideas in the field of frontier research in application of Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC[6],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2013;

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1 OJ L 248, 16.9.2002, p. 1.
2 OJ L 298, 26.10.2012, p. 1.
3 OJ L 11, 16.1.2003, p. 1.
4 OJ L 297, 22.9.2004, p. 6.
5 OJ L 9, 12.1.2008, p. 15.
6 OJ L 346, 20.12.2013, p. 58.

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2013**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the Research Executive Agency for the financial year 2013[3],

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' report on the annual accounts of the Research Executive Agency for the financial year 2013, together with the Agency's replies[4],

– having regard to the statement of assurance[5] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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1 OJ L 66, 8.3.2013.
2 OJ C 403, 13.11.2014, p. 1.
3 OJ C 408, 15.11.2014, p. 40.
4 OJ C 442, 10.12.2014, p. 351.
5 OJ C 403, 13.11.2014, p. 128.

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2008/46/EC of 14 December setting up the Research Executive Agency for the management of certain areas of the specific Community programmes People, Capacities and Cooperation in the field of research in application of Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC[6],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

1. Grants the Director of the Research Executive Agency discharge in relation to the implementation of the Agency's budget for the financial year 2013;

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[1] OJ L 248, 16.9.2002, p. 1.
[2] OJ L 298, 26.10.2012, p. 1.
[3] OJ L 11, 16.1.2003, p. 1.
[4] OJ L 297, 22.9.2004, p. 6.
[5] OJ L 11, 15.1.2008, p. 9.
[6] OJ L 346, 20.12.2013, p. 54.

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Research Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2013**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the final annual accounts of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2013[3],

– having regard to the Commission’s report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors’ report on the annual accounts of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2013, together with the Agency’s replies[4],

– having regard to the statement of assurance[5] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

[1] OJ L 66, 8.3.2013.
[2] OJ C 403, 13.11.2014, p. 1.
[3] OJ C 408, 15.11.2014, p. 41.
[4] OJ C 442, 10.12.2014, p. 358.
[5] OJ C 403, 13.11.2014, p. 128.

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[4], and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Decision 2007/60/EC of 26 October 2006 establishing the Trans-European Transport Network Executive Agency pursuant to Council Regulation (EC) No 58/2003[5],

– having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC[6],

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission is to execute the budget and manage programmes and is to do so, pursuant to Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States, on its own responsibility, having regard to the principles of sound financial management;

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[1] OJ L 248, 16.9.2002, p. 1.
[2] OJ L 298, 26.10.2012, p. 1.
[3] OJ L 11, 16.1.2003, p. 1.
[4] OJ L 297, 22.9.2004, p. 6.
[5] OJ L 32, 6.2.2007, p. 88.
[6] OJ L 352, 24.12.2013, p. 65.

1. Grants the Director of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) discharge in respect of the implementation of the Agency's budget for the financial year 2013;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency), the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the general budget of the European Union for the financial year 2013, Section III – Commission**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to the general budget of the European Union for the financial year 2013[1],

– having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0140/2014)[2],

– having regard to the Commission's report on the follow-up to the discharge for the 2012 financial year (COM(2014)0607), and to the accompanying Commission staff working documents (SWD(2014)0285, SWD(2014)0286),

– having regard to the Commission communication of 11 June 2014 entitled 'Synthesis of the Commission's management achievements in 2013' (COM(2014)0342)

– having regard to the Commission's annual evaluation report on the Union's finances based on the results achieved (COM(2014)0383) and to the accompanying Commission staff working documents (SWD(2014)0200, SWD(2014)0201),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2013 (COM(2014)0615), and to the accompanying Commission staff working document (SWD(2014)0293),

– having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2013, together with the institutions' replies[3], and to the Court of Auditors' special reports,

– having regard to the statement of assurance[4] as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2013 (05303/2015 – C8-0053/2015),

– having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2013 (05305/2015 – C8-0048/2015),

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[1] OJ L 66, 8.3.2013.
[2] OJ C 403, 13.11.2014, p. 1.
[3] OJ C 398, 12.11.2014, p. 1..
[4] OJ C 403, 13.11.2014, p. 128.

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[1],

– having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2], and in particular Articles 62, 164, 165 and 166 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes[3], and in particular Article 14(2) and (3) thereof,

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2013;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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[1] OJ L 248, 16.9.2002, p. 1.
[2] OJ L 298, 26.10.2012, p. 1.
[3] OJ L 11, 16.1.2003, p. 1.

## 9. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies**
**(2014/2075(DEC))**

*The European Parliament*,

– having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission,

– having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2013,

– having regard to Rule 93 of and Annex V to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A8-0101/2015),

A. whereas, for the 20th time in succession, the Court of Auditors was unable to grant a positive statement of assurance regarding the legality and regularity of the payments underlying the accounts, which risks eroding the legitimacy of Union spending and policies;

B. whereas, in a situation of scarce resources, enhanced importance should be attached to the need to observe budgetary discipline and to use funds efficiently and effectively;

C. whereas the Commission has ultimate responsibility for the implementation of the Union budget while the Member States have to sincerely cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management; whereas Member States, especially under shared management of funds, have a special responsibility in implementing the Union budget;

D. whereas it is crucial that under the shared management of funds, the data communicated by the Member States regarding both revenue and expenditure under the shared management of funds are fair and accurate; whereas it is crucial that Member states understand their own responsibility on the management of Union funds under shared management;

E. whereas the interinstitutional dialogue laid down in Article 318 of the Treaty on the Functioning of the European Union (TFEU) provides an opportunity to stimulate a new culture of performance inside the Commission;

**Shared management: Deficiencies in the Commission's and Member States' management**

*Reservations in agriculture and rural development*

1. Cannot politically ensure that the control procedures put in place in the Commission and the Member States give the necessary guarantees concerning the legality and regularity of all the underlying transactions in agriculture and rural development as demonstrated by the reservations issued by the Director-General of DG AGRI in its annual activity report of 31 March 2014;

   – ABB02 - Market Measures: EUR 198,3 million at risk; seven aid schemes in nine Member States with 11 elements of reservation: Poland EUR 77,6 million, Spain EUR 54 million, France EUR 32,4 million, Netherlands EUR 16,4 million, UK EUR 8,5 million, Italy EUR 5 million, Czech Republic EUR 2 million, Austria EUR 1,9 million, Sweden EUR 0,5 million;

   – ABB 03 - Direct payments: EUR 652 million at risk; 20 paying agencies comprising 6 Member States concerned: Spain (15 out of 17 paying agencies) EUR 153 million, France EUR 203,4 million, UK PRA England EUR 118 million, Greece EUR 117,8 million, Hungary EUR 36,6 million, Portugal EUR 28 million;

   – ABB 04 - Rural development expenditure: EUR 599 million at risk; 31 paying agencies comprising 19 Member States concerned: Belgium, Bulgaria (EUR 56,8 million), Cyprus, Germany (Bayern, Brandenburg), Denmark, Spain (Andalucia, Asturias, Castilla la Mancha, Castilla y Léon, FOGGA Galicia, Madrid), Finland, France (ODARC, ASP (EUR 70,3 million)), UK (SGRPID Scotland, RPA England), Greece, Ireland, Italy (AGEA (EUR 52,6 million), AGREA Emilia-Romagna, OPR Lombardy, OPPAB Bolzano, ARCEA Calabria), Luxemburg, Netherlands, Poland (EUR 56,7 million), Portugal (EUR 51,7 million), Romania (EUR 138,9 million) and Sweden;

   – ABB 05: EUR 2,6 million at risk - IPARD expenditure for Turkey;

*Reservations in regional policy*

2. Cannot politically ensure that the control procedures put in place in the Commission and the Member States give the necessary guarantees concerning the legality and regularity of all underlying transactions in regional policy as demonstrated by the reservations issued by the Director-General of DG REGIO in its annual activity report of 31 March 2014; notes that 73 of 322 programmes have been put under reservations as a consequence of partially reliable management and control system (compared to 85 of 317 OPs in 2012); notes that the interim payments made to those 2007-2013 programmes under reservation equal EUR 6 035,5 million; notes that the Commission estimated the amount at risk at EUR 440,2 million;

3. Acknowledges that while these reservations are an indication of deficiencies in the Member States' control systems, they are also an effective instrument used by the Commission to accelerate action by the Member States to remedy these deficiencies and thus protect the Union budget;

*Reservations in Employment and social affairs*

4. Cannot politically ensure that the control procedures put in place in the Commission and the Member States give the necessary guarantees concerning the legality and regularity of all the underlying transactions in employment and social affairs as demonstrated by the reservations issued by the Director-General of DG EMPL in its annual activity report on 31 March 2014; notes that its annual activity report contains a reservation relating to payments made for the 2007-2013 programming period for an amount at risk of EUR 123,2 million in 2013; notes that these reservations covered 36 of 118 the European Social Funds (ESF) Operational Programmes (compared to 27 out of 117 OPs in 2012);

**The Court of Auditors' Statement of Assurance**

*Accounts and legality and regularity of revenue – clean opinions*

5. Welcomes the fact that the annual accounts of the Union for the financial year 2013 present fairly, and in all material respects, the position of the Union as of 31 December 2013 and notes with satisfaction that revenue underlying the accounts for the year ended 31 December 2013 is legal and regular in all material respects;

*Reservation as regards Gross National Income (GNI) contributions*

6. Issues a reservation concerning the way Member States' GNI contributions have been calculated due to deficiencies[1] as regards the Commission's verification of data[2]; recalls that the Court of Auditors concludes that the Commission's verification of GNI data was not sufficiently structured and focused;

*Legality and regularity of commitments – clean opinion*

7. Notes with satisfaction that the commitments underlying the accounts for the year ended 31 December 2013 are legal and regular in all material respects;

*Legality and regularity of payments – adverse opinion*

8. Believes it is unacceptable that payments remain, for the twentieth year in a row, materially affected by error;

9. Understands that the basis for the Court of Auditors' adverse opinion is the conclusion that the supervisory and control systems are only partially effective and that, as a result, payments are affected by a most likely error rate of 4,7 %;

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[1] See Court of Auditors' Special Report No 11/2013, point 93 to 97.

[2] See the Court of Auditors' special reports in the context of the 2013 Commission discharge PART I (2014/2140(DEC))

10. Recalls that the most likely error rate for payments in the 2012 financial year was estimated at 4,8 %, in the financial year 2011 at 3,9 %, in the 2010 financial year at 3,7 %, in the 2009 financial year at 3,3 %, in the 2008 financial year at 5,2 % and in the 2007 financial year at 6,9 %, thus making an average level around 4,6% over the period covered by the previous Multiannual Financial Framework (MFF) 2007-2013; notes that the Court of Auditors' annual reports therefore show a stabilisation of the error rate in 2013 at the level of the average for the MFF 2007-2013, which nevertheless demonstrates a steady upward and negative trend since 2009;

11. Points out that according to the Court of Auditors' annual report for 2013, the shared management areas have an estimated error rate of 5,2 %; notes that all other operational expenditure (which is mostly directly managed by the Commission) has an estimated error rate of 3,7 %; emphasises that both error rates are above the materiality threshold of 2%; stresses that the shared management areas have an error rate substantially higher than the one for all other operational expenditure;

12. Notes that the Director-General of DG REGIO in its annual activity report of 31 March 2014 has put under reservations, as a consequence of partially reliable management and control system, 73 of 322 programmes for 2013, which represent a smaller share compared to 2012 (85 of 317 OPs); notes that the estimated amount at risk is EUR 1 135,3 million and that these reservations and the corresponding amount concern the two programming periods 2007-2013 and 2000-2006;

13. Takes note that the Director-General of DG RTD has issued one reservation concerning the Seventh Research Framework Programme (FP7) in its annual activity report of 31 March 2014 and that the estimated impact in 2013 is between EUR 105,5 million and EUR 109,5 million;

14. Notes that the Director-General of DG MARE has issued one reservation concerning the European Fisheries Fund in its annual activity report of 31 March 2014 and that the amount at risk in 2013 is EUR 10,77 million;

15. Draws attention to the need for the continuous improvement of the management and control systems in Member States in order to guarantee the better financial management of Union funds and a decrease in the error rate in the respective policy sectors in the course of the programming period 2014-2020;

*Financial corrections and recoveries*

16. Notes that the financial corrections reported as implemented in 2013 dropped from EUR 3,7 billion in 2012 to EUR 2,5 billion in 2013 and recalls that the high financial correction in 2012 was mainly due to a single EUR 1,8 billion correction in Spain, rectifying structural funds expenditures during the period 2000-2006; notes that in 2013, the Commission implemented financial corrections and recoveries amounting to EUR 3 362 million, which represented 2,3 % of payments from the Union budget;

17. Points out that the accumulation of financial corrections made when programme balances are settled is artificial at times and that they are not significant, given that they appear years after they are made; calls on the Commission to analyse whether the shift

in methodology from confirmed corrections to implemented corrections, which took place in 2012 is best suited for reflecting the reality of control and management systems in a given financial year;

18. Notes that the resulting decrease by 34% of financial corrections implemented in 2013 (from EUR 3,7 billion to EUR 2,5 billion) was partially compensated by an increase of 27 % of recoveries implemented in 2013 (from EUR 0,7 billion to EUR 0,9 billion);

19. Regrets that due to the legal framework for protecting Union financial interests, the complexity of the related procedures and the number of control layers involved in many areas, errors can only be corrected several years after they have occurred;

20. Points out that the average amount of financial corrections and recoveries implemented for 2009-2013 was EUR 2,7 billion which represents 2,1 % of the average amount of payments from the Union budget in that period; notes that according to the Commission, the abovementioned trend can be explained by the closure of the programming period 2000-2006[1]; notes in particular that as regards cohesion policy, four-fifths of corrections made during the years 2007 to 2013 relate to operational programmes for earlier periods[2]; recalls that Member States have the right to substitute detected ineligible expenditure with legal and regular expenditure under the legal framework in force for structural funds;

21. Reminds the Commission and the Member States that they have a duty to take corrective measures to protect the Union budget in cases of ineffective control systems or irregular expenditures; points out that the Commission and the Member States use such corrective measures and notes that if such corrective measures had not been applied to the 2013 payments audited by the Court of Auditors, the overall estimated error rate would have been 6,3 %, rather than 4,7 %; stresses that the Court of Auditors found that in a number of transactions affected by error, especially in the shared management areas, authorities had sufficient information available to detect and correct the errors; demands that the Court of Auditors therefore estimate in its future annual reports the level of error in the event that all corrective measures had been taken;

22. Regrets furthermore the fact that those measures have still a limited financial impact on the Union budget since more than 40 % of the financial corrections implemented in 2013 are not considered as assigned revenue[3] but may be used by the same Member States having caused these corrections in cohesion policy, thus undermining the preventive effect of financial corrections;

23. Notes that approximately 28 % of the financial corrections implemented in 2013 involved a net reduction of Union funding to the programme and the Member State concerned in cohesion policy;

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[1] See Communication on the protection of the EU Budget to end 2013, COM (2014) 618 page 11.

[2] See Court of Auditors' Annual Report for 2013, point 1.14.

[3] See Commission communication COM(2014)0618, table 5.2: withdrawals in cohesion (EUR 775 million), rural development recoveries (EUR 129 million) and financial corrections implemented by de commitment /deduction at closure be it in cohesion policy (EUR 494 million of euro) or in the other policy areas than agriculture and cohesion policies (EUR 1 million).

24. Notes with concern that the abovementioned Commission communication of 29 September 2014 does not necessarily provide reliable information on withdrawals, recoveries and pending recoveries of structural funds made by the Member States since the Commission states that it had to adopt a prudent approach due to certain weaknesses in the Member States' figures so as to ensure that the above amounts are not overstated[1];

25. Asks the Commission and the Member States to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payment is made, the year in which the related error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts, taking into account the pluriannuality of the whole procedure; considers it essential, furthermore, for comprehensive information to be provided on recoveries and financial corrections and for there to be full transparency with regard to data on the decommitment of appropriations and infringement proceedings for the year in question;

*The Synthesis report and the annual activity reports*

26. Takes note that the Commission Directors-General made a total of 17 quantified reservations relating to the expenditure; points out that the lower number of quantified reservations in 2013 (21 in 2012) did not have the effect of reducing the scope of the amount at risk and that the maximum total amount at risk announced by the Commission in its synthesis report [2] is below EUR 4 179 million which corresponds to 2,8% of all expenditure disbursed;

27. Asks the Commission to further clarify the calculation of the amount at risk[3] in explaining the estimated impact of corrective mechanisms on this figure and to issue in its synthesis report a proper "Statement of assurance" based on the Directors-General annual activity reports;

28. Recalls that the cumulative figures used by the Commission concern corrective mechanisms applied by the Commission and the Member States (financial corrections and recoveries) several years after the disbursement of the funds (in particular during the periods1994-1999 and 2000-2006) and notes that in this time neither the Court of Auditors nor the Commission issued precise error rates;

*Pressure on the budget*

29. Is concerned by the fact that due to the unacceptable position of the Council during the negotiations of the annual Union budget and despite the high level of payments, the accounts show that outstanding financial commitments (in Heading 1b, mainly regional policy, the level of outstanding commitments at the end of 2013 is estimated at EUR

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[1] See Commission communication COM(2014)0618, table 7.2.

[2] Commission communication of 11.6.2014 entitled 'Synthesis of the Commission's management achievements in 2013' (COM (2014)0324), p. 14: maximum total amount at risk for the entire 2013 expenditure (EU and EDF budget).

[3] Annex 1 to the synthesis report explains "amounts at risk" as the value of the fraction of the transaction which is estimated not to be in full conformity with the applicable regulatory and contractual requirements after the application of all controls (corrective measures) intended to mitigate compliance risks.

23,4 billion after EUR 5 billion at the end of 2010, EUR 11 billion at the end of 2011 and EUR 16 billion at the end of 2012) and other liabilities continued to grow in 2013; notes that at the year end, they stood at EUR 322[1] billion and the figure is likely to rise in 2014;

30. Points out that at the end of 2013, outstanding commitments were estimated at EUR 322 billion and that this amount was forecast to increase in 2014; considers this to be at odds with the principle of sound financial management, as established in Article 310 of the TFEU, thus placing a question mark over the legality of the budget;

31. Stresses that these “overhanging” financial obligations are a matter of particular concern because for the first time, payment ceilings are set to remain broadly stable in real terms for a number of years[2];

32. Points out that in times of economic crisis, financial resources are scarce; notes, however, that for large parts of the budget, the maximum level of expenditure under the MFF headings is broken into yearly allocations per Member State; observes that the way funds are absorbed by Member States often becomes the main policy objective (‘use it or lose it’)[3]; calls on the Commission and Member States to therefore promote a shift from spending to a performance culture focussing on the results achieved based on the principles of efficiency, effectiveness and economy;

33. Points out that gross pre-financing amounted to EUR 79,4 billion at the end of 2013 and insists that extended periods of pre-financing can lead to an increased risk of error or loss; stresses that this risk is particularly present for Heading 4 of the budget (*EU as a global player*) where for a typical operation, four years elapse between a commitment being made and the Commission recording the final related expenditure;

34. Urges the Commission to once again prepare and publish a 'long-range cash flow forecast' projecting future payment requirements to ensure that necessary payments can be met from approved annual budgets; demands that the Commission present, if necessary, modifications to existing regulations in the event that the annual budgets cannot provide sufficient appropriations to match the necessary payments level;

35. Reiterates the need to work on finding long term solutions that can allow the Commission to regain control of its budget; notes that there is a particular need for an increased emphasis on accountability and a focus on performance and spending outcomes; highlights, to this end, the need for Parliament to play a greater role in scrutinising expenditure and performance;

*Financial instruments*

36. Observes that by the end of 2013, 941 financial engineering instruments (FEI) had been set up under 176 European Regional Development Funds (ERDF) and European Social

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[1] Of the EUR 322 billion, EUR 222 billion represents outstanding budgetary commitments and EUR 99 billion relate to balance sheet liabilities not covered by outstanding commitments.

[2] Presentation of the Court of Auditors Annual Reports by its President Vítor Manuel da Silva Caldeira in CONT meeting of 5 November 2014.

[3] Ibid.

Funds (ESF) Operational Programmes (OP) in 25 Member States; is particularly concerned that only 47% of the EUR 14,3 billion (EUR 6,7 billion) that had been paid to the FEIs had actually been paid out to final beneficiaries, although this figure represents an increase compared with the EUR 4,7 billion paid out by the end of 2012; observes that the average disbursement rate of 47 % at the end of 2013 masks a certain variation between funds and Member States; notes that the average disbursement covers all 900 funds: those established in 2008 as well those newly established in 2013 for which implementation was only starting; considers that while some funds are underperforming, there are others which have already achieved 100 % absorption and are now re-investing revolving funds;

37. Observes that 14 FEIs have been set up in the Members States under the rural development fund; observes that EUR 443,77 million has been paid out to banks in Romania, Bulgaria, Greece, Italy and Lithuania from the Union budget until the end of 2013; expresses concern that of this amount, not a single euro reached the final beneficiaries; observes that for six financial FEIs set up under the European Fisheries Fund, EUR 72,37 million was paid out to banks in Greece, Romania, Bulgaria, Estonia, Latvia and the Netherlands; notes that only in Latvia were the available amounts fully disbursed to the final beneficiaries while in Romania only 28 % of the funds were disbursed to the final beneficiary, 77 % in Bulgaria, 91 % in Estonia and none in the Netherlands and Greece[1];

38. Regrets furthermore that these instruments are complex and difficult to account for correctly, which also makes public scrutiny more challenging; calls on the Commission to be more transparent and to regularly report on leverage, losses and risks such as investment bubbles; urges the Commission to give a full overview of the number of projects financed under each of the financial engineering instruments and the results achieved, to indicate clearly how much Union budget allocations were used to co-finance these FEI projects and to present a comprehensive cost-benefit analysis of the instrument of FEIs compared with more direct forms of project funding;

39. Welcomes the fact that during the Annual Review meetings, the implementation of the financial instruments is systematically included in the agenda and that shortcomings are then analysed and remedial actions proposed; acknowledges with satisfaction that for the next period 2014-2020, shortcomings in the area have been corrected, i.e. payments will only be transferred to the funds managing financial instruments when the actual disbursement to the final recipients has reached a certain percentage;

40. Recommends, in light of the pressure on the budget for payments and the fact that Article 140(7) of Regulation (EU, Euratom) No 966/2012 (the Financial Regulation) requires that excessive balances should be avoided on financial instruments, that the Commission ensures that contributions from the Union budget to such instruments reflect a real cash-flow need;

1 Information provided by Commission Vice-President Kristalina Georgieva during the discharge procedure.

41. Is particularly concerned by some of the Court of Auditors' findings as regards the effectiveness of blending regional investment facility grants with financial institution loans to support Union external policies[1];

42. Points out that while the facilities were well set-up, the potential benefits of blending were not fully realised due to the Commission's management shortcomings; asks the Commission to disburse funding only when the funds are actually needed by the beneficiary and to improve its monitoring of the Union grant implementation;

*Responsibility of the Commission and Member States in shared management*

43. Emphasises the fact that in accordance with Article 317 TFEU, the Commission is ultimately responsible for the implementation of the Union budget; points out that where the Commission implements the budget under shared management, implementation tasks are delegated to Member States pursuant to Article 59 of the Financial Regulation, thereby engaging their political and financial responsibility; reiterates therefore the fact that the Member States should act strictly in accordance with the principle of sound financial management and should not undermine their own responsibility in managing Union funds;

44. Takes note of the Commission communication of 28 October 2014 entitled 'On the adoption of the inter-institutional working group recommendations for the establishment and use of national declarations' (COM(2014)0688); points out that the submission of declarations is voluntary, and therefore welcomes the fact that four Member States - Denmark, the Netherlands, Sweden and the United Kingdom - have decided to submit them; regrets, however, that those declarations differ in form, scope, comprehensiveness and the reporting period and notes that as a result of this, they are therefore of little use;

45. Points out that according to numerous statements by the Court of Auditors, national management declarations as provided by the four abovementioned Member States have very limited value in the Court of Auditors' auditing process and cannot be considered as reliable source of information for issuing the statement of assurance;

46. Takes note of the Commission communication of 28 October 2014 entitled 'On the adoption of the inter-institutional working group recommendations for the establishment and use of national declarations' (COM(2014)0688); regrets the lack of substantial progress to improve the financial management which could lead to a continuous loss of Union money due to wrong decisions at political and managerial levels; calls for a sanction system if Member States transmit incorrect programme information and declarations;

47. Calls therefore on the Commission and the Council to take concrete and meaningful steps to enable the necessary progress in sound financial management, including the increased use of the instrument of national declarations which in practice do not require much extra effort (reportedly less than 1 full-time equivalent on a yearly basis per Member State), while also noting that it is of great importance that Member States take political responsibility for the use of Union funds by means of a public document; calls

[1] See Court of Auditors' Special Report No 16/2014.

on the Commission and the Member States to publish not only the national declarations but also the annual summaries and management declarations in order to give more insight in and achieve a real improvement of the financial management; urges the Commission to submit a recommendation to Parliament and the Council to promote the use of national declarations in line with the recommendations by the interinstitutional working group for the establishment and use of national declarations;

*Reliability of the data communicated by the Member States*

48. Notes the lack of reliability of the first level checks performed by the Member States in shared management undermines the credibility of the annual activity reports drafted by the Commission services and the Synthesis report adopted by the Commission as they are partially based on the results of the checks performed by the national authorities; reiterates its previous demand that the Commission evaluate and, if necessary, correct the Member States' data in order to establish reliable and objective annual activity reports;

49. Requests that the Directors-General report in detail in their annual activity reports on the error rates notified by the Member States and on the corrections made by the Commission, where appropriate, at the level of operational programmes;

*Worst performing Member States*

50. Welcomes the overview of the Court of Auditors' audit results of funds managed under shared management in agriculture and cohesion 2009-2013, published together with the Court of Auditors' 2013 annual report which partially address Parliament's request expressed in the 2012 discharge resolution for country-specific information in shared management;

51. Points out that according to the figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Regional Development Funds, the European Social Funds and the Cohesion Funds (source data included in the 2013 annual activity reports of DG Employment, Social Affairs and Inclusion and DG Regional and Urban policy), Slovakia, the United Kingdom and Spain have the highest error rates;

52. Points out that according to the figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Agricultural Guarantee Funds and the European Agricultural Funds for Regional Development (source data included in the 2013 annual activity report of DG Agricultural and Rural Development), Romania, Bulgaria an Portugal have the highest error rates;

53. Asks the Court of Auditors to develop its own country-specific reporting method, bearing in mind not only the amounts at risk but also the Member States' management and control systems, together with the corrective mechanisms applied by the Commission and the Member States in order to adequately assess the evolution of the management in the worst performing Member States and recommend the best possible solutions;

*Conflicts of interests*

54. Regrets the fact that in some Member States, legislation concerning conflicts of interests of members of the parliament, members of government and members of local councils is vague and insufficient; calls on the Commission to carefully examine the current situation and present recommendations or even legally binding solutions if necessary; considers that the same should apply to the candidate members and members of the Commission;

**Revenue: GNI Based own resources**

55. Notes that the Court of Auditors' audit (see Annual Report for 2013, point 2.27) did not find any substantial error in the Commission's calculation of Member States' contributions and their payment, most of which are based on forecast Gross National Income (GNI) data for 2013;

56. Demands that the Commission to ensure that Eurostat's and Member States' data are identical, as the indicator of GNI represents the key benchmark not only for Union revenue but also for expenditure;

57. Recalls the criticism formulated by the Court of Auditors in its Annual Report for 2012 as regards the lack of effectiveness of the Commission's verification of GNI data (see Annual Report for 2012, point 2.41); stresses that the prolonged use of general reservations and the excessive duration of the verification cycle of GNI data used for own resources can lead to budgetary uncertainty, as has been highlighted by the discussions between the Member States about the draft amending budget No 6 to the general budget 2014[1];

58. Regrets the fact that certain Member States did not anticipate that it will result in an increase of their budgetary contribution, despite the fact that they were aware of the changes in the statistical methodology to calculate the GNI contribution since spring 2014;

59. Regrets the fact that the Commission, insisted on handling this file as a purely technical one[2], despite the fact that it was aware since spring 2013 that the changes in the statistical methodology to calculate the GNI contribution would create a big increase in the contributions of certain Member States;

60. Recalls that the Court of Auditors concluded in its opinion No 7/2014[3] that the Commission's proposal to allow the deferred payments of value added tax (VAT) and GNI balances and adjustments in case of exceptional circumstances may increase the

[1] See Court of Auditors' Annual Report for 2013, point 2.11, and Court of Auditors' Special Report No 11/2013 (2013 Discharge) 'Getting the Gross National Income (GNI) data right: a more structured and better-focussed approach would improve the effectiveness of the Commission's verification.'

[2] Jacek Dominik' statement on the revision of Member States ' gross national income, Press release, Brussels 27 October 2014 last sentence.

[3] Opinion No 7/2014 concerning a proposal for a Council Regulation amending Regulation (EC, Euratom) No 1150/2000 implementing Decision 2007/436 EC, Euratom on the system of the European Communities' own resources (OJ C 459, 19.12.2014, p. 1).

complexity of the system of own resources and the Member States budgetary uncertainty;

61. Points out in particular that the Commission proposal amending Regulation (EC, Euratom) No 1150/2000 implementing Decision 2007/436/EC, Euratom on the system of the European Communities' own resources (COM (2014)0704) refers only to the postponement of the deadline for the Member States to make resources available in case of significant amounts result from positive VAT and GNI balances and adjustments and notes that if Member States have a large negative VAT and GNI balances and adjustments, the Commission could be obliged to collect additional revenue by means of an amending budget;

62. Regrets that the Council has not been able to make any progress so far on the reform of the own resources system on the basis of those legislative proposals, despite the fact that the Commission proposed a global reform of the own resources system which was welcomed by Parliament[1] aiming at making the system of own resources fairer, more understandable, more transparent, more efficient and aiming at reducing the national contributions;

*Measures to be taken*

63. Urges the Commission to:

– shorten the duration of its verification cycle of the GNI data used for own resources to a maximum four years, if needed, in launching infringement proceedings and/or in imposing strict delay to lift the reservations;

– limit the use of general reservations to exceptional cases where there are significant risks that the financial interests of the Union are not protected: i.e. when a Member State carries out a major revision during the verification cycle or at irregular intervals;

– draft an action plan to remedy the deficiencies detected by the Court of Auditors in its Special Report No 11/2013 and to report on it to Parliament and the Court of Auditors by the end of June 2015;

– put in place and closely monitor a detailed action plan with clear targets to address the problems in the compilation of Greece's national accounts;

– introduce a modification to the proposal (COM (2014)0704) in order to empower the Commission to defer the reimbursement of the amounts in case of "negative" balances and adjustments;

64. Points out the weaknesses found by the Court of Auditors in its Special Report No 2/2014 entitled "Are Preferential Trade Arrangements appropriately managed?" in the control strategy and risk management in Germany, France and the United Kingdom leading to potential losses to the Union budget; notes that these weaknesses were

[1] Texts adopted, P7_TA(2013)0078.

confirmed by the amount of revenue potentially lost in these three Member States; observes that by extrapolating the errors found in its sample of 2009, the Court of Auditors has estimated the amount of duties at stake in these Member States because of time-barring to be EUR 655 million; notes that this represents around 6 % of the gross amount of import duties collected in the five selected Member States that year, made up of EUR 167 million in respect of Germany, EUR 176 million in respect of France and EUR 312 million in respect of the United Kingdom;

**Agriculture**

*Agriculture: demographic and beneficiaries' structure challenges*

65. Points out that demographic changes affect the common agricultural policy (CAP) more than any other Union policy since nearly one-third of the 12 million Union farmers sharing more than 45 % of the Union budget are over the age of 65 years and only 6 % are younger than 35 years old[1]; welcomes the young-farmer assistance programmes therefore launched as part of the CAP reform;

66. Regrets that the measures initiated by the Commission in agricultural policy have so far been unable to correct the demographic imbalance and calls on the Commission to re-examine the agricultural budget support in light of this;

67. Stresses that the fact that less than 2 % of Union farmers receive 31 % of the CAP direct payments; points out that CAP should be especially targeting small farmers and believes that the current practice further undermines the political acceptance of CAP;

68. Reiterates that in order to make the CAP fairer, Parliament and the Council introduced[2] a reduction of payments above EUR 150 000 and a possible capping of direct payments; demands therefore that the Court of Auditors audit the efficiency and effectiveness of this measure in anticipation of its next annual reports;

69. Points out that the Czech Republic, followed by Slovakia, Hungary, Germany and Bulgaria, maintain the most unequal agricultural systems[3]; calls on the Commission and the Member States to better balance their beneficiaries' structure and demands that the Director-General of DG AGRI attach yearly to its annual activity report indicative figures on the distribution of CAP direct aid payment to producers by Member States and category of beneficiaries;

[1] See Court of Auditors landscape review 'Making the best use of EU money: a landscape review of the risks to the financial management of the EU Budget', 2014, p. 67.

[2] Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

[3] Indicative figures on the distribution of aid by size-class of aid, received in the context of direct aid paid to the producers according to Council regulation EC 1782/2003 and Council Regulation 73/2009, transmitted by Commissioner Hogan on 8 December 2014.

*Agriculture: error rate in first pillar*

70. Regrets that the European Agricultural Guarantee Fund (EAGF) payments are not free from material error in 2013, the most likely error rate being estimated by the Court of Auditors at 3,6 % (3,8% in 2012)[1] and that of the five control systems examined for expensed payments two were found to be ineffective, two partially effective and only one was considered as effective;

71. Stresses that in 33 out of 101 quantifiable errors identified by the Court of Auditors, national authorities had sufficient information to prevent, detect, and correct those errors at least partially and that if all this information had been used properly, the most likely error for this area would have been 1,1 % lower and thus relatively close to the materiality threshold of 2%; stresses that Member States have an important responsibility to implement correctly and lawfully the Union budget when they are responsible for the management of Union funds;

*Cross-compliance*

72. Points out that the audit by the Court of Auditors covered cross-compliance requirements and that cases where cross-compliance obligations were not met were treated as error where it was established that the infringement existed in the year in which the farmer applied for aid; points out that the Court of Auditors includes deficiencies in the area of the cross-compliance in their calculation of the error rate while noting that, in the view of the Commission, cross-compliance does not concern the eligibility to payments but only triggers administrative penalties;

*Error rates in market measures*

73. Is worried about the fact that the error rate with regards to agricultural market measures stands at 7,44%, as calculated by the Commission; deplores the fact that it is the second highest error rate in a policy area for 2013;

74. Stresses that the reservations introduced by the Director-General of DG AGRI into its 2013 annual activity report confirm the alarming state of play in market measures as seven aid schemes in nine Member States are identified, in particular the sectors of fruit and vegetables, the restructuring of vineyards, wine investment, export refunds for poultry and the school milk scheme;

75. Draws attention to the fact that many smaller programmes such as the School Fruit and School Milk Schemes are not user-friendly, partially because of the associated bureaucracy and for this reason, their uptake and implementation are sub-optimal;

76. Deplores the significant shortcomings in the control procedures applied when granting recognition to producer groups[2] for fruit and vegetables in Poland, Austria, the

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1 The frequency increased quite significantly: from 41% in 2012 to 61% in 2013.

2 In accordance with Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p.1), in certain regions, transitional support may be given to

Netherlands and the United Kingdom, as revealed by the Court of Auditors in its Annual Report for 2013 and confirmed by the Director-General of DG AGRI, who has issued in its 2013 annual activity report a reservation based on its estimate that around 25 % of total expenditure under this measure is at risk, namely EUR 102,7 million;

77. Regrets in particular the deficiencies detected by the Commission as regard the measures concerning 'vineyard restructuring' in Spain that justified the reservation issued by the Director-General of DG AGRI on the basis of a corrected error rate of 33 % and an amount at risk of EUR 54 million and the measure 'Poultry export in France' on the basis of a corrected error rate of 69,6 % and an amount at risk of EUR 29,3 million;

*Reliability of the Member States' data in direct payments*

78. Welcomes the fact that since the error rates communicated by the Member States in their inspection statistics do not cover all the components of the residual error rate and are not always reliable, DG AGRI carried out an individual assessment for each paying agency based on all available information including the Court of Auditors' audit findings;

79. Reiterates the Court of Auditors' assertions[1] that the results of this new approach show that only limited assurance can be gained from the Member States' inspection statistics, the declarations of the directors of paying agencies and the work carried out by the certifications bodies;

80. Points out that despite the fact that almost all the paying agencies for the direct payments were accredited and certified by the certifying authorities and despite the fact that 79 of the 82 statements of assurance made by the paying agencies received an unqualified opinion from the certification bodies in 2013, thus confirming the accuracy of the statements of assurance presented by the directors of the paying agencies, the Commission had to correct upwards the error rates communicated by 42 out of 68 paying agencies with a residual error rate above 2 %;

81. Points out that the 5 paying agencies with the highest error rate were:

| | | |
|---|---|---|
| 1. | United Kingdom, RPA | 5,66 % (Member State (MS) notification: 0,67 %) |
| 2. | Greece, OKEPE | 5,17 % (MS notification: 0,83 %) |
| 2. | Spain, AVGA | 4,71 % (MS notification: 1,93 %) |
| 4. | Portugal, IFAP | 4,37% (MS notification: 0,82 %) |

encourage producers who wish to acquire the status of producer organisation (PO) to form producer groups; this funding may be partially reimbursed by the EU and ceases once the producer group is recognised as a PO.

[1] See Court of Auditors' Annual Report for 2013, point 43.

| | | |
|---|---|---|
| 5. | Romania, PIAA | 4,27% (MS notification: 1,77 %) |

82. Regrets that the current legislative framework does not provide sanctions for incorrect or false reporting[1] by the paying agencies;

83. Calls for Union officials to increase supervision and to monitor and coordinate more closely national paying agencies within the relevant Member States, with the aim of resolving the deficiencies they are experiencing, in particular for those paying agencies that continuously under-performed over the last three years, with a view to making payments management more efficient;

*IACS and LPIS*

84. Shares the view expressed by the Commission and the Court of Auditors that as a whole the Integrated Administration and Control System (IACS) plays a key role in preventing and reducing errors in claims from farmers and points out that its proper functioning should have ensured that agricultural direct payments are free from material error;

85. Deplores that persistent weaknesses in excluding ineligible land from the Land Parcel Identification System (LPIS) and in the administrative treatment claims from farmers contribute significantly to the material level of error remaining in EAGF payments;

86. Stresses once again the horizontal dimension of the deficiencies detected in the LPIS; notes that since 2007, the Court of Auditors examined IACS in 38 paying agencies in all 28 Member States and deeply regrets that only seven of the control systems were assessed as effective, 22 were found to be partially effective and nine control systems were considered as ineffective; calls on the Commission to ensure that financial risks for the budget are covered by net financial corrections;

*Procedures to ensure recovery of undue payments*

87. Is worried by the fact reported by the Court of Auditors[2] that sums lost as a result of irregularities or negligence relating to claims for the year 2008 or earlier had been brought to the attention of debtors in Ireland after considerable delay and were not subject to any recovery or enforcement procedure for several years;

88. States that until the end of 2012, out of EUR 6,7 million of debts relating to these claim years EUR 2,3 million was borne by the Union under the 50/50 rule despite the delay observed by the Court of Auditors in the notification procedure and fears that the money would be definitely lost for the Union budget;

89. Is also concerned by the Court of Auditors' findings as regards the fact that Italian authorities did not record whether debts were due to irregularities or administrative errors which could potentially lead to charging the Union budget; calls on the

[1] See the reply from the Commission to the written question No 11, CONT hearing with Commissioner Phil Hogan on 1 December 2014.

[2] See Court of Auditors' Annual Report for 2013, point 3.23 and following.

Commission to make a detailed analysis of this situation and report back before the end of the year;

90. Notes that according to the data provided in the 2013 annual activity report of DG AGRI[1], the worst performing Member States as regards the recoveries of undue payments are Bulgaria with a recovery rate of 4%, 21% in Greece, 25% in France, 25 % in Slovenia, 27 % in Slovakia and 33 % in Hungary; is concerned about the alarmingly low levels of recoveries in certain domains and requests a report from the Commission about the causes and the possibilities to achieve improvements;

*Clearance of accounts procedure*

91. Notes that the Commission took four conformity decisions in 2013 leading to financial corrections of EUR 1 116,8 million (EUR 861,9 million relating to EAGF and EUR 236,2 million to European Agricultural Fund for Rural Development (EAFRD) which represents around 2 % of the Union's 2013 budget for agriculture and rural development (1,4 % in the period 2008-2012);

92. Points out that this amount cannot be compared with the most likely error rate issued by the Court of Auditors because the Commission's conformity audits are systems-based, do not check the regularity of underlying transactions, cover expenditures relating to several budgetary years, lead to financial corrections made for 65 % on a flat-rate basis and consequently do not enable an annual error rate to be calculated[2];

93. Stresses that the 2013 increase of the average level of financial correction by comparison with the period 2008- 2012 is according to the findings of the Court of Auditors[3] mainly explained by the reduction of the backlog of open audit files from 553 at the end of 2012 to 516 at the end of 2013 and that the resolution of these files which related to financial years prior to 2010 resulted in financial corrections of EUR 881 million (79 % of the total);

94. Is worried that the independence of the conciliation body which may be involved in the conformity clearance procedure is not guaranteed by the provisions currently in force[4];

*Rural development, environment, fisheries and health*

95. Notes that the payments in rural development, environment, fisheries and health are not free from material error in 2013, with a reduction in the most likely error rate to 6,7 % from 7,9 % in 2012 and that seven of the 13 supervisory and control systems examined for expensed payments in Member States were assessed as being partially effective and six as ineffective;

96. Concurs with the view expressed by the Court of Auditors that the most likely error rate would have been reduced to 2 % if the national authorities had used all the information

[1] See 2013 annual activity report of DG AGRI, Annex 10, table 51: "new cases open since 2007".
[2] See 2013 ECA annual report, point 4.25.
[3] See 2013 ECA annual report, point 4.27.
[4] See the reply to the written question No 29, CONT hearing with Commissioner Phil Hogan on 1 December 2014.

available to them to prevent, detect and correct errors; stresses that Member States have an important responsibility with regard to implementing correctly and lawfully the Union budget when they are responsible for the management of Union funds;

97. Deplores the fact that the average error rate calculated by the Court of Auditors for the rural development incurred during the past three years was 8,2 % and that in 2013 it was 7,9 %[1]; strongly deplores that it is the highest error rate in a policy area for 2013;

98. Notes that the errors found by the Court of Auditors occurred mainly because beneficiaries did not respect the eligibility requirements, the procurement rules were not properly applied and agri-environmental commitments were not respected;

99. Is worried about the fact that the Court of Auditors has found that suspected intentional infringement by private beneficiaries contributed to an eighth of the error rate in rural development and deplores the fact that the specific rural development measure "adding value to agricultural and forestry products" made the most significant contribution to error rate for private investment[2], resulting in the Court of Auditors expressing serious concerns as regards "the efficiency and effectiveness of the measure in reaching its policy objectives";

100. Concurs with the view voiced by the Court of Auditors[3] that the errors were partly caused by the complexity of rules and the large variety of aid schemes under the 2007-2013 programmes: 46 measures in total for rural development, each with its own rules and requirements;

101. Acknowledges the increasing level of suspension and interruption of payments by the Commission, which ensures that corrective actions are systematically carried out in cases where deficiencies are identified;

102. Welcomes the Commission's revised approach to calculate the residual error rate, taking into account all relevant audits and information with a view to adjusting the error rate reported by the Member States;

103. Deplores the lack of reliability of data communicated by the Member States on the results of their checks; notes that certifying bodies issued a qualified opinion stating an error rate above 2 % for only nine paying agencies of 74 [4] while the Commission issued a qualified opinion for 31 agencies in 24 Member States[5];

104. Regrets the lack of quality remedial actions by some Member States and the absence of a systematic approach to eradicate the causes of the errors in all the Member States;

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[1] See Court of Auditors' Special Report No 23/2014 on Errors in rural development spending, p. 10: the 8,2% is an average for the three years with a lower limit of 6.1% and an upper limit of 10.3%. The average is composed of 8,4% for 2011, 8,3% for 2012 and 7,9% for 2013.

[2] See Court of Auditors' Special Report No 23/2014, p. 22 to 24.

[3] Statement by the Member of the Court of Auditors, Rasa Budbergyte, CONT hearing with Commissioner Phil Hogan on 1 December 2014.

[4] See the reply to the written question No 12, CONT hearing with Commissioner Phil Hogan on 1 December 2014.

[5] See 2013 annual activity report of DG AGRI, table 2.1.24.

stresses that there is a lack of preventive action against widespread weakness at Union level;

105. Acknowledges that the main factors underlying the underimplementation of EUR 4 300 000 in the chapter 17 04 – Food and feed safety, animal health and welfare and plant health are the EUR 900 000 relating to assigned revenue for the different programmes which can be used in 2014 and EUR 2 000 000 relating to the Emergency Fund; notes that from the latter amount, 50 % or EUR 1 000 000 was carried forward to 2014 (for addressing bluetongue disease in Germany) and implemented in that year;

*Requests to the Commission, the Member States and the Court of Auditors concerning agriculture and rural development*

106. Asks the Court of Auditors to calculate separate error rates for market measures and direct payments in the CAP first pillar;

107. Recommends that the Commission actively monitors the application of remedial actions with regard to the deficiencies in the control system applicable to Union aid for producer groups for fruits and vegetables in Poland, Austria, the Netherlands and the United Kingdom;

108. Urges the Commission to demonstrate the Union added value of the agricultural market measures bearing in mind the risk of potential losses affecting the budget of the Union and asks the Commission to consider their suppression if this risk is too high; asks the Commission to report in the 2013 Commission discharge follow-up report on the actions taken by the European Anti-Fraud Office (OLAF) in light of the audit mission for poultry export refunds in France;

109. Asks to the Commission to draft proposals with a view to sanctioning false or incorrect reporting by paying agencies including the three following dimensions, namely inspection statistics, statements by the paying agencies, and the work carried out by the certification bodies; asks that the Commission be empowered to withdraw the accreditation of the paying agencies in cases of grave misrepresentations;

110. Urges the Director-General of DG AGRI to consider the real added value of delaying year after year reservations justified by deficiencies in the LPIS while those deficiencies have clear horizontal dimension;

111. Asks the Commission and the Member States to take the necessary measures to ensure that the IACS is used to its full potential, and in particular to ensure that the eligibility and size of agricultural parcels are correctly assessed and recorded by the Member States, and that immediate remedial action is taken by the Member States where the IACS is found to be affected by systemic errors;

112. Urges the Commission to shed a light on the facts reported by the Court of Auditors in Ireland and Italy in points 3.24 and 3.25 of its Annual Report for 2013 as regards irregularities in recovering undue payments, to take the necessary corrective measures and to report on those to Parliament by June 2015;

113. Urges the Commission to take steps to further reduce the backlog of open audit files in the clearance of the accounts procedure so as to enable all audits carried out prior to 2012 to be closed by the end of 2015;

114. Asks in particular that the mandate of the Members of the conciliation body involved in the clearance of accounts procedure will be limited in time to an initial term of three years possibly prolonged for maximum one year; requests furthermore that any possible conflicts of interest be avoided in the handling of those files and that the Member States are not represented in the conciliation body when they are directly concerned by financial corrections;

115. Asks to the Commission to report in detail to Parliament on the implementation of the capping in CAP direct payments Member State per Member State;

116. Calls for a less bureaucratic CAP with a view to reducing the error rates; welcomes therefore the commitment undertaken by the Commission to make simplification and subsidiarity one of the top priorities in the next five years; calls for persistently underperforming paying agencies to be stripped of their accreditation in extreme cases;

117. Calls on the Commission to present in due time a detailed plan for reducing red tape in the CAP by 25% within the following five years;

118. Asks the Court of Auditors to examine the rural development policy area in one separate chapter of its annual report or at least, to calculate separate error rates for the rural development policy area, the fisheries policy area and LIFE + programme;

119. Recommends that the Commission ensure that the Member States' action plans in rural development are completed by including all regions and measures within their scope, particularly investment measures, and to take the Commission's and Court of Auditors' audit into account;

120. Asks the Commission about the follow-up given the cases of suspected intentional infringement reported by the Court of Auditors to OLAF, in particular, as regards the rural development measure "adding value to agricultural and forestry products" and to fully review the design of this measure in the light of the critical remarks issued by the Court of Auditors as to its efficiency and effectiveness" in the follow-up report to the 2013 Commission discharge;

121. Urges the Commission to closely monitor the implementation of the rural development programmes and in its conformity audits to take account of the applicable rules including those adopted at national level where relevant, in order to reduce the risk of repeating weaknesses and errors encountered during the 2007-2013 programming period;

*Fisheries*

122. Notes DG MARE's reservation with regard to an error rate exceeding 2 % in relation to some Member States' declared expenditure and, in the case of one Member State, a report not considered to be reliable and the failure to submit a report; deplores the

situation relating to the Member State concerned; notes, however, that the situation has improved in response to the Commission's instructions to that Member State;

123. Regrets that apart from these observations, the Court of Auditors has not given more precise details of the outcome of its audits for the specific area of fisheries and maritime affairs and calls for that information to be made known, in the interests of transparency;

124. Acknowledges that 92,31 % of DG MARE's payments were made on time; notes with concern, however, that the number of late payments increased over the previous financial year; is pleased to note the fall in default interest paid in 2013 and therefore encourages DG MARE to keep its payment periods in line with the relevant rules;

**Regional policy, transport and energy**

*EU2020*

125. Stresses that from the total amount of payments in 2013 under this policy group (EUR 45 311 million), 96 % (EUR 43 494 million) are for regional policy, mostly implemented through the ERDF and the Cohesion Fund (CF), EUR 1 059 million are for mobility and transport and EUR 758 million are for energy;

126. Recognises the determining role of Union regional policy in reducing regional disparities, promoting economic, social and territorial cohesion among the regions of Member States and between Member States; recognises that this policy is the main Union-wide long-term investment policy in the real economy, representing 29,% of the total Union budgetary spending in 2013 and is an established tool for creating growth and jobs in the Union, which supports the achievement of the Europe 2020 strategy's goals;

127. Recognises the important role of transport and energy policies for establishing secure, sustainable and competitive transport and energy systems and services for Union citizens and businesses and underlines the contribution of these policies in implementing the Europe 2020 strategy's goals;

128. Welcomes the fact that the Commission evaluates the effectiveness, efficiency, coherence and European value added of regional policy through the ex post evaluation; expects to receive regular updates of the Commission's evaluation;

129. Underlines that the Commission should ensure that it obtains consistent and reliable information from the Member States on the use of ERDF's funding; considers that this information should indicate the Operational Programmes' progress, not only in financial but also in performance terms;[1]

130. Draws attention to the multiannuality of the cohesion policy management system and underlines that the final evaluation of irregularities related to the policy implementation will be possible only at the closure of the programming period;

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1 See Court of Auditors' Special Report No 20/2014, point 68.

*Errors*

131. Notes that of the 180 transactions audited by the Court of Auditors, 102 (57 %) were affected by error; notes that the Court of Auditors has a 95 % confidence that the rate of error in the population lies between 3,7 % and 10,1 % (the lower and upper error limits respectively), and it estimates, on the basis of the 40 errors which it has quantified, the most likely error to be 6,9 % (2012: 6,8 %);

132. Emphasises that in 17 cases of quantifiable errors made by final beneficiaries, the national authorities had sufficient information to prevent, detect and correct the errors before declaring the expenditure to the Commission; notes that had all this information been used to correct errors, the most likely error estimated for this chapter would have been three percentage points lower; stresses that Member States have an important responsibility on implementing correctly and lawfully the Union budget when they are responsible for the management of Union funds;

133. Points out that for ERDF and CF expenditure the main compliance risks relate to: errors in public procurement (39 %), ineligible projects/activities or beneficiaries (22 %), ineligible costs included in expenditure declarations (21 %) and the non-compliance with state aid rules;

*Reliability of Member States' reporting*

134. Notes that the Members States' authorities communicated 322 national audit opinions on their operational programmes and that the audit opinions stated in 209 cases (65 %) an error rate below 2 %; notes that when the Commission checked the data it could only confirm the notification of the Member States' error rates for 78 national audit opinions; notes that 244 audit opinions needed to be corrected by the Commission[1]; asks the Commission to report in future all details in changes of error rates made by DG REGIO;

135. Observes that the Commission considered all nationally audited error rates in the reports of Slovakia to be unreliable, 10 out of 15 error rates in the reports of Hungary, two out of seven in the reports of Bulgaria and one out of four in the reports of Belgium; asks the Commission to demonstrate if and how their flat rate corrections imposed to protect the Union budget (25 % for one programme and 10 % for nine programmes in Slovakia, two for Bulgaria and Italy and one for Belgium[2]) remedied the situation;

136. Stresses that the error reporting for the following operational programmes were particularly unreliable:

| Member State | Programme | Title | Decided amount EUR million | MS error rate in Annual Control Reports | COM error/flat rate |
|---|---|---|---|---|---|
| BE | 2007BE162PO001 | Brussels, Regional | 56,93 | 6,23 % | 10 % |

[1] See 2013 annual activity report of DG REGIO, Annex, p. 41.
[2] See 2013 annual activity report of DG REGIO, Annex, p. 42.

| | | | | | |
|---|---|---|---|---|---|
| | | competitiveness | | | |
| BG | 2007BG161PO002 | Technical assistance | 1 466,43 | 4,10 % | 10 % |
| DE | 2007DE162PO006 | ERDF Bremen | 142,01 | 0,31 % | 5 % |
| DE | 2007DE161PO003 | ERDF Mecklenburg-West Pomerania | 1 252,42 | 0,81 % | 5 % |
| DE | 2007DE162PO005 | ERDF Hesse | 263,45 | 0,04 % | 5 % |
| ETC | 2007CB063PO052 | INTERREG IV Italy/Austria | 60,07 | 2,77 % | 10 % |
| ETC | 2007CG163PO030 | Slovakia/Czech Republic | 92,74 | 0,96 % | 10 % |
| ETC | 2007CB163PO019 | Mecklenburg /WP - Poland | 132,81 | 0,02 % | 5 % |
| HU | 2007HU161PO001 | Economic Development | 2 858,82 | 0,71 % | 5 % |
| HU | 2007HU161PO007 | Transport | 5 684,24 | 0,54 % | 5 % |
| HU | 2007HU161PO003 | West Pannon | 463,75 | 1,30 % | 5 % |
| HU | 2007HU161PO004 | South Great Plain | 748,71 | 1,30 % | 5 % |
| HU | 2007HU161PO005 | Central Transdanubia | 507,92 | 130 % | 5 % |
| HU | 2007HU161PO006 | North Hungary | 903,72 | 1,30 % | 5 % |
| HU | 2007HU161PO009 | North Great Plain | 975,07 | 1,30 % | 5% |
| HU | 2007HU161PO011 | South Transdanubia | 705,14 | 1,30 % | 5 % |
| HU | 2007HU161PO001 | Central Hungary | 1 467,20 | 0,10 % | 5 % |
| IT | 2007IT161PO007 | Development Mezzogiorno | 579,04 | 0,63 % | 10 % |
| IT | 2007IT161PO008 | Calabria | 1 499,12 | 2,45 % | 10 % |
| SL | 2007SL161PO001 | Regional development potential | 1 783,29 | 2,80 % | 5 % |
| SL | 2007SL161PO002 | Infrastructure | 1 562,06 | 2,80 % | 5 % |
| SK | 2007SK161PO006 | Competitiveness and economic growth | 968,25 | 0 % | 25 % |
| SK | 2007SK161PO005 | Health | 250,00 | 1,79 % | 25 % |
| SK | 2007SK161PO001 | Information society | 843,60 | 1,79 % | 10 % |
| SK | 2007SK16UPO001 | Research & Development | 1 209,42 | 1,30 % | 10 % |
| SK | 2007SK161PO002 | Environment | 1 820,00 | 0,33 % | 10 % |
| SK | 2007SK161PO004 | Transport | 3 160,15 | 0,74 % | 10 % |
| SK | 2007SK161PO003 | Regional OP | 1 554,50 | 0,32 % | 10 % |
| SK | 2007SK161PO007 | Technical assistance | 97,60 | 1,79 % | 10 % |
| SK | 2007SK162PO001 | Bratislava | 95,21 | 1,79 % | 10 % |
| UK | 2007UK162PO001 | Lowlands & Uplands Scotland | 375,96 | 5,98 % | 8,42 % |

| | | | | | |
|---|---|---|---|---|---|
| UK | 2007UK161PO002 | West Wales & Valleys | 1 250,38 | 036 % | 5 % |
| UK | 2007UK162PO012 | East Wales | 72,45 | 0,36 % | 5 % |

137. Asks the Commission to report in future about error rates per programme, as communicated by Member States and accepted/corrected by the Commission in the annual activity report;

138. Takes note that the Commission considered, based on its own review, the work of 40 national audit authorities in charge of auditing 90% of ERDF/CF allocations for the 2007-2013 programming period to be in general reliable;

*Management and Control Systems (MCS)*

139. Calls on the Commission to provide further guidance and technical assistance to the Member States; requests that the Commission and Member States pay particular attention to simplifying procedures, including those for beneficiaries, which can have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems;

140. Welcomes an improvement in the management of the funds since 2011 in Austria, the Czech Republic and Romania; is worried about a worsening of the ERDF management in Slovakia, Spain, the Netherlands and the United Kingdom[1];

141. Fully supports the Commission's policy on the interruption and suspensions of payments;

142. Is aware of the provisions in the new regulatory framework for the programming period 2014-2020 stipulating that serious deficiencies within the meaning of Commission Delegated Regulation (EU) No 480/2014[2], detected by the Commission or the Court of Auditors after the submission of the accounts will lead to net financial corrections for the concerned programmes; calls on the Commission to provide a list of these cases in time for the 2014 Commission discharge procedure;

143. Welcomes the reinforced control and audit procedures provided for in the regulatory framework for the 2014-2020 programming period, and in particular regarding the management verifications and controls before the certification of annual programme accounts and the submission of management declarations by the managing authorities to the Commission; notes that the Commission’s corrective capacity was further improved by removing the possibility for Member States to re-use funds, resulting in net financial corrections; welcomes the establishment of a Competence Centre on administrative capacity building in connection with European Structural and Investment Funds;

[1] See 2013 annual activity report of DG REGIO, Annex, p. 43.

[2] Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund (OJ L 138, 13.5.2014, p. 5).

supports the enhanced result-orientation and thematic concentration of cohesion policy that should ensure a shift from funds absorption criteria towards quality of spending and high added value of the co-financed operations;

144. Recalls paragraph 165 of its resolution accompanying the 2012 Commission discharge in which Parliament asked to harmonise the treatment of public procurement errors in shared management; welcomes the harmonisation undertaken by the Commission in its Decision C(2013)9527 of 20 December 2013 on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement; points out that Directive 2014/24/EU of the European Parliament and of the Council[1] is to be implemented by Member States until 18 April 2016; considers that it will bring considerable changes in procurement procedures and might necessitate further methodological changes;

145. Takes note that the Courts of Auditors methodology has to be consistent and applied to all management areas; understands that further alignment could lead to inconsistencies in the Court of Auditors' definitions of an illegal transaction in direct and shared management;

*Financial corrections*

146. Notes that in 2013 the Commission decided on financial corrections amounting to EUR 912 371 222 on Member States' operational programmes, of which EUR 239,50 million fell on the Czech Republic, EUR 147,21 million fell on Hungary and EUR 95,47 million fell on Greece;

147. Calls on the Commission to carry out progressive performance assessments during the implementation of projects put forward by Member States for Structural Fund financing and following their completion, with a view to enhancing the effectiveness of projects and stepping up checks on the use of public funds and thus being able to detect any abuses and fraudulent behaviour occurring during the implementation of projects;

148. Calls on the Commission to set up a system for the exchange of information between national audit authorities so that accounting entries for transactions between two or more Member States may be cross-checked, with a view to combating cross-border fraud affecting the Structural Funds and, in view of the new arrangements applying under the 2014-2020 multiannual financial framework, the ESI funds (European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF)) as a whole, in order to take a cross-cutting approach to the protection of the financial interests of the Union;

149. Notes furthermore that during the programming period 2007-2013, six Member States (the Czech Republic, Greece, Spain, Hungary, Poland and Romania) were responsible for 75% (equalling EUR 1 342 million) of the confirmed financial ERDF/CF and ESF corrections;

[1] Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

*De-commitments*

150. Regrets that in 2013 EUR 397,8 million had to be decommitted, EUR 296,7 million alone from the Czech Republic; considers that decommitments run counter to sound financial management; is concerned at the continuing inability of some regions to take up the funding available and calls on the Commission to identify the problems that lie at the root of this situation in those regions; calls on the Commission also to draw up and submit a detailed plan for enhancing the take-up capacity of regions with a very low take-up rate;

151. Points out that the setting of an eligibility period was introduced in the new regulation for the programming period 2014-2020, in order to set a time frame in which to make the investments and to incentivise programme authorities to make timely investments for jobs and growth in the Union, this will reduce the risk of non-use within the given eligibility period and thus of de-commitments;

*Financial engineering instruments*

152. Notes that the managing authorities of the Member States reported a total of 941 FEIs operating at the end of 2013 in 25 Member States: 91 % account for FEIs for enterprises, 6 % for urban development projects and 3 % for funds for energy efficiency/renewable energies; notes that the total value of operational programmes' (OP) contributions paid to the FEIs amounted to EUR 14 278,20 million, including EUR 9 597,62 million of structural funds; notes that with only two years left until the closure, only 47% of OP contributions, or EUR 6 678,20 million, were disbursed to final recipients;

153. Is worried about the Commission's findings in its 2013 consolidated annual report on the implementation of the FEIs - in accordance with point (j) of Article 67(2) of Council Regulation (EC) No 1083/2006[1] - that managing authorities in the Member States did not provide the full picture of the FEI implementation and that certain data showed "inaccuracies" in relation to the data for FEIs in Hungary and Italy;

*Greece*

154. Is worried about the implementation of the priority projects in Greece under the Task Force management; notes that 48 priority projects have to be accelerated; notes that the main problems are, according to the Commission: (a) delays at the maturation stage, (b) delays in licensing, (c) the dissolution of contracts due to the lack of liquidity of contractors and (d) lengthy court appeals during awarding procedures; calls therefore on the Commission to provide an update on the priority projects for the 2013 follow-up report;

[1] Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

*Lago Trasimeno*

155. Notes that an OLAF fact-finding mission was conducted in December 2014 in order to discuss potential irregularities in connection with Union assistance for the cycle path around Lago Trasimeno in Italy; calls on the Commission to inform Parliament about further developments in the follow-up report on discharge for 2013;

*Privatisation of infrastructure projects financed by Union funds*

156. Notes that the Union financed the modernisation of a water distribution network in Skorkov (CZ) to the amount of EUR 1,1 million; is concerned about the fact that the communal authorities have rented the exploitation of the water distribution system to a company which already manages the local sewerage system; notes that the latter was also co-financed with EUR 1,4 million from Union funds and that the price for the supply of drinking water increased by 45 %; considers that drinking water is a public good and that all citizens need to have access to high quality drinking water at a reasonable price;

157. Calls on the Commission to inform Parliament about all cases in which projects with a Union share of at least 30 % were afterwards privatised;

*Measures to be taken*

158. Calls on the Commission to report in detail on progress made with MCSs considered partially effective MCS in 2013 in time for the 2014 discharge procedure[1];

159. Calls on the Commission, in line with the Court of Auditors' recommendation, to carry out an assessment of the 'first level checks' performed during the 2007-2013 programming period in accordance with Article 32(5) of the Financial Regulation; calls on the Commission to add an assessment of the reliability of the information transmitted by the certifying bodies in the Member States to the annual activity report of DG

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[1] Regrets that the following 73 MCSs in Member States were considered, at best, partially reliable (marked in orange colour out of a green, yellow, orange, red colour range): Vorarlberg (AT), Vienna (AT), Styria (AT), Tirol (AT), Brussels (BE), regional development (BG), environment (BG), Business & Innovation (CZ), ROP NUTSII North-East(CZ), ROP NUTS II Silesia (CZ), Integrated OP (CZ), Thuringia (DE), Mecklenburg Wes Pomerania (DE), Saxony-Anhalt, Bremen (DE), North Rheine Westphalia (DE), EC ENV (EE), Attica (EL), West Greece (EL), Macedonia-Thrace (EL), Thessaly-continental Greece-Epirus (EL), Crete and Aegean Islands (EL), Murcia (ES), Melilla (ES),Ceuta (ES), Asturias (ES), Galicia (ES), Extremadura (ES), Castalia La Mancha (ES), Andalucía (ES), Cohesion Fund (ES), Cantabria (ES), Basque region (ES), Navarra (ES), Madrid (ES), Rioja (ES), Cataluña (ES), Balearic Islands (ES), Aragon (ES), Castalia y Leon (ES), Valencia region (ES), Canary Islands (ES), Research, development and innovation for business(ES), Economic development (HU), Environment energy (HU), West Pannon (HU), South Great Plain (HU), Central Transdanubia (HU), North Hungary (HU), Transport (HU), North Great Plain (HU), South Transdanubia (HU), Central Hungary (HU), Adriatic (Instrument for Pre-Accession Assistance - IPA), Mecklenburg West Pomerania/Brandenburg-Poland (European Territorial Cooperation - ETC), Flanders-Netherlands border region (ETC), Networks and mobility (IT), Research (IT), Security (IT), Calabria (IT), Puglia (IT), Sicily (IT), Basilicata (IT), Sardinia (IT), Infrastructure and environment (PL), Development Eastern Poland (PL), Information society (SK), Environment (SK), Regional OP(SK), Transport (SK), Health (SK), Competitiveness and economic growth(SK), Technical assistance (SK), Research and development (SK)

REGIO; welcomes the assessments carried since 2010 through targeted audits on high risk programmes in the frame of its audit enquiry 'Bridging the assurance gap';

160. Calls on the Court of Auditors to provide a detailed report on the evolution of the error rate (year by year, sectorial policy by sectorial policy and Member State by Member State) during the whole period of the previous Multiannual Financial Framework (2007-2013) to Parliament;

161. Calls on the Commission to request that audit authorities certify the accuracy of the data on financial corrections reported by certifying authorities for each OP; considers that this detailed information should be published in the annex to the DG REGIO's annual activity report;

162. Calls on the Commission to consistently disclose in its annual activity report the reasons for not making reservations (or making reservations with a lower financial impact) in those cases where this is due to exceptions to applicable Commission guidance or approved audit strategies;

163. Supports the Court of Auditors' recommendation that the Commission should require from the Member States in their management declarations (in accordance with point (a) of Article 59(5)) of the Financial Regulation) an explicit confirmation regarding the effectiveness of the first level checks performed by the managing and certifying authorities;

164. Calls on the Commission to ask national authorities to give feedback on whether the established project objectives in the area of ERDF/CF and ESF were accomplished; considers that this should be done in such a way that the recorded dates are comparable at Union level; considers that citizens concerned by the accomplishment of the project objectives should be allowed to appraise the project once completed;

165. Calls on the Commission to clarify the "inaccuracies" in the FEIs and to assess the results in detail in the DG REGIO's 2014 annual activity report;

166. Recognises the Commission's efforts to move to a performance culture; asks the Commission (DG REGIO), therefore, to include in its Management Plan and Annual Activity Report an assessment of its work in relation to increasing the efficiency, effectiveness and impact of the cohesion policy; invites the Commission, in addition to the budget execution approach, to check the performance against objectives and better use the evaluations, as well as to support Member States and their Managing Authorities in maximising the quality of their evaluation reports; underlines in this context the need in future to consider and assess project results, investment returns and real added value for the economy, employment and regional development;

**Employment and social affairs**

*EU 2020*

167. Underlines that ESF resources are contributing substantially to the achievement of employment and social policy objectives; notes that for the reporting year, loans for

payments worth EUR 14,1 billion were made available for these purposes, of which 98 % were made via the ESF; considers, nonetheless, that an assessment of the fund's performance needs to be carried out to measure not so much the take-up rate for the fund but the fund's effectiveness in creating jobs and bringing unemployed persons back on to the labour market; calls for a detailed analysis of the fund’s performance, on which Parliament’s political assessment of the ESF will hinge, to be submitted by the end of the year;

168. Welcomes the contribution made to the achievement of these objectives by not only ESF-funded projects but also the formulation of country-specific recommendations contained in the annual joint employment report drawn up as part of the European Semester process;

169. Underlines the fact that under Council Regulation (EC) No 1083/2006, funds from the ESF may not be used to relocate jobs from one Member State to another; insists that the Commission and Member States carry out proper checks to make sure that Union funds are not misappropriated in that way;

170. Notes that the intention of Member States to absorb Union funds should pursue the achievement of results and objectives supported by the ESF and must not compromise the consistent application of effective controls, which, particularly towards the end of the eligibility period, can lead to the non-detection of the infringement of rules, with the subsequent funding of projects that are too costly, poorly implemented or unlikely to achieve the intended result;

171. Emphasises that the reduction of youth unemployment is particularly urgent; welcomes that more than EUR 12,4 billion from the ESF and the Youth Employment Initiative have been earmarked for the fight against youth unemployment during the new programming period; calls on the Commission to support Member States in implementing the Union funds and make sure that this money will be spent for its indicated purpose; calls on the Commission to establish a system, for the 2014-2020 programming period which allows for reports on progress made in integrating disadvantaged people or groups of people (i.e. youth, elderly, long-term unemployed, Roma) into employment;

*Roma*

172. Points out that the funds available for the integration of Roma were not always spent for this purpose; is concerned that many Roma face discrimination and social exclusion living in very poor socio-economic conditions; is also particularly concerned by the information that, following a survey carried out by the European Union Agency for Fundamental Rights in 2012[1], in 90 % of the Roma households the average income was below national poverty thresholds, and that on average about 45 % of the Roma live in severely deprived housing conditions;

[1] European Union Agency for Fundamental Rights, The situation of Roma in 11 EU Member States, Luxembourg 2012

173. Calls on the Commission to support effective implementation of National Roma Integration Strategies at local and regional levels and to ensure that budget spending targets the objectives of the mainstream policies;

*Errors*

174. Observes that of the 182 transactions audited by the Court of Auditors, 50 (27 %) were affected by error; notes that on the basis of the 30 errors which it has quantified, the Court estimates the most likely error rate to be 3,1 % (3,2% in 2012); notes that in 13 cases of quantifiable errors made by final beneficiaries, the national authorities had sufficient information to prevent, detect and correct the errors before declaring the expenditure to the Commission; considers that if all this information had been used to correct errors, the most likely error rate estimated for this chapter would have been 1,3 percentage points lower; stresses that Member States have an important responsibility to implement correctly and lawfully the Union budget when they are responsible for the management of Union funds;

175. Notes that the Court of Auditors' annual report shows a slight decrease in the estimated error rate for the area of Employment and Social Affairs, which stood at 3,1 % in 2013 compared to 3,2 % in the previous year; notes that this error rate was still the second lowest amongst all policy areas and that Parliament expects a further decrease in the error rate over the next few years;

176. Notes that the errors in this policy area concerned, as in previous years, ineligible expenditure (93 % concerning overcharging of overhead costs, over-declaration of personnel costs, and costs calculated incorrectly) and failures to comply with public procurement rules (7 %);

177. Notes the Court of Auditors' recommendation that the Commission should follow up with Member States on the weaknesses identified in the DG EMPL risk based thematic audit of management verifications and welcomes the new guidance developed by the Commission in order to further strengthen the reliability of management verifications in the 2014-2020 programming period; notes that this guidance, which draws on the lessons learned from the previous programming period, has been presented to Member States and will be issued in the first half of 2015; emphasises that it is very important that the authorities in the Member States should use the information available for them to detect and correct errors prior to claiming reimbursements from the Commission, which will significantly reduce the error rate in the area of employment and social affairs;

178. Encourages DG EMPL to pursue its aim with regard to ESF to move further from the need to correct errors to a situation where errors are avoided and supports DG EMPL's efforts to help the Member States with the highest ESF error rates to improve their systems by using the best practices available; notes in this regard that the administrative capacity and organisation of DG EMPL should correspond to its work and responsibilities towards the Member States;

*Reliability of Member States' reporting*

179. Regrets that faulty first-level-checks by national management and control systems remained a prime source of errors; is deeply concerned by the fact that Member States seem to be less scrupulous when spending Union funds compared to the way they spend their national budget while they have an important responsibility on implementing correctly and lawfully the Union budget when they are responsible for the management of Union funds; notes that the following programmes showed particular systemic weaknesses: Poland, Spain (Castilla y Leon), Romania, Portugal, Italy (Sicily), Germany (Bund), Germany (Thüringen), Czech Republic and Hungary; notes that in addition, thematic Commission audits revealed weaknesses in the management and control systems of the operational programmes for Ireland (Human Investment Capital), Slovakia (education) and Spain (Comunidad Valenciana);

180. Points out that, when reviewing the error rates communicated by Member States (MS) in their Annual Control Reports (ACR) the Commission increased the error rate by more than 2% for the following Operational Programmes (OP):

| Member Sate | OP number | | 2013 interim payments EUR | MS ACR error rate | COM correction | Difference |
|---|---|---|---|---|---|---|
| IT | 2007IT052PO009 | Bolzano | 934 530 | 4,95% | 7,11 % | 2,16 % |
| CZ | 2007CZ052PO001 | Praha Adapabilita | | 3,58% | 6,45 % | 2,87 % |
| SK | 2007SK05UPO002 | OP employment & soc. inclusion | 86 718 231 | 1,65% | 4,66 % | 3,01 % |
| UK | 2007UK052PO002 | Low- & Uplands Scotland | 74 251 497 | 1,95% | 10,59 % | 8,64 % |
| IT | 2007IT052PO001 | Abruzzi | | 0,2% | 15,9 % | 15,88 % |
| ES | 2007ES052PO011 | La Rioja | | 0,38% | 37,76 % | 37,38 % |

In addition the Commission considered the ACRs for the following OPs as entirely unreliable, thereby triggering a flat-rate correction:

| Member Sate | OP number | | 2013 interim payments EUR | MS ACR error rate | COM flat-rat correction | Difference |
|---|---|---|---|---|---|---|
| LU | 2007LU052PO001 | Operational programme ESF | 4 285 659 | 0,46% | 2,0 % | 1,54 % |
| IT | 2007IT051PO001 | Campania | 77 486 332 | 0,38% | 2,0 % | 1,62 % |
| BE | 2007BE052PO001 | German speaking community | | 0,0% | 2,0 % | 2 % |
| ES | 2007ES052PO002 | Castillia y Leon | 10 607 012 | 0,0% | 2,0 % | 2,0 % |
| BE | 2007BE052PO003 | Federal state | | 3,66% | 5,0 % | 1,34 % |
| IT | 2007IT051PO007 | Pon istruzione | 78 589 393 | 0,4% | 5,0 % | 4,6 % |

| | | | | | | |
|---|---|---|---|---|---|---|
| BE | 2007BE052PO005 | Flanders | 118 201 220 | 1,61% | 10,0 % | 8,39 % |
| UK | 2007UK051PO002 | West Wales and the valleys | 149 600 091 | 0,36% | 10,0 % | 9,64 % |
| UK | 2007UK052PO001 | East Wales | 9 476 602 | 0,36% | 10,0 % | 9,64 % |
| IT | 2007IT052PO012 | Tuscany | 61.978.561 | 1,11 | 25 % | 23,89 % |
| IT | 2007IT052PO016 | Sardinia | 23.478.530 | 0,13 | 25 % | 24,87 % |

181. Welcomes, in this regard, the specific mitigating actions taken by the Commission, including both preventative and corrective measures and the risk-based audits carried out by DG EMPL;

182. Welcomes the fact that the Commission continued its strict policy on interruption and suspension in 2013; considers it noteworthy in this context that the Commission implemented financial corrections in 2013 amounting to EUR 842 million, of which EUR 153 million for 1994-1999, EUR 472 million for 2000-2006 and EUR 217 million for 2007-2013; over the three programming periods the following Member States showed the highest financial correction:

| Member State | Cumulative accepted/decided financial correction (EUR million) | Cumulative implemented financial correction (EUR million) |
|---|---|---|
| Italy | 497,7 | 497,7 |
| Romania | 312,1 | 299,1 |
| Spain | 1 070,1 | 1 064,3 |

183. Notes furthermore that DG EMPL's annual activity report contains a reservation relating to payments made for the 2007-2013 programming period for an amount at risk of EUR 123,2 million in 2013; notes that that reservation covered 36 of 118 ESF Operational Programmes (compared to 27 out of 117 OPs in 2012):

| 2007-2013 programming period | | | |
|---|---|---|---|
| Member State | OP number | Name | Reservation |
| BELGIUM | 2007BE051PO001 | Convergence Hainaut | Full |
| | 2007BE052PO002 | Troika Wallonie-Bruxelles | Full |
| | 2007BE052PO003 | Federal | Reputational |
| | 2007BE052PO004 | Bruxelles-Capitale : Emploi et cohésion sociale | Reputational |
| | 2007BE052PO005 | Vlanderen | Full |
| CZECH REPUBLIC | 2007CZ052PO001 | Praha Adaptabilita | Reputational |
| | 2007CZ05UPO001 | Lidské zdroje a zaměstnanost | Partial Reputational |
| FRANCE | 2007FR052PO001 | Programme opérationnel national FSE | Partial |
| GERMANY | 2007DE051PO002 | Mecklemburg-Vorpommern | Full |
| | 2007DE052PO003 | Berlin | Full |
| IRELAND | 2007IE052PO001 | Human Capital investment | Partial Reputational |
| ITALY | 2007IT051PO001 | Campania | Full |

| | | | |
|---|---|---|---|
| | 2007IT051PO007 | PON Istruzione | Full |
| | 2007IT052PO001 | Abruzzo | Partial Reputational |
| | 2007IT052PO009 | Bolzano | Full |
| | 2007IT052PO012 | Toscana | Full |
| | 2007IT052PO016 | Sardegna | Full |
| POLAND | 2007PL051PO001 | Program Operacyjny Kapitał Ludzki | Partial |
| ROMANIA | 2007RO051PO001 | Human Resource Development | Full |
| SLOVAKIA | 2007SK05UPO001 | OP Education | Partial |
| | 2007SK05UPO002 | OP Employment and Social Inclusion | Partial Reputational |
| SPAIN | 2007ES051PO003 | Extremadura | Partial |
| | 2007ES051PO005 | Andalucia | Full |
| | 2007ES052PO003 | Comunidad Valenciana | Reputational |
| | 2007ES052PO004 | Aragon | Full |
| | 2007ES052PO005 | Baleares | Full |
| | 2007ES052PO007 | Cataluña | Reputational |
| | 2007ES052PO008 | Madrid | Partial Reputational |
| | 2007ES052PO011 | La Rioja | Reputational |
| | 2007ES05UPO001 | Adaptabilidad Y Empleo | Partial |
| | 2007ES05UPO002 | Lucha contra la discriminacion | Partial |
| | 2007ES05UPO003 | Asistencia tecnica | Partial |
| UNITED KINGDOM | 2007UK051PO002 | West Wales and the Valleys | Full |
| | 2007UK052PO001 | East Wales | Full |
| | 2007UK052PO002 | Lowlands and Uplands of Scotland | Full |
| | 2007UK052PO003 | Northern Ireland | Partial |

| 2000-2006 programming period | | | |
|---|---|---|---|
| Member State | OP number | Name | Reservation |
| FRANCE | 1999FR053DO001 | Objectif 3 national | Reputational |
| | 2000FR162DO021 | Nord-Pas-de-Calais | |
| ITALY | 1999IT161PO006 | Calabria | |
| SWEDEN | 1999SE161DO001 | Norbotten & Vasterbotten | |
| UNITED KINGDOM | 1999GB161DO005 | Highlands and Islands of Scotland | |
| | 2000GB162DO013 | Western Scotland | |

184. Highlights the fact that interim payments to 2007-2013 OPs worth EUR 2 159,4 million are affected by the reservations; notes that the Commission estimated the amount at risk in 2013 at EUR 123,3 million;

185. Supports the Court of Auditors when it asks the Commission to consistently disclose in its annual activity report the reasons for not making reservations (or making reservations with a lower financial impact) in those cases where this is due to exceptions to applicable Commission guidance or approved audit strategies;

186. Remains worried about systemic weaknesses in Spanish and Italian management and control systems aggravated by decentralised and devolved state structures;

187. Asks DG EMPL to include the table on national ACRs, provided in response to question 19 in the discharge questionnaire, in its annual activity report;

188. Calls on the Commission to ensure that the national authorities responsible for managing the Structural Funds address the problem of personnel costs being charged for at higher rates for Union projects than for nationally funded projects;

189. Takes due note of the Court of Auditors' annual report on the implementation of the budget, in particular with regard to employment and social affairs but regrets limited references to gender equality in this field, as well as an insufficient focus on employment, social solidarity and gender equality in this year's Court of Auditors' Special Reports;

190. Reiterates its demand to further develop gender-specific indicators and data to allow assessments of the general budget of the Union from a gender perspective and to monitor efforts on gender budgeting;

*De-commitments*

191. Is concerned that by the end of 2014, EUR 129 million may have to be decommitted in six Member States (BE, CZ, DE, ES, IT and UK);

*Progress Microfinance*

192. Observes that the Union has contributed EUR 100 million to Progress Microfinance; recalls that the European Investment Fund which implements Progress Microfinance on behalf of the Commission and the European Investment Bank reported that 52 microcredit providers in 20 Member States had signed agreements under Progress Microfinance and 31 895 microloans worth EUR 260,78 million had already been disbursed to micro-entrepreneurs; is concerned in this context that not enough attention is paid to the question of democratic accountability when setting up financial instruments;

*Measures to be taken*

193. Calls on the Commission to ensure, when approving the OPs for the new programming period, that Member States have considered all simplification possibilities allowed by the 2014-2020 European Structural and Investment Funds regulations;

194. Calls on the Commission to report on the progress made in administering the abovementioned OPs under reservations and on remedying the discovered weaknesses in its 2013 discharge follow-up report;

195. Urges the Commission to ensure that the Member State authorities in charge of managing structural funds address the issue of charging personnel costs at higher rates for Union projects compared to those financed by national funds;

196. Calls on the Commission to put pressure on the Member States and urge them to implement the Roma strategy and to ensure the Roma targeted implementation of Union funds;

197. Calls on the Commission to put pressure on the Member States and urge them to actively and concretely fight against unemployment, in particular youth unemployment;

## External relations

*Pressure on the budget*

198. Welcomes the increased focus of the discharge process on improving performance in order to achieve the best possible results with Union taxpayers' money; encourages the Commission, in this regard, to redouble its efforts to improve the feedback loop of the evaluations cycle, so that lessons learnt from past practice and evaluation recommendations contribute to an even greater extent to better decision-making, programming and implementation of Union aid in the future;

199. Is gravely concerned that in the 2013 budget, payment appropriations managed by the Commission's Directorate-General for Development and Cooperation (DG DEVCO) were short by EUR 293 million, and that the late approval of necessary reinforcements caused a roll-over to the following year, thus putting more pressure on the already tight payment appropriations for 2014;

200. Notes with concern the growing discrepancy between the Union's international commitments, its ambitious policy frameworks and new tools (such as the post-2015 development agenda and the External Financing Instruments for the period 2014-2020) on the one hand, and on the other hand its inability to honour the commitments it has taken vis-à-vis its global partners and other bodies, in particular with regard to humanitarian aid due to the availability of insufficient payment credits;

201. Considers that this situation entails not only a high political and reputational risk for the Union's credibility as the world's first donor but may also endanger the fiscal stability of partner countries by leaving financial gaps in their budgets; fears that this discrepancy may become very apparent in 2015, when the overall level of Official Development Aid (ODA) will largely undershoot the collective target of 0,7 % of Union GNI by year-end;

202. Emphasises that 2013 was the second consecutive year that humanitarian aid through the Union budget exceeded EUR 1,3 billion in commitments due to the occurrence of a high number of humanitarian crises that caused immense human suffering; deplores the impact that the lack of payment appropriations had in this crisis year on DG ECHO's activities, which could only be maintained through rearranging payment schedules, resulting in a carry-over of EUR 160 million in payment arrears at year end; calls on the Council to comply with the payment plan agreed with Parliament;

203. Regrets the reputational damage already suffered due to these ad hoc measures and points to the paradox between the increase in humanitarian crises worldwide in recent years and the operational measures the Union has taken to deal effectively with sudden-onset crises (such as the opening of the Emergency Response Coordination Centre in May 2013) on the one hand and the lacking payment appropriations on the other hand; is alarmed that this situation may be aggravated if adequate budget reinforcement is not ensured;

*Error rates*

204. Notes that the most likely error rate of the Court of Auditors is 2,6 % and that the residual error rate as determined by the second study carried out by EuropeAid is estimated at 3,35 %; regrets that the systems examined by the Court of Auditors at EuropeAid are assessed as partially effective;

205. Notes that the nature of the instruments and payment conditions in budget support and Union contributions to multi-donor projects carried out by international organisations limit the extent to which transactions are prone to errors;

206. Asks the Commission to submit a report on the added value of budget support and, in particular, on the way it has helped developing countries in achieving the Millennium Development Goals; requests in this regard a survey of measures taken to avoid part of the funding being wasted as a result of corruption and fraud and of the effectiveness of financial management systems in this regard;

207. Shares the criticisms of the Court of Auditors of the so-called 'notional approach' in the case of multi-donor projects and asks the Commission to examine the option of presenting, in its own accounts an analysis of these projects as a whole, instead of limiting itself to the consideration of whether the pooled amount includes sufficient eligible expenditure to cover the Union contribution;

208. Asks the Court of Auditors to calculate a separate error rate in external relations for the expenditures not included in the budget support or in the contributions to multi donor projects carried out by international organisations;

*Annual activity reports*

209. Regrets the fact that for nine transactions relating to the national programme for pre-accession, the Commission has used an accounting procedure to clear amounts of EUR 150 million on the basis of estimates rather than on the basis of incurred, paid and accepted costs proven by supporting documents; underlines that this systematic practice of DG Enlargement is not in accordance with Article 88 of the Financial Regulation and Article 100 of its Rules of Application; points out that this long standing procedure has affected and affects the declarations of assurance of the Directorate-General for Enlargement for many years, which means that for 2013, 20% of all expenditure spent by that DG was based on estimates; welcomes the fact that in 2014 the Commission put a system in place, and implemented it without delay, to ensure that the clearing of pre-financing is made in the future on the basis of correctly incurred and reported costs; acknowledges that the Commission has consistently pointed out that no expenditure has officially been validated and accepted by DG Enlargement under the clearance of accounts procedure, and therefore that no communication to the beneficiary indicating acceptance could be assumed;

210. Recalls that in his declaration of assurance[1], the Director-General of EuropeAid stated that the control procedures in place give the necessary guarantees concerning the

[1] See 2013 annual activity report of EuropeAid, p. 197.

legality and regularity of the underlying transactions; considers nevertheless that this statement is contradicted by the fact that he issued a global reservation concerning the error rate being above 2 % which demonstrates that the control procedures fail to prevent, detect and correct material error;

211. Asks the Commission to clarify the standing instructions given by the Secretariat General of the Commission so as to make it possible that an adverse opinion be given when the financial impact exceeds the materiality threshold for the whole budget under a DG's responsibility;

212. Asks the Commission to consider introducing a sanction mechanism in case of intentional irregular declaration of assurance made by an authorising officer in the annual activity report referred to in article 66(9) of the Financial Regulation;

*International trade*

213. Asks the Commission to redistribute personnel resources from other Directorates-General to DG TRADE to ensure that DG TRADE is able to satisfy the justified demand of Union citizens and Parliament for increased transparency and increased access to information in the context of the Union's ongoing trade negotiations and the upcoming ratification process, in particular with regard to TTIP, CETA and TISA, in an effective, efficient and timely manner without being forced to neglect other important tasks assigned to the Commission;

214. Draws attention to the need to ensure appropriate controls and audits of the Union's macro-financial assistance;

215. Notes that the Court of Auditors observed that, even though there have also been positive developments, the Generalised scheme of preferences (GSP) has not yet been able to fully achieve its intended goals; notes also that this system has only been in force for a short time;

216. Stresses that the evaluation and control of trade agreements is not only a budgetary issue, but that it is also essential when it comes to ensuring that partners honour the commitments they have made in the field of human rights, labour and environmental standards;

217. Asks that sufficient controls on the various activities supporting the internationalisation of the Union's small and medium-sized enterprises, as well as their access to third markets, be ensured; reiterates the need to evaluate the level of effectiveness and to look for ways in which coordination between Union business centres, national business centres and chambers of commerce in third countries, in particular in Asia, could be improved;

*Haiti*

218. Concurs with the recommendations of the Court of Auditors' Special Report No 13/2014 entitled "EU support for rehabilitation following the earthquake in Haiti", in particular on the adoption of a common DEVCO-ECHO strategy to ensure more

effective linkage and synergy between their respective activities and urges the Commission to implement these recommendations in all its ongoing and future operations in the aftermath of a disaster or a fragile situation; invites the Commission to inform the co-legislators of any budgetary or legal constraints that hindered effective implementation of Union support for rehabilitation in Haiti following the earthquake;

*Blending*

219. Notes with concern that the use of blending in energy sector primarily focuses on large projects with less emphasis on local energy solutions; urges the Union to refrain from developing a top-down approach in developing energy infrastructure to ensure universal access to energy for all by 2030, bearing in mind that large scale infrastructures may not suit the economic and social structure of the country and fail to provide energy access to the poor, for whom smaller, decentralised and off-grid energy sources are usually more appropriate and effective;

*Common Foreign and Security Policy (CFSP)*

220. Welcomes the Commission's progress in accrediting all CFSP missions in accordance with the 'six-pillar assessment' and its prediction that the four largest missions will soon be compliant; underscores the need for the Commission to accredit all missions in line with the Court of Auditors' recommendation;

221. Is deeply concerned about the serious allegations of corruption against EULEX Kosovo which, if confirmed, will call into question the integrity of the Union's reputation and the assistance it provides to countries implementing reforms in the field of the rule of law; is also especially concerned at the way the allegations of corruption were dealt with and at the slow response on the part of the European External Action Service; takes note of the investigation launched to examine EULEX Kosovo; expects to be informed about its results as soon as possible and stresses that there must be a zero tolerance policy on issues of corruption and that lessons learnt will have to be applied;

222. Regrets the significant delays in procuring essential equipment and services for missions under the Common Security and Defence Policy (CSDP) and the resulting negative effect on the missions' functioning; recalls that in its Special Report No 18/2012 entitled "European Union assistance to Kosovo related to the rule of law" the Court of Auditors denounced this inefficiency and concluded that the procurement rules laid down in the Financial Regulation "are not designed for CSDP missions where fast and flexible responses are sometimes necessary"; urges the Commission to consider a revision of the relevant rules;

*External Assistance Management Report (EAMR)*

223. Notes that a majority of Union delegations did not reach the benchmarks set up by the Commission for the key performance indicators (KPIs)[1] included in the 119 External

[1]
a. KPI "20 Ex-ante Ineligible Amounts"
b. KPI 1 "Execution of Financial Forecasts: Payments"
c. KPI 2 "Execution of Financial Forecasts: Contracts".
d. KPI 4 "RAL Absorption Capacity",

Assistance Monitoring Reports concerning financial planning and resource allocation, financial administration and auditing;

224. Notes that in light of the KPIs set up by the Commission, the best performing Union delegations are those to Nepal and Namibia since they reached the benchmarks set by the Commission for 23 of the 26 key performance indicators; regrets that the worst performing delegation is the Union's delegation to Libya that reached the benchmarks for only three of 26 KPIs, followed by the similarly poor performing delegation to the Central African Republic that reached only four benchmarks;

225. Regrets that the delegations overseen by DG ENLARGE, namely delegations to Albania, Bosnia and Herzegovina, Montenegro, Macedonia, Turkey, Kosovo and Serbia, provide little fitting data and information within the EAMR;

226. Regrets that the results, outputs or impacts of the actions lead by the Union delegations services are not measured adequately in the framework of the existing KPIs, and that the indicators give very limited clarity about the quantity and especially the performance of the delegations as well as the degree of "stakeholders' satisfaction" about the services provided by Union Delegations in these countries;

227. Asks the Commission to:

– present to Parliament the measures taken in order to improve the performance of Union delegations as regards financial planning and resource allocation, financial administration and auditing in particular as regards the worst performing delegations;

– better document every year the conclusions it has drawn from the EAMR and from the KPIs and provide these conclusions together with the EAMRs to Parliament;

– include a balance sheet with the accounting data of the delegation into the EAMR;

– improve the quality and the exhaustiveness of the data provided in the EAMR and the relevance of the reports as well, in particular as regards the delegations overseen by DG ENLARGE; and

– make external assistance contingent on efforts being made to combat corruption;

*International Management Group*

228. Takes note that a leaked version of the final report of OLAF on IMG has been circulated; asks the Commission and OLAF's supervisory committee to investigate why

e. KPI 18 "Percentage of Projects Visited in the EAMR Period"
f. KPI 21 "Implementation of Annual Audit Plan: Year N (2013)"
g. KPI 22 "Implementation of Annual Audit Plan: Year N - 1 (2012)"
h. KPI 23 "Implementation of Annual Audit Plan: Year N - 2 (2011)"
i. KPI 26 "Recovery or Justification of Audit Ineligible Amounts".

and how the OLAF report was leaked and by whom, while IMG is still not informed about the content of the report;

229. Notes that IMG received, directly or indirectly under joint management, more than EUR 130 million from the Commission since its creation in 1994; notes that due to the interruption of payments by the Commission, IMG has taken the case to court and that the status of this organisation is subject to legal controversy; urges the Commission to take a clear decision in this regard and asks the Commission to inform Parliament about the follow-up given to the OLAF enquiry opened in 2011; urges the Commission to provide Parliament with a list enumerating all the organisations, companies, other bodies or persons, detailing their legal status, which have received contracts from the Commission without a call for proposals;

*Ukraine*

230. Notes that in 2013 payments of bilateral assistance to Ukraine, funded from the European Neighbourhood and Partnership Instrument (ENPI) budget, amounted to EUR 152,8 million; notes that 42,5 % of these payments (EUR 64,9 million) are linked to contracts directly managed by the Union delegation to Ukraine; notes that the remaining 57,5 % (EUR 87,9 million) were disbursed in the form of budget support;

231. Emphasises that budget support payments are conditional on the achievement of jointly agreed results and benchmarks; notes that the beneficiary government commits to these results and benchmarks by signing a bilateral financing agreement and if results and benchmarks are not achieved, payments are not disbursed;

232. Appreciates that Ukraine currently finds itself in a particularly difficult situation but maintains that this may not be an excuse for not fulfilling the conditions under which budget support is given and, in particular, for not addressing the wide-spread corruption in the country;

233. Calls therefore on the Commission and the Union delegation to Ukraine to be particularly vigilant when disbursing funds and to assure themselves that the funds are invested in the projects they were destined for;

*Administrative costs of aid delivery*

234. Is concerned about the high administration costs of aid delivery to Central Asia calculated by the Court of Auditors; asks the Commission to inform Parliament about the administrative costs of external aid delivery if they exceed 10 % of the forecasted budget;

*Possible embezzlement of Union humanitarian and development aid funds*

235. Takes note that OLAF drafted a report on the humanitarian aid granted to the Saharawi refugee camp of Tindouf in Algeria (OF 2003/526); calls on the Commission to clarify the measures taken in response to the findings of that report; notes that according to a

UNHCR inquiry report[1] the non-registration of a refugee population for such a prolonged period (i.e almost 30 years after their arrival) constitutes "an abnormal and unique situation in the UNHCR's history"; urges the Commission to ensure that the Algerian or Sahrawi individuals incriminated by the OLAF report no longer have access to aid funded by Union taxpayers; calls on the Commission to re-evaluate and adapt Union aid to the actual needs of the population concerned and to ensure that the interests and needs of the refugees will not be harmed because they are the most vulnerable to any possible irregularity;

236. Is worried about the Ghana public payroll fraud case where neither the World Bank nor the United Kingdom as project partners alerted the Commission about the serious concerns they had about weaknesses in controls and the risk of accounting errors and fraud that these presented;

**Research and other internal policies**

*EU 2020*

237. Stresses that the Seventh Framework Programme (7FP) was the main programme financed by the Commission; notes that 809 grant agreements, involving 10 345 participants for a total of EUR 3 439 million in Union contributions were signed; notes that the 7FP contributes to the Union's efforts to invest in a sustainable competitiveness but points that the Union as a whole is still far from its objective of having at least 3% of GDP spent on R&D; notes that some progress was made in meeting key performance indicators (gross expenditure on Research and Development (R&D), share of public expenditure on R&D, progress in the implementation of the Innovation Union, share of Union financial contributions to small and medium-sized enterprises, reduction of Time-to-Grant);

*Errors*

238. Notes that the Court of Auditors audited 150 transactions, namely 89 transactions relating to research (86 for the Seventh Framework Programme (FP7) and three for the Sixth Framework Programme (FP6)), 25 transactions for the Lifelong Learning (LLP) and Youth in Action (YiA) Programmes and 36 transactions for other programmes; regrets that the Court of Auditors estimated the most likely error at 4,6 % (2012: 3,9%);

239. Observes that the spending in this policy group covered a wide range of policy objectives, such as research and innovation, education, security, migration and measures to combat the effects of the financial crisis; notes that the Commission spent more than 50 % (EUR 5 771 million) of the available amount on research; notes that 45 % of the Commission's research budget was implemented by bodies (i.e. agencies, joint undertakings) outside the Directorate-General; notes that almost 90 % of the spending took the form of grants to beneficiaries participating in projects and that in 2013 the Commission concluded 809 grant agreements;

[1] UNHCR Inspector General's Office, Inquiry Report INQ/04/005, Geneva, 12 May 2005.

240. Takes note that the principal risk to regularity remained that beneficiaries include ineligible or unsubstantiated costs in their cost statements, which were neither detected nor corrected by the Commission or Member States' control systems;

241. Regrets that 35% of the estimated error is caused by incorrectly calculated or ineligible personnel costs; notes that this includes declaring budgeted rather than actual personnel costs, as well as charging time that was not spent on the projects;

242. Regrets that 23% of the estimated error rate is caused by indirect ineligible costs, 25% by other ineligible direct costs (VAT, travelling, etc.), and 17% by non- compliance with public procurement rules;

243. Observes that first-time applicants, particularly SMEs, are with a largely unknown risk/error profile; calls on the Commission not to undermine the efforts made to encourage these participants to participate in the programmes, by systematically increasing the level of control or administrative burden on them;

*Management and Control Systems*

244. Is astounded that in nine of 32 cost statements certified by independent auditors the Court of Auditors found a significant level of error; considers that such a level of error is not acceptable as auditors work in the area of their professional expertise;

245. Calls on the Commission to increase the awareness of auditors for fulfilling their role;

246. Takes note of the fact that the Commission conducted in 2013 500 ex post audits and the associated recovery and corrective action, and risk based ex ante checks;

247. Supports the Court of Auditors' recommendation, accepted by the Commission, to make controls for this policy group more risk-driven, focusing checks on high-risk beneficiaries (for example entities with less experience of Union funding) and reducing the burden of checks on less risky beneficiaries;

248. Reiterates the necessity to strike the right balance between fewer administrative burdens and effective financial control;

249. Welcomes the fact that in 2014, the time-to-grant time span has dropped from 249 days to 209 days for 94% of the grant agreements;

250. Welcomes the fact that the Commission continued with its communication campaign based on a document listing the 10 most common causes of error, which was distributed to all programme participants in 2012;

251. Observes that by the end of 2013, the undue claimed amounts recovered had reached EUR 29,6 million, while outstanding recoverable amounts had increased from EUR 12 million at the end of 2012 to almost EUR 17 million;

252. Notes that project stakeholders (ITER organisation and the domestic agencies – including Fusion for Europe) have recognised that the current schedule and budget is not realistic, as confirmed by several independent assessments in the last two years

(2013-2014); requests to receive a copy of the revised schedule and budget which will be submitted to the ITER Council in June 2015; is concerned by the regular delays in the ITER programme which questions its efficiency and effectiveness; is deeply concerned by the overcosts, which have impacted upon the cost-effectiveness of the programme and put other Union programmes in jeopardy, mainly in the research policy area;

253. Welcomes the fact that the External Borders Fund has helped to foster financial solidarity; criticises the fact, despite this, that further Union added value was limited and that the overall result could not be measured due to weaknesses in the responsible authorities' monitoring and serious deficiencies in the ex post evaluations conducted by the Commission and the Member States;

*Galileo*

254. Notes the Commission replies on the progress made in implementing the Galileo project: four Galileo In-Orbit Validation (IOV) satellites were successfully launched in 2011 and 2012, the Galileo In-Orbit Validation phase was successfully concluded in 2014, the system design, the performance targets and the baseline for system operation were successfully confirmed, the ground infrastructure, with many ground stations worldwide, has been completed for the initial operations, the Galileo Search-and-Rescue capability of the IOV-satellites was successfully demonstrated, the launch of two satellites (no. 5 and 6) on 22 August 2014 resulted in an injection of these satellites into incorrect orbit, and since December 2014 the satellites have been gradually moved to a more favourable orbit to allow their best possible use, and the testing of the satellites' navigation payload is on-going; expects to be informed about additional costs for these unforeseen measures;

255. Notes that in 2013, the Court of Auditors audited eight transactions in the transport sector and found that five of them were affected by one or more errors; draws attention to the increase of the percentage of affected transactions in 2013 (62 %) compared to 2012 (49 %) and is concerned that, as in previous years, the Court of Auditors has found several errors in relation to non-compliance with Union and national procurement rules for the TEN-T projects examined; takes note that as in the preceding year of 2012, once more in 2013, DG MOVE did not issue a reservation related to public procurement errors; insists, therefore, that the Commission undertake the necessary measures in order to exclude such errors in the future; notes that it is of the utmost importance to extend the ex ante and ex post control of the beneficiaries of Commission grants, funding and financing in order to avoid the misuse of the Community allocation of resources and to ensure a verification of performance; emphasises that even if the funding period 2007-2013 is formally over, there is a N+2 principle for cohesion funding, meaning that many projects are still under construction until the end of this year;

256. Calls on the Commission, for the sake of transparency, to publish an easily accessible annual list of transport projects co-financed by the Union, including the exact funding amount for each individual project; notes that this list of projects shall include all sources of Union funding such as TEN-T, Horizon 2020, Cohesion and Regional Funds;

257.Urges the Commission to report every year how the remarks on the respective budget lines have been taken into account;

258.Recalls that the transport projects in the period between 2007 - 2013 and 2014 - 2020 have been and will be financed by multiple sources, including the CEF, the Cohesion Fund and the European Regional Development Fund; calls on the Commission to seek more synergy between different sources of funding to seek a more efficient allocation of Union funds;

*Environment and public health*

259. Is satisfied with the overall implementation of the budgetary headings for environment, climate action, public health and food safety in 2013; recalls again that only less than 0,5 % of the Union budget is dedicated to those policy instruments, while bearing in mind the clear Union added value in these fields and the support from Union citizens for Union environmental and climate policies, as well as for public health and food safety; regrets that this percentage has fallen to 0,5 % from 0,8% in 2012;

260. Takes note of the presentation of the environment and health policy areas within the Court of Auditors Annual Report concerning the financial year 2013; is concerned that both policy areas appear again in the chapter also devoted to rural development and fisheries; reiterates its criticism towards this composition of policy areas, and urges the Court of Auditors to revise its approach with the next annual report; refers in this connection to the Court of Auditors' Special Report No 12/2014 entitled "Is the ERDF effective in funding projects that directly promote biodiversity under the EU biodiversity strategy to 2020?", which stresses the need for the Commission to maintain an accurate record of direct and indirect spending on biodiversity, including Natura 2000; urges the Member States to facilitate this process by providing accurate data;

261. Acknowledges that the Court of Auditors carries out random checks in the Member States very systematically and establishes the error rate on the basis thereof; notes that the Court of Auditors does not indicate in which Member States or in which areas the greatest problems arise; stresses therefore the need for a clear chain of accountability and, in this context, attaches great importance to the quality of control systems in the Member States;

262. Considers the progress in the implementation of 14 Pilot Projects (PPs) and six Preparatory Actions (PAs) amounting altogether to EUR 5 983 607 as satisfactory; encourages the Commission to continue implementing PPs and PAs as proposed by Parliament;

263. Notes that DG SANCO was responsible for implementing EUR 233 928 461 on public health budget lines in 2013, of which 98,1 % have been committed satisfactorily; is aware that roughly 77 % of that budget is directly transferred to three decentralised agencies (the European Center for Disease Prevention and Control, the European Food Safety Authority (EFSA) and the European Medicines Agency(EMA)) and that all credits were implemented at 100% except for EMA and EFSA and that this under-execution of EMA and EFSA commitment appropriations corresponds to the outturn of 2012;

*Culture*

264. Welcomes the fact that in 2013, the budget execution rate for the 2007–2013 programmes, in particular Lifelong Learning (LLP), Culture, Media and Youth in Action programmes was 100%; asks that the budget in the framework of the 2014-2020 Education and Culture programmes be strengthened and increased; is particularly worried that at the end of the year, the mismatch between the adopted commitment and payment appropriations resulted in shortage of payments (amounting in the Erasmus+ programme, for example, to a shortfall of EUR 202 million) with grave negative repercussions on the following year; is strongly concerned and also regrets that a similar situation might develop in the context of the new programmes, especially Erasmus+ and Creative Europe, which would in turn determine a dangerous loss of credibility by the Union and would undermine the citizens' trust in the Union institutions and have disastrous consequences on participants to the programmes;

265. Welcomes the fact that since its launch in 1987, the Erasmus programme has reached and surpassed the 3 million students benchmark; notes the sustained success this Union flagship programme – one that has contributed to European integration and the rising awareness of and sense of belonging to a common European citizenship – has enjoyed since its inception;

266. Is concerned that at a European level – as reported in the Eurobarometer Special Report 399 on cultural access and participation from 2013 – public budgets dedicated to the safeguarding and promotion of cultural heritage are noticeably decreasing, as is participation in traditional cultural activities; considers therefore that the new Union instruments to support the European Agenda for Culture – such as the Creative Europe and Horizon 2020 programmes, or the Europeana cultural platform – must be strengthened;

*Measures to be taken*

267. Takes note that the Director-General of Directorate-General for Research and Innovation issued a general reservation with regard to the accuracy of cost claims (EUR 3 664 million) for the FP7 in the Directorate-General's annual activity report, although he himself expects the ‘net financial impact of errors’, based on 1552 closed projects, to be around 2,09 %, meaning close to the materiality threshold; considers that such reservations render the term ‘sound financial management’ meaningless; calls therefore on the Director-General to use reservations, in future, in a more specific and targeted way;

268. Calls on the Commission to provide information, in time for the 2013 Commission's discharge follow-up report, about the average length of adversarial procedures before recovery in this policy group;

269. Regrets that the Commission did still not send the list of beneficiaries by country; expects to receive answer in the 2013 Commission discharge follow-up report;

270. Welcomes the fact that the Commission has finally granted the rapporteur access to the audit report on the operational costs for two programmes (Lifelong learning EUR 6,9

million, Youth in Action EUR 1,65 million) running in Turkey in 2012 and 2013; notes that the report was transmitted under the Framework Agreement; is concerned about important weaknesses found but welcomes the measures taken by the Turkish authorities to remedy the situation; asks the Commission to assess whether any financial corrections will have to be imposed;

271. Calls on the Commission to provide supplementary information on spending for the Information and Communication Technologies Policy Support Programme in time for the 2013 Commission's discharge follow-up report; notes that for this programme the amount of payments at risk could be as high as EUR 3,4 million in 2013 resulting in a residual error rate of 2,8%; notes that in spite of these circumstances the Director-General of Directorate-General for Communications Networks, Content and Technology (DG CONNECT) did not issue a reservation;

272. Calls on the Commission to report comprehensively, in time for the 2014 discharge procedure, on the increasing "policy-orientation" of the Directorate-General for Research and Innovation which was triggered by outsourcing the management of two-thirds of the FP7's operational costs to non-Commission bodies;

273. Asks the Commission to provide, in time for the 2014 discharge procedure, an overview listing the policy progress between FP7 and HORIZON 2020 for researchers and SMEs;

**The European Anti-Fraud Office (OLAF)**

274. Welcomes the ongoing discussions between OLAF and the OLAF Supervisory Committee (SC) on the revision of the Working Arrangements (WA) and encourages them to reach a common and satisfactory agreement; takes note of the efforts of OLAF to implement the WA; stresses that these efforts should not be disproportionate, considering the resource constraints in the office;

275. Points out that Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council[1] in force since 1 October 2013 obliges OLAF to guarantee the independent functioning of the Supervisory Committee (OLAF-SC) Secretariat (Recital 40 of Regulation (EU, Euratom) No 883/2013); is unaware, at this stage, of measures taken to implement this legal obligation; urges the Commission to take immediate steps to remedy the situation;

276. Calls on OLAF to consult the OLAF-SC in a timely manner prior to modifying instructions to staff on investigation procedures and prior to setting investigation policy priorities;

277. Regrets the fact that OLAF does not necessarily implement the OLAF-SC's recommendations, sometimes even without giving a justification; calls on the Director General to improve his cooperation in this respect;

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[1] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

278. Recalls that OLAF opened 423 investigations on 31 January 2012; is concerned about the legality of such a procedure; calls on the OLAF-SC to assess the legality of the 423 investigations opened over night and the outcome of those investigations; also asks the OLAF-SC to assess the statistics on the duration of investigations, to analyse the functioning of the case management system and to report back to Parliament;

279. Calls on the OLAF-SC to also assess the statistics on the duration of investigations, to analyse the functioning of the case management system and to report back to Parliament's competent committee;

280. Asks OLAF to provide more detailed statistics on the frequency of the opening and closing of investigations in its Annual Report;

281. Asks OLAF to provide more information for Parliament on the practicalities of the procedure of the case selection process, and the length and internal guidelines of the process;

**Administration**

282. Points out that over the last four years (2011-2014), 336 145 applications were received for all selection procedures launched by the European Personnel Selection Office, that the average cost of processing one application can be estimated at EUR 238 and that less than 10 % of those candidates are finally placed on a reserve list; demands that Union taxpayers' money be saved by cutting red tape and prolonging the validity of the established reserve lists to at least two years; demands the Commission to report on this issue by June 2015;

283. Asks that the Commission provide Parliament with information about the highest pension paid in 2013 for Commission officials;

284. Is worried about the Court of Auditors' finding that provisions for dealing with poorly performing staff are rarely used; calls on the Commission to fully apply the Staff Regulations;

285. Asks for information about staff outside the establishment plan and staff costs financed from headings other than "administration"; regrets that no consolidated information is provided to the budgetary authority about the total number of such staff or about the associated staff expenditure in the Commission;

286. Recalls that Council Regulation (EC, Euratom) No 723/2004[1] introduced in Annex 1.A two new grades, AD13 and AD14, accessible to staff without management responsibilities which was limited previously to A4 (being equivalent to AD12); calls on the Commission to update the 2011 report on career equivalence and report on the staff expenditure generated in 2013 by non-management AD13 and AD14 staff;

[1] Council Regulation (EC, Euratom) No 723/2004 of 22 March 2004 amending the Staff Regulations of officials of the European Communities and the Conditions of Employment of other servants of the European Communities (OJ L 124, 27.4.2004, p. 1).

287. Asks the Commission to provide information about the financing of all social, sports and cultural measures for its staff, including the benefits of those measures on the performance and the integration of expatriates and their families;

288. Asks the Commission to report on the use of flexitime in the follow-up to the 2013 Commission discharge;

289. Is worried about the substantial increase in the number of high officials with grades AD 13 to AD 16; sees a reputational risk for the Union as it is difficult to explain that overtime is not seen to be included in such high salaries;

290. Notes that the differences in pay levels for civil servants working for Union institutions and for those working for national administrations, remain very high, leading, inter alia, to a lack of mobility between staff at a Union level and at national levels; calls on the Commission to carry out an in-depth study on the reasons for these differences and to develop a long-term strategy to reduce these differences, whilst paying particular attention to the different allowances (family, expatriation, installation and resettlement allowances), annual leave, holidays, travel days, and compensation for over-time;

291. Points to the notice issued by the Commission Secretariat-General on limiting answers to parliamentary questions, which lays down a 20-line limit; calls on the Commissioners to shoulder their political responsibility and stop allowing themselves to be limited by the Secretariat-General in their answers;

292. Is concerned about the protection afforded to whistle-blowers and calls on the Commission to ensure that their rights are fully upheld;

293. Points out that non-governmental organisations (NGOs) received in 2013 almost EUR 9 million from DG Environment, almost EUR 4 million from DG Health and Consumers and EUR 5,7 million from DG Employment, Social Affairs and Inclusion; takes note of a permanent externalisation of Commission tasks; asks the Commission to present to the Parliament the Union added value of the money channelled via these NGOs;

294. Calls on the Commission to provide Commissioners who have been in office for less than two years with a transitional allowance for a period which does not exceed their term of office as a Commissioner;

295. Considers that in times of crisis and general budget cuts, expenditure on away days for Union staff should be reduced and that such activities should, as far as possible, be confined to the places of work of the institutions, since the resulting added value does not justify such high costs;

296. Is concerned about the lack of women in positions of responsibility at the Commission; calls on the Commission to launch an equal opportunities scheme designed to remedy this imbalance as soon as possible, particularly at management level;

### Getting results from the Union budget

297. Regrets the fact that despite some progress reported by the Court of Auditors[1] the fourth evaluation report as provided for in Article 318 TFEU is not yet a useful contribution to the discharge activity while according to the TFEU, it should be part of the evidence when Parliament gives discharge each year to the Commission in respect of the budget; is concerned that the lack of focus on performance is a major problem of the Union budget;

298. Notes that in its 2013 report, the Court of Auditors concludes that Member States, when selecting projects under shared management, have focused first on the need to spend the Union money available, rather than on their expected performance; requests that in order to reverse this incentive and to change towards a culture of good performance, an independent high-level working group (including academics) on the performance of the Union budget be convened in order to make recommendations to structurally shift the incentive from spending to good performance, based on an assessment of Union added value, while respecting compliance with the rules; is of the opinion that the findings of this high-level working group should be available in due time before the mid-term review of the current MFF and form the basis for the new MFF programming period;

299. Reiterates its demand that the Directorates-General of the Commission define in their Management Plan a limited number of simple targets, meeting the Court of Auditors' requirements in terms of relevance, comparability and reliability and linked to the main goals of the Europe 2020 strategy that they report on their achievement in their annual activity report in a chapter entitled "Policy Achievements" and that the Commission adopts on that basis the evaluation report on the Union's finances as provided for in Article 318 TFEU;

300. Demands that the Commission includes in the next evaluation reports provided for in Article 318 TFEU an analysis of the efficiency, the effectiveness and the results achieved in terms of growth and jobs by the investment plan of EUR 315 billion announced by the President of the Commission, Jean-Claude Juncker, on 26 November 2014 in the plenary session of Parliament;

301. Demands that in the next evaluation report provided for in Article 318 TFEU, the Commission includes an analysis made in cooperation with the European Investment Bank on the efficiency, the effectiveness and the results achieved by the Growth and Jobs plan of EUR 120 billion adopted by the European Council in its meeting of 28 and 29 June 2012;

302. Insists that the internal organisation of the Commission, chaired by Jean-Claude Juncker, should take into consideration the fact that the Union growth and jobs strategy is not based on activities led by each individual DG but encompasses seven cross-cutting flagship initiatives which are implemented each time by several Directorates-General; insists that the coordination and cooperation therefore needed within the Commission should not create new forms of bureaucracy and red tape;

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[1] See Court of Auditors' Annual Report for 2013, point 10.24.

303. Calls on the Commission to manage its budget in such a way that there are no thematic policy overlaps and duplications amongst its various DGs with similar or nearly identical competences;

304. Considers that the concept/idea of Sustainability Impact Assessment Studies is to be applied for all types of financial support, not only in the Commission expenditure, but in all Union institutions, bodies and agencies; considers that expenditure which does comply with an impact assessment study/analysis should not be permitted and allowed;

305. Requests that the Commission submit a comprehensive report on its activities to Parliament's competent committee by September 2015 in order to encourage whistle-blowing by the wider public;

**Executive agencies**

306. Regrets that according to the audit report on the annual accounts of the Trans-European Transport Network Executive Agency[1], the Agency does not perform the satisfactory ex ante verification on the charges for its premises invoiced by the building manager resulting in EUR 113 513 of VAT unduly paid and not recovered in 2013 by the Executive Agency; notes that most of the underlying contracts, invoices and receipts were not at the Executive Agency's disposal; points out to the high carry over rate for Title II (27% equivalent to EUR 666 119) which raises questions to the sound financial management of this Executive Agency;

***Tobacco smuggling***

307. Recalls that Parliament asked in the resolution accompanying the 2012 Commission discharge for an assessment of the existing agreements with the four tobacco groups (Philip Morris International Corporation Inc. (PMI), Japan Tobacco International Corporation, British American Tobacco Corporation and Imperial Tobacco Corporation); notes that during the in camera hearing on this issue, the Commission committed to presenting, by May 2015, an assessment of the experiences made with respect to the agreement with PMI which expires soon.

[1] See Court of Auditors' report on the annual accounts of the Innovation and Networks Executive Agency (formerly the Trans-European Transport Network Executive Agency) for the financial year 2013, together with the Agency's replies (OJ C 442, 10.12.2014, p. 358), points 11 to13.

10.2.2015

# OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies (2014/2075(DEC))

Rapporteur: Anneli Jäätteenmäki

## SUGGESTIONS

The Committee on Foreign Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the considerable drop in the rate of material errors in Heading 4 for the 2013 financial year; supports all recommendations on Heading 4 made by the European Court of Auditors (ECA) in its annual report; remains concerned that accepted expenditure remains affected by a material level of error; notes, however, that despite increases in the spending most prone to error, the overall rate of material errors has decreased across the whole of the Union budget;

2. Calls for the effective use of all available measures in agreements with third countries to deal with fraud and damage to the Union's financial interests, and for the establishment of more effective measures where necessary;

3. Calls for the creation of effective mechanisms for the ex post and ex ante impact assessment of agreements between the Union and third countries;

4. Is concerned about the ECA's finding that the Commission validated substantial IPA expenditures in the absence of supporting documentation; agrees with the recommendation of the Court of Auditors, that, in order to avoid such errors in the future, Commission and DG ELARG must ensure that a new system for clearing of expenditure is put in place, whereby clearing would be done on the basis of incurred expenditure, as is already general practice in the other institutions;

5. Notes the ECA's audit of EuropeAid's systems and its assessment of them as only partially effective; urges EuropeAid to improve the quality of its systems in line with the recommendations by the ECA; notes, however, that the rate of material error for EuropeAid is lower than in 2012;

6. Welcomes the Commission's progress in accrediting all CFSP missions in accordance with the 'six-pillar assessment' and its prediction that the four largest missions will soon be compliant; underscores the need for the Commission to accredit all missions in line with the ECA’s recommendation;

7. Is deeply concerned about the serious allegations of corruption against EULEX Kosovo which, if confirmed, will call into question the integrity of the European Union’s reputation and the assistance it provides to countries implementing reforms in the field of the rule of law, and is also especially concerned at the way the allegations of corruption were dealt with and at the slow response on the part of the European External Action Service; takes note of the investigation launched to examine EULEX; expects to be informed about its results as soon as possible and stresses that there must be a zero tolerance policy on issues of corruption and that lessons learnt will have to be applied;

8. Regrets the significant delays in procuring essential equipment and services for missions under the CSDP and the resulting negative effect on the missions' functioning; recalls that the Court of Auditors in its 2012 Special Report on the EU support for Kosovo denounced this inefficiency and concluded that the procurement rules laid down in the financial regulation "are not designed for CSDP missions where fast and flexible responses are sometimes necessary"; urges the Commission to consider a revision of the relevant rules;

9. Takes the opinion that the Commission should introduce, by delegated acts in accordance with Article 210 of the Financial Regulation, specific procurement rules to the crisis management measures under the CSDP in order to facilitate the rapid and flexible conduct of operations; recalls that Article 190(4) of the Financial Regulation already provides for derogation from the external action procurement rules for humanitarian aid.

## RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 9.2.2015 |
| **Result of final vote** | +: 47<br>–: 4<br>0: 8 |
| **Members present for the final vote** | Francisco Assis, Petras Auštrevičius, Amjad Bashir, Goffredo Maria Bettini, Mario Borghezio, Elmar Brok, Klaus Buchner, James Carver, Fabio Massimo Castaldo, Lorenzo Cesa, Aymeric Chauprade, Javier Couso Permuy, Andi Cristea, Arnaud Danjean, Marcel de Graaff, Georgios Epitideios, Knut Fleckenstein, Eugen Freund, Michael Gahler, Richard Howitt, Sandra Kalniete, Manolis Kefalogiannis, Tunne Kelam, Janusz Korwin-Mikke, Andrey Kovatchev, Eduard Kukan, Ilhan Kyuchyuk, Arne Lietz, Barbara Lochbihler, Ramona Nicole Mănescu, David McAllister, Jean-Luc Mélenchon, Tamás Meszerics, Francisco José Millán Mon, Javier Nart, Pier Antonio Panzeri, Demetris Papadakis, Alojz Peterle, Tonino Picula, Kati Piri, Andrej Plenković, Cristian Dan Preda, Jozo Radoš, Alyn Smith, Charles Tannock, Eleni Theocharous, László Tőkés, Ivo Vajgl, Elena Valenciano, Hilde Vautmans |
| **Substitutes present for the final vote** | Angel Dzhambazki, Mariya Gabriel, Antonio López-Istúriz White, David Martin, Igor Šoltes |
| **Substitutes under Rule 200(2) present for the final vote** | Viorica Dăncilă, Doru-Claudian Frunzulică, Christine Revault D'Allonnes Bonnefoy, Beatrix von Storch |

22.1.2015

## OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III - Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Linda McAvan

## SUGGESTIONS

The Committee on Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the increased focus of the discharge process on improving performance in order to achieve the best possible results with Union taxpayers' money; encourages the Commission, in this regard, to redouble its efforts to improve the feedback loop of the evaluations cycle, so that lessons learnt from past practice and evaluation recommendations contribute to an even greater extent to better decision-making, programming and implementation of Union aid in the future;

2. Is gravely concerned that in the 2013 budget, payment appropriations managed by the Commission's Directorate-General for Development and Cooperation (DG DEVCO) were short by EUR 293 million, and that the late approval of necessary reinforcements caused a roll-over to the following year, thus putting more pressure on the already tight payment appropriations for 2014;

3. Notes with concern the growing discrepancy between the Union's international commitments, its ambitious policy frameworks and new tools (such as the post-2015 development agenda and the External Financing Instruments for the period 2014-2020) on the one hand, and on the other hand its inability to honour the commitments it has taken vis-à-vis its global partners and other bodies, in particular with regard to humanitarian aid, due to the availability of insufficient payment credits;

4. Considers that this situation entails not only a high political and reputational risk for the Union's credibility as the world's first donor, but may also endanger the fiscal stability of partner countries by leaving financial gaps in their budgets; fears that this discrepancy may become very apparent in 2015, when the overall level of Official Development Aid (ODA) will largely undershoot the collective target of 0,7 % of Union GNI by year-end;

5. Underlines that 2013 was the second consecutive year that humanitarian aid through the Union budget exceeded EUR 1,3 billion in commitments due to the occurrence of a high number of humanitarian crises that caused immense human suffering; deplores the impact that the lack of payment appropriations had in this crisis year on DG ECHO's activities, which could only be maintained through rearranging payment schedules, resulting in a carry-over of EUR 160 million in payment arrears at year end; calls on the Council to comply with the payment plan agreed with Parliament;

6. Regrets the reputational damage already suffered due to these ad hoc measures and points to the paradox between the increase in humanitarian crises worldwide in recent years and the operational measures the Union has taken to deal effectively with sudden-onset crises (such as the opening of the Emergency Response Coordination Centre in May 2013) on the one hand and the lacking payment appropriations on the other hand; is alarmed that this situation may be aggravated in 2014 if adequate budget reinforcement is not ensured;

7. Notes an improvement in the Most Likely Error rate estimated by the European Court of Auditors for payments in the field of external action (from 3,3 % in 2012 to 2,6 % in 2013); regrets, nevertheless, that this figure is still above the materiality threshold, generating a reservation from the Director General of EuropeAid and making the occurrence of errors in payments in the area of external action a matter that continues to merit Parliament's closest attention and immediate follow-up by the Commission;

8. Looks forward to seeing the first results of DG DEVCO's Action Plan adopted in May 2013 to improve the implementation of its control systems; urges DG DEVCO in particular to accelerate its recovery orders management (with EUR 310 million still outstanding at the end of 2013, out of a total recoverable amount of EUR 550 million);

9. Notes with satisfaction that DG ECHO's RER has remained under the materiality threshold for several consecutive years (1,55 % in 2013);

10. Concurs with the recommendations of the European Court of Auditors' Special Report on EU support for rehabilitation following the earthquake in Haiti1, in particular on the adoption of a common DEVCO-ECHO strategy to ensure more effective linkage and synergy between their respective activities and urges the Commission to implement these recommendations in all its on-going and future operations in the context of a post-disaster or fragile situation; invites the Commission to inform the co-legislators of any budgetary or legal constraints that hindered effective implementation of EU support for rehabilitation in Haiti following the earthquake;

11. Notes that in 2013, the use of innovative financial instruments, in particular the blending of grants and loans, was further promoted, with a Union contribution of almost EUR 400 million across all regional blending facilities[2], of which 55 % was allocated to the energy sector, notably to 52 investment projects with a total value of EUR 7,2 billion;

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[1] Special Report n° 13/2014: EU support for rehabilitation following the earthquake in Haiti: http://www.eca.europa.eu/Lists/ECADocuments/SR14_13/QJAB14013ENC.pdf

[2] The current EU blending facilities are: the Neighbourhood Investment Facility (NIF), the Investment Facility for Central Asia (IFCA), the Latin America Investment Facility (LAIF), the Asia Investment Facility (AIF), the Investment Facility for the Pacific (IFP), the Caribbean Investment Facility (CIF), the

12. Notes with concern that the use of blending in energy sector primarily focuses on large projects with less emphasis on local energy solutions; urges the Union to refrain from developing a top-down approach on developing energy infrastructure to ensure universal access to energy for all by 2030, bearing in mind that large scale infrastructures may not suit the economic and social structure of the country and fail to provide energy access to the poor, for whom smaller, decentralised and off-grid energy sources are usually more appropriate and effective;

13. Points out that the European Court of Auditors' Special Report 16 (2014) on the use of blending concludes that for nearly half of the projects examined, there was insufficient evidence to conclude that the grants were justified, while in a number of these cases, there were indications that the investments would have been made without the Union contribution; points out, in addition, that blending risks led to a debt bubble in some third world countries with limited revenues to service their debt, notably in Sub-Saharan Africa and the Caribbean; urges the European Commission accordingly, in a context where it has indicated its wishes to extend considerably the use of blending in future years, to implement the recommendations made by the European Court of Auditors' Special Report on the use of blending and to evaluate the mechanism of blending loans and grants, particularly in terms of development and financial additionality, transparency and accountability;

14. Recalls that Union blending should in no circumstances constitute an excuse for diminishing ODA; welcomes the participation of the Parliament in the EU Platform for Blending in External Cooperation (EUBEC) to provide recommendations and guidance with a view to further increase the effectiveness of aid delivered by the Union through blending operations in line with the internationally agreed objectives of the aid effectiveness agenda, particularly the key principles of ownership, alignment, harmonisation and mutual accountability; in particular, recommends, in a context where blending provides an opportunity to support the activities of big Union corporations operating abroad (thereby departing from development objectives), that Parliament should be duly informed on the project proposals financed by the blending facilities before decisions are taken by the operational boards; recalls that projects financed through blending should truly contribute to poverty reduction and respect development effectiveness principles; calls on the Commission to use blending only where its added value is demonstrated as highlighted by the Court[1];

15. Notes that in 2013 budget support remained an important aid modality for implementing the Union's development policy, with a share of 27,3 % of total commitments; welcomes the fact that the creation of the Budget Support Steering Committee and the application of the new budget support policy[2] from 1 January 2013 appear to contribute positively to assurance on DG DEVCO's budget support transactions in 2013;

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Facility for Euro-Mediterranean Investment and Partnership (FEMIP), the EU-Africa Infrastructure Trust Fund (EU-AITF) and the Global Energy Efficiency and Renewable Energy Fund (GEEREF). The Energy for All Initiative is a global UN-led initiative with a significant blending component to which the EU contributed in 2013.

[1] European Court of Auditors, The effectiveness of blending regional investment facility grants with financialinstitution loans to support EU external policies, Special Report 16, 2014.

[2] Budget support guidelines, European Commission, September 2012.

16. Is concerned that none of the Key Performance Indicators in the area of 'Efficiency of Audit System' were met in 2013; notes with concern that the percentage of financial audits contracted by the Commission that received an unqualified opinion from the external auditors decreased from 53 % in 2012 to 44 % in 2013; encourages DG DEVCO to take all necessary measures to improve the quality and effectiveness of its audit systems, in particular regarding data encoding and the implementation of audit plans;

17. Urges DG DEVCO to reduce the high number of critical and very important recommendations by the Internal Audit Service, the Internal Audit Capability and the European Court of Auditors that were still outstanding more than six months past the original deadline[1] and to bring this figure below the target of 15 % by the end of 2014;

18. Looks forward to seeing the detailed results of the workload assessment in Headquarters to implement the staff cuts policy for the period 2014-2017; is concerned by the fact that lack of personnel and the suspension of posts were repeatedly cited as major factors behind the non-achievement of Key Performance Indicators in Delegations[2] and that 'Staff allocation and mobility' continued to be considered the least effective Internal Control Standard[3]; appeals to the Commission to ensure that the imposed staff cuts will not have a negative impact on the occurrence of errors in transactions, fiduciary risk, the length of payment periods, the number of projects visited and staff satisfaction rates;

19. Is concerned by the impact of DG DEVCO's stated collective goal of reducing the number of contracts managed, which results in a smaller number of larger-scale activities and clearly puts smaller and local non-governmental organisations at a disadvantage, which may have an important comparative advantage due to their level of specialisation and local expertise; is of the opinion that it is short-sighted and risks being detrimental to the effectiveness of the Union's development policy by reducing the diversity and specialisation of implementing partners.

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http://ec.europa.eu/europeaid/sites/devco/files/methodology-budget-support-guidelines-201209_en_2.pdf

[1] DG DEVCO Annual Activity Report 2013, page 114.

[2] See for example DG DEVCO Annual Activity Report 2013, Annexes, pages 633-636.

[3] DG DEVCO Annual Activity Report 2013, page 185.

# RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 21.1.2015 |
| **Result of final vote** | +: 23<br>–: 2<br>0: 0 |
| **Members present for the final vote** | Louis Aliot, Beatriz Becerra Basterrechea, Kostas Chrysogonos, Nirj Deva, Doru-Claudian Frunzulică, Nathan Gill, Heidi Hautala, Maria Heubuch, Teresa Jiménez-Becerril Barrio, Linda McAvan, Norbert Neuser, Maurice Ponga, Cristian Dan Preda, Lola Sánchez Caldentey, Elly Schlein, György Schöpflin, Pedro Silva Pereira, Davor Ivo Stier, Paavo Väyrynen, Bogdan Brunon Wenta, Rainer Wieland, Anna Záborská |
| **Substitutes present for the final vote** | Seb Dance, Louis-Joseph Manscour |
| **Substitutes under Rule 200(2) present for the final vote** | Rosa D'Amato |

23.1.2015

# OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III - Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Reimer Böge

## SUGGESTIONS

The Committee on International Trade calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Is concerned about the Court of Auditors' conclusion that all payments during the financial year 2013, with the exception of the Union's own administration, were affected by material level of error;

2. Regrets that 29 % of the transactions audited in relation to the Union's External relations, Aid and Enlargement, were affected by error, and that none of the errors found had been detected by the Commissions' checks; however, is satisfied that the most likely error was reduced from 3,3 % in 2012 to 2,6 % in 2013, but stresses there is still room for improvement;

3. Points out that non-compliance with procedures, ineligibility of expenditure and non-performance accounted for 86 % of the most likely error within the Union's External relations, Aid and Enlargement;

4. Draws attention to the need to ensure appropriate controls and audits of the Union's macro-financial assistance;

5. Regrets that the Commission has not appropriately assessed all the economic effects of Preferential Trade Agreements; strongly recommends the Commission to take on board the recommendations of the Court of Auditors and to address the deficiencies, including in ex ante and ex post evaluations, weaknesses in customs controls applied by authorities of Member States selected in the Court's sample and in verifying that Member States improve the effectiveness of their risk management systems and control strategy to reduce losses to the Union budget; urges that such evaluations must be both transparent and readily understandable;

6. Notes that the Court of Auditors observed that, even though there have also been positive developments, the GSP has not yet been able to fully achieve its intended goals; notes also that this system has only been in force for a short time;

7. Stresses that in connection to the Aid for Trade strategy, Union funds must be used effectively and in accordance with the rules and regulations in force, as well as with the objectives of ensuring better integration of beneficiaries into the rules-based world trading system;

8. Stresses that evaluation and control of trade agreements is not only a budgetary issue, but that it is also essential when it comes to keeping partners to the commitments they have taken in the field of human rights, labour and environmental standards;

9. Asks to ensure sufficient controls on the various activities supporting the internationalisation of the Union's small and medium-sized enterprises as well as their access to third markets; reminds of the need to evaluate the level of effectiveness of and to look for ways in which coordination between Union business centres, national business centres and chambers of commerce in third countries could be improved.

# RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 22.1.2015 |
| **Result of final vote** | +: 30<br>–: 6<br>0: 1 |
| **Members present for the final vote** | William (The Earl of) Dartmouth, Maria Arena, Tiziana Beghin, David Borrelli, David Campbell Bannerman, Daniel Caspary, Salvatore Cicu, Christofer Fjellner, Yannick Jadot, Ska Keller, Jude Kirton-Darling, Gabrielius Landsbergis, Bernd Lange, Marine Le Pen, David Martin, Emmanuel Maurel, Emma McClarkin, Anne-Marie Mineur, Alessia Maria Mosca, Artis Pabriks, Franck Proust, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Matteo Salvini, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Iuliu Winkler, Jan Zahradil |
| **Substitutes present for the final vote** | Goffredo Maria Bettini, Reimer Böge, Victor Boştinaru, Klaus Buchner, Dita Charanzová, Sajjad Karim, Fernando Ruas, Ramon Tremosa i Balcells, Jarosław Wałęsa |

30.1.2015

## OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Marian Harkin

## SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the Court of Auditors' report shows a slight decrease in the estimated error rate for the area of Employment and Social Affairs, which stood at 3,1 % in 2013 compared to 3,2 % in the previous year; notes that this error rate was still the second lowest amongst all policy areas and that Parliament expects a further decrease in the error rate over the next few years;

2. Emphasises the importance of the European Social Fund (ESF) as a main policy tool to implement employment and social policy; notes that ESF spending accounted for around 98 % of spending in the policy area in 2013;

3. Underlines the fact that under Council Regulation (EC) No 1083/2006[1], funds from the ESF may not be used to relocate jobs from one Member State to another; insists that the Commission and Member States carry out proper checks to make sure that Union funds are not misappropriated in that way;

4. Notes the Court's observations about the main risks to regularity of spending in this policy area, such as the risks related to the intangible nature of investments in human capital, the diversity of the activities and the involvement of multiple, often small-scale partners, in the implementation of projects; welcomes in this regard the specific mitigating actions taken by the Commission, including both preventative and corrective measures and the risk-based audits carried out by DG EMPL; welcomes the use of simplified cost options which reduce the administrative burden on the beneficiaries and are less prone to errors

[1] Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 2010, 31.7.2006, p. 25).

being made by Member States; asks the Commission to encourage Member States not to apply more demanding rules to ESF projects than to nationally funded projects;

5. Calls on the Commission to ensure that the national authorities responsible for managing the Structural Funds address the problem of personnel costs being charged for at higher rates for Union projects than for nationally funded projects;

6. Notes that the intention of Member States to absorb Union funds should pursue the achievement of results and objectives supported by the ESF and must not compromise the consistent application of effective controls, which, particularly towards the end of the eligibility period, can lead to the non-detection of the infringement of rules, with the subsequent funding of projects that are too costly, poorly implemented or unlikely to achieve the intended result;

7. Notes the recommendation of the Court of Auditors that the Commission should follow up with Member States on the weaknesses identified in the DG EMPL risk based thematic audit of management verifications and welcomes the new guidance developed by the Commission in order to further strengthen the reliability of management verifications in the 2014-2020 programming period; this guidance, which draws on the lessons learned from the previous programming period, has been presented to Member States and will be issued in the first half of 2015; emphasises that it is very important that the authorities in the Member States should use the information available for them to detect and correct errors prior to claiming reimbursements from the Commission, which will significantly reduce the error rate in the area of employment and social affairs;

8. Encourages DG EMPL to pursue its aim with regard to ESF to move further from the need to correct errors to a situation where errors are avoided and supports DG EMPL's efforts to help the Member States with the highest ESF error rates to improve their systems by using the best practices available; notes in this regard that the administrative capacity and organisation of DG EMPL should correspond to its work and responsibilities towards the Member States.

## RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 29.1.2015 |
| **Result of final vote** | +: 46<br>–: 6<br>0: 0 |
| **Members present for the final vote** | Laura Agea, Guillaume Balas, Tiziana Beghin, Brando Benifei, Mara Bizzotto, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Lampros Fountoulis, Elena Gentile, Arne Gericke, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Rina Ronja Kari, Jan Keller, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Zdzisław Krasnodębski, Kostadinka Kuneva, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Verónica Lope Fontagné, Thomas Mann, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Georgi Pirinski, Marek Plura, Sofia Ribeiro, Maria João Rodrigues, Claude Rolin, Anne Sander, Sven Schulze, Siôn Simon, Jutta Steinruck, Romana Tomc, Yana Toom, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská, Inês Cristina Zuber |
| **Substitutes present for the final vote** | Tania González Peñas, Richard Howitt, Paloma López Bermejo, António Marinho e Pinto, Edouard Martin, Helga Stevens, Monika Vana |

2.2.2015

# OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies (2014/2075(DEC))

Rapporteur: Giovanni La Via

## SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Would like to reiterate that in accordance with the Treaty on the Functioning of the European Union (TFEU), Parliament shall give discharge to the Commission in respect of the implementation of the budget after the examination of the accounts, the financial statement, the evaluation report referred to in Article 318 TFEU and the annual report by the Court of Auditors, together with the replies of the institutions under audit, the statement of assurance and any relevant special reports by the Court of Auditors;

2. Is satisfied with the overall implementation of the budgetary headings for environment, climate action, public health and food safety in 2013; recalls again that only less than 0,5 % of the Union budget is dedicated to those policy instruments while bearing in mind the clear Union added value in these fields and the support from Union citizens for Union environmental and climate policies as well as for public health and food safety; regrets that this percentage has fallen to 0,5 % from 0,8% in 2012;

3. Takes note of the presentation of the environment and health policy areas within the Court of Auditors Annual Report concerning the financial year 2013; is concerned that both policy areas appear again in the chapter also devoted to rural development and fisheries; reiterates its criticism towards this composition of policy areas, and urges the Court of Auditors to revise its approach with the next annual report; refers in this connection to the Court of Auditors' report on the European Regional Development Fund, which stresses the need for the Commission to maintain an accurate record of direct and indirect spending on biodiversity, including Natura 2000; urges the Member States to facilitate this process by providing accurate data;

4. Considers it noteworthy in this context, that the chapter on rural development, environment, fisheries and health appears with the second highest error rate in the report

of the Court of Auditors for 2013 with 6,7 %, against 4,7 % on average; emphasises that this error rate accounts for all policy areas encompassed in the chapter; considers it noteworthy that most of the errors can be attributed to disregard for eligibility requirements, in particular with regard to agri-environment commitments; notes that there are different views between the Court of Auditors and the Commission with regard to the way in which errors should be calculated; notes that the Commission considers that the Court of Auditors' annual representative error rate should be seen in the context of the multiannual character of net financial corrections and recoveries;

5. Acknowledges that the Court of Auditors carries out random checks in the Member States very systematically and establishes the error rate on the basis thereof; notes that the Court of Auditors does not indicate in which Member States or in which areas the greatest problems arise; stresses therefore the need for a clear chain of accountability and, in this context, attaches great importance to the quality of control systems in the Member States;

6. Notices that the Court of Auditors did not make any comment on the management of the "Public Health", "Food safety", "Environment and Climate action" policies;

***Environment and Climate action***

7. Underlines that EUR 422 788 882 has been available to DG ENV in commitment appropriations and 99,95 % have been implemented; notes that, with regard to payment appropriations, it is satisfactory that 95,24 % of EUR 330 403 116 available have been used; notes, moreover, that the LIFE + administrative expenditure is executed over two budgetary exercises (through automatic carry-overs), and that if this administrative expenditure is not taken into account, the rate of payment implementation reaches 99,62%;

8. Takes note that DG CLIMA has raised its implementation rate to 99,55% of EUR 35 994 690 in commitment appropriations and 92,04% of 29 636 914 in payment appropriations; is aware that a higher implementation rate was not achievable partly due to the non-submission of an invoice which was expected in 2013; notes, on the other hand that the LIFE + administrative expenditure is executed over two budgetary exercises (through automatic carryovers), and that if this administrative expenditure is not taken into account, the rate of payment implementation reaches 97,89%;

9. Is satisfied with the overall implementation of the LIFE+ operational budget, which was 99,96 % in commitment appropriations and 99,99% in payment appropriations in 2013; notes that in 2013 EUR 282 900 000 was dedicated to a call for proposals for projects in Member States, EUR 18 000 000 supported operational activities of non-governmental organisations that are active in protecting and enhancing the environment at Union level and which are involved in the development and implementation of Union policy and legislation and EUR 45 800 000 was used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development; notes that an amount of EUR 20 300 000 was used for administrative support;

10. Acknowledges that an amount of EUR 2 700 000 has been allocated as contributions to international conventions, protocols and agreements to which the Union is a party, or in

relation to which the Union is involved in preparatory work for future international agreements;

11. Considers the progress in the implementation of 14 Pilot Projects (PPs) and six Preparatory Actions (PAs) amounting altogether to EUR 5 983 607 as satisfactory; encourages the Commission to continue implementing PPs and PAs as proposed by Parliament;

***Public health***

12. Notes that DG SANCO was responsible to implement EUR 233 928 461 on public health budget lines in 2013, of which 98,1 % have been committed satisfactorily; is aware that roughly 77 % of that budget is directly transferred to three decentralised agencies (the European Center for Disease Prevention and Control, the European Food Safety Authority (EFSA) and the European Medicines Agency(EMA)) and that all credits were implemented at 100% except for EMA and EFSA, and that this under-execution of EMA and EFSA commitment appropriations corresponds to the outturn of 2012;

13. Takes also note that the level of execution of payment appropriation is at 98,0 %;

14. Notes that under the Health programme 2003 – 2007, the Commission has signed many grant agreements with a duration of 36 months and that, as for some of them extensions have been granted, last final payments were executed in 2013;

15. Notes that the level of implementation in the Public Health programme 2008 – 2013 is also very good (99,7 % in both commitment and payment appropriations) and that the remaining non-used credits principally relate to assigned revenue which can still be used in 2014;

16. Is satisfied that the implementation of all six PPs and three PAs under the responsibility of the DG SANCO is well advanced and all corresponding commitment appropriations were consumed;

***Food safety, animal health and welfare and plant health***

17. Acknowledges that the implementation rate for food safety, animal health and welfare and plant health is at 98,4 % and that this implementation rate has been constantly increasing over years; notes further that this increase takes into account a reduction of commitment appropriations of EUR 13 000 000 during the global transfer exercise, due to a favourable animal and plant health situation;

18. Notes that, as in the previous year, the Union contribution towards tuberculosis programmes was the most important and that, on the other hand, the Union contribution towards bluetongue programmes remained low;

19. Acknowledges that the main factors underlying the under-implementation of EUR 4 300 000 in the chapter 17 04 – Food and feed safety, animal health and welfare and plant health are the EUR 900 000 relating to assigned revenue for the different programmes which can be used in 2014 and EUR 2 000 000 relating to the Emergency Fund; notes

that, from the latter amount, 50% or EUR 1 000 000 were carried forward to 2014 (for addressing bluetongue disease in Germany) and implemented in that year;

20. Recognises, that as regards the 2013 payment appropriations, the implementation rates for the budget chapter on Food and feed safety, animal health, animal welfare and plant health is 99,9 %, which represents a further increase compared to 2012 (97,7 %) and 2011 (98,1 %);

21. Notes that during the Global transfer exercise, EUR 7 500 000 in payments were returned in 2013 for the Emergency Fund (EUR 5 500 000) and other veterinary programmes (EUR 2 000000) due to a favourable animal and plant health situation;

22. Is of the opinion, on the basis of the data available and the implementation report, that discharge can be granted to the Commission in respect of expenditure in the areas of environmental and climate policy, public health and food safety for the financial year 2013.

## RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 29.1.2015 |
| **Result of final vote** | +: 51<br>–: 10<br>0: 1 |
| **Members present for the final vote** | Marco Affronte, Margrete Auken, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Simona Bonafè, Biljana Borzan, Nessa Childers, Alberto Cirio, Birgit Collin-Langen, Mireille D’Ornano, Miriam Dalli, Seb Dance, Angélique Delahaye, Jørn Dohrmann, Stefan Eck, Bas Eickhout, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Enrico Gasbarra, Jens Gieseke, Julie Girling, Sylvie Goddyn, Matthias Groote, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, Anneli Jäätteenmäki, Benedek Jávor, Josu Juaristi Abaunz, Karin Kadenbach, Kateřina Konečná, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Massimo Paolucci, Gilles Pargneaux, Bolesław G. Piecha, Pavel Poc, Marcus Pretzell, Frédérique Ries, Davor Škrlec, Tibor Szanyi, Nils Torvalds, Glenis Willmott, Jadwiga Wiśniewska |
| **Substitutes present for the final vote** | Nicola Caputo, Mark Demesmaeker, Jan Huitema, Peter Jahr, Merja Kyllönen, Nuno Melo, Marijana Petir, Julia Reid, Bart Staes, Kay Swinburne |
| **Substitutes under Rule 200(2) present for the final vote** | Clara Eugenia Aguilera García, Damian Drăghici |

25.2.2015

# OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Georgi Pirinski

## SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the high implementation rate of the commitment appropriations for the Mobility and Transport Policy in 2013 (98,03 %), and the considerably high implementation rate of the payment appropriations in 2013 (94,58%) but regrets its decrease by 0,99 %, compared to 2012 (95,57 % ); notes, furthermore, that EUR 1 633 million have not yet been paid and/or not still decommitted from the amount for payment appropriations for 2013 and is concerned that this represents the largest amount of outstanding commitments for the whole period 2007-2013, which in total reached EUR 4 001 million at the end of 2013; keeps in mind that 2013 is the last year of the Multiannual Financial Framework (MFF) 2007-2013 and that consequently, all the remaining commitment appropriations fixed in the MFF need to be committed;

2. Welcomes the fact that the residual error rate in 2013 is below 2 % for the TEN-T programme, the Marco Polo programme managed by the Executive Agency for Competitiveness and Innovation (EACI) and the Joint Undertakings for which DG MOVE is responsible (SESAR and Fuel Cells and Hydrogen (FCH)); regrets, however, that the residual error rate for FP7 for research in the transport sector remains above 2 % in 2013 (2,82 %); notes that the main reasons for errors under research programmes are the complexity of the eligibility rules in the basic acts and the lack of capacity for full ex ante control over the claims of all beneficiaries, numbering in the thousands; expects that the radical simplifications which have been proposed in Horizon 2020 will contribute to a significant decrease in errors;

3. Notes that in 2013, the Court of Auditors audited eight transactions in the transport sector and found that five of them were affected by one or more errors; draws attention to the increase of the percentage of affected transactions in 2013 (62 %) compared to 2012

(49 %) and is concerned that, as in previous years, the Court has found several errors in relation to non-compliance with Union and national procurement rules for the TEN-T projects examined; takes note that as in the preceding year 2012, once more in 2013, DG MOVE did not issue a reservation related to public procurement errors; insists, therefore, that the Commission undertakes the necessary measures in order to exclude such errors in the future; notes that it is of outmost importance to extend the ex-ante and ex-post control of the beneficiaries of Commission grants, funding and financing, in order to avoid the misuse of the Community allocation of resources and to ensure a verification of performance; underlines that even if the funding period 2007 - 2013 is formally over, there is a N+2 principle for cohesion funding, meaning that many projects are still under construction until the end of this year;

4. Calls on the Commission, for the sake of transparency, to publish an easily accessible annual list of transport projects co-financed by the Union, including the exact funding amount for each individual project; notes that this list of projects shall include all sources of Union funding such as TEN-T, Horizon 2020, Cohesion and Regional Funds;

5. Urges the Commission to report every year how the remarks on the respective budget lines have been taken into account;

6. Welcomes the expected cost savings from the delegation of the management of parts of the Connecting Europe Facility and parts of energy and transport research under Horizon 2020 by the Commission to the new Innovation and Networks Executive Agency (INEA - ex-TEN-T Agency); asks, however, for the further strengthening of the Agency's administrative capacity in order to be able to effectively and efficiently manage the increased budget for the transport sector in the 2014-2020 MFF and the transport projects under the new Investment Plan for Europe;

7. Recalls that the transport projects in the period between 2007 - 2013 and 2014 - 2020 have been and will be financed from multiple sources, including the CEF, the Cohesion Fund and the European Regional Development Fund; calls on the Commission to seek more synergy between different sources of funding to seek more efficient allocation of Union funds;

8. Proposes that in relation to the sectors for which the Committee on Transport and Tourism is responsible, Parliament grants to the Commission discharge in respect of the implementation of the European Union general budget for the financial year 2013.

## RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 24.2.2015 |
| **Result of final vote** | +: 37<br>–: 6<br>0: 0 |
| **Members present for the final vote** | Lucy Anderson, Marie-Christine Arnautu, Georges Bach, Izaskun Bilbao Barandica, Deirdre Clune, Michael Cramer, Luis de Grandes Pascual, Andor Deli, Karima Delli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Bruno Gollnisch, Tania González Peñas, Dieter-Lebrecht Koch, Merja Kyllönen, Miltiadis Kyrkos, Bogusław Liberadzki, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Cláudia Monteiro de Aguiar, Jens Nilsson, Markus Pieper, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Claudia Tapardel, Keith Taylor, Pavel Telička, István Ujhelyi, Wim van de Camp, Elissavet Vozemberg, Janusz Zemke, Roberts Zīle, Kosma Złotowski, Elżbieta Katarzyna Łukacijewska |
| **Substitutes present for the final vote** | Rosa D'Amato, Werner Kuhn, Jörg Leichtfried |

21.1.2015

## OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Iskra Mihaylova

## SUGGESTIONS

The Committee on Regional Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the Court of Auditors ('the Court') has concluded that regional policy remains one of the policy areas which is error prone and that there is not much difference observed in 2013 as compared to 2012, as the most likely error rate for 2013 was set at 6,9 % (as compared to 6,8 % in 2012); notes that this is evidence of the stability of the system and of the significant improvement in the 2007-2013 programming period, as compared to the 2000-2006 programming period; urges the Commission to continue to strictly apply the control provisions; recalls the importance of preventive measures and of simplification in order to reduce errors; emphasises, however, that there is a clear difference between error and fraud and that fraud accounts for 0,2 % of the Union's total budget;

2. Notes that the Court detected serious errors in public procurement (39 % of the estimated error rate), a high frequency of non-compliance with state aid rules (17 % of the estimated error rate), as well as errors in the application of the rules on eligibility of projects (22 % of the estimated error rate) and expenditure (21 % of the estimated error rate); is concerned about the low rates of disbursement of financial engineering instruments to final recipients in 2013; is of the opinion that the Commission should assess the progress made in the financing and implementation of financial instruments and should, together with the Member States, take suitable measures to improve absorption rates and should report to Parliament on the results of such assessments and measures;

3. Emphasises the different approach of the Commission and the Court to the calculation of the error rate in relation to transactions to which the Commission applied flat-rate corrections; calls once again for the standardisation of the methodology, including both error rates calculation and audit work, in order to avoid contradictory findings, while also acknowledging the efforts of the Commission in this respect;

4. Notes the corrective actions taken by the Commission in terms of suspension and interruption of payments; recalls that the increasing levels of suspension and the interruption of payments by the Commission may hinder the smooth implementation of

projects as they may disrupt the achievement of the goals of cohesion policy, due to the short time required for the proper absorption of Union funds; requests that the Commission informs Parliament about the real contribution of interruptions and suspensions of payments to reducing irregularities and errors and to assess the impact of the corrective measures implemented over time on the progress towards the policy goals, taking into account a cost-benefit approach to this issue;

5. Urges, in cases where there is no evidence of fraud but where serious deficiencies in management and control systems have been identified, that the Commission only interrupt or suspend payments as a last resort, when all other options have been exhausted, because suspending payments could have serious consequences for the respective programmes and regions severely hit by the crisis, as well as for the achievement of cohesion policy goals as a whole; requests, however, that the Commission make an assessment before taking a decision on the suspension of payments as to what extent it shall really contribute to reducing the error rate and at the same time, how it will affect the respective region or country, in order also to avoid imposing burdens on regions suffering from socioeconomic difficulties;

6. Notes that 80 % of funding is administered under shared management at Member State level; recalls that the Court found that in one third of the transactions examined, some of the errors detected could have been corrected beforehand as the Member States had sufficient information available to detect them before declaring the expenditure to the Commission;

7 Draws attention to the multiannuality of the cohesion policy management system and emphasises that the final evaluation of irregularities related to the policy implementation will be possible only at the closure of the programming period;

8. Welcomes the reinforced control and audit procedures provided for in the regulatory framework for the 2014-2020 programming period, and in particular regarding the management verifications and controls before the certification of programme annual accounts and the submission of management declarations by the managing authorities to the Commission; notes that the Commission’s corrective capacity was further improved by removing the possibility for Member States to re-use funds, resulting in net financial corrections; welcomes the establishment of a Competence Centre on administrative capacity building regarding European Structural and Investment Funds; supports the enhanced result-orientation and thematic concentration of cohesion policy that should ensure a shift from funds absorption criteria towards quality of spending and high added value of the co-financed operations;

9. Requests that the Commission and Member States pay particular attention to simplifying procedures, including those for beneficiaries, which can have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems; is of the opinion that both the Member States and the Commission should implement targeted and timely measures to strengthen administrative and institutional capacity, including effective guidance, training and exchange of good practices and by establishing schemes for retaining qualified and skilled staff, as well as by assisting with audit procedures; requests that the Commission report to Parliament on

the concrete results achieved so far as a result of the activities of the Competence Centre, the set up Common Expert Exchange System and the implementation of the Public Procurement initiative and action plan developed by the Competence Centre in collaboration with the competent Commission services; emphasises the importance of the quick and effective transposition of the public procurement directives in all Member States;

10. Recognises the Commission's efforts to move to a performance culture; asks the Commission (DG REGIO) , therefore, to include in its Management Plan and Annual Activity Report an assessment of its work in relation to increasing the efficiency, effectiveness and impact of the cohesion policy; invites the Commission, in addition to the budget execution approach, to check the performance against objectives and better use the evaluations, as well as to support Member States and their Managing Authorities in maximising the quality of their evaluation reports; underlines in this context the need in future to consider and assess project results, investment returns and real added value for the economy, employment and regional development.

## RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 20.1.2015 |
| **Result of final vote** | +: 34<br>–: 0<br>0: 1 |
| **Members present for the final vote** | Pascal Arimont, José Blanco López, Franc Bogovič, Victor Boştinaru, Mercedes Bresso, Steeve Briois, Rosa D’Amato, Tamás Deutsch, Michela Giuffrida, Anna Hedh, Ivan Jakovčić, Marc Joulaud, Constanze Krehl, Louis-Joseph Manscour, Iskra Mihaylova, Andrey Novakov, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Ruža Tomašić, Ramón Luis Valcárcel, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Kerstin Westphal, Joachim Zeller |
| **Substitutes present for the final vote** | Enrique Calvet Chambon, Iliana Iotova, James Nicholson, Claudia Schmidt, Davor Škrlec, Marco Zullo, Milan Zver |

23.1.2015

# OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Peter Jahr

## SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the Court of Auditors has concluded that as far agricultural policy is concerned, the proportion of tested transactions resulted in an increased error rate as compared to 2012, while conversely, cases that are free of error have gone down; notes that the most likely error rate for 2013 is 3,26 % (as compared to 2,9 % in 2012); recalls that errors are often administrative in nature and do not necessarily mean that funds have disappeared, been lost or wasted or that fraud has been committed; considers that the main objective of error identification should be to rectify errors by providing deadlines and support with a view to remedying deficiencies;

2. Stresses that there is an important difference in the type of errors and that a distinction should be drawn between major errors, such as overpayment/underpayment or fraud, and minor and clerical errors; notes that the main root causes for the error rate are mistakes in aid applications, low quality of on-the-spot checks and insufficient quality and update of the Land Parcel Identification System, whereas errors/non-compliances by national administration are isolated cases;

3. Points out that 70 % of the financial corrections identified in 2013 have been attributed to four countries, namely Greece, France, Poland and the United Kingdom;

4. Stresses that the reliability of the information on Common Agricultural Policy (CAP) direct payments, as reported by Member States, is often seriously undermined by incorrect reporting; notes that the error rates in Member States' control statistics for 43 out of 67 paying agencies were corrected upwards by the Commission;

5. Invites other relevant Committees such as the Committee on Regional Development or the Committee on Development etc. also prepare a thorough discharge opinion; stresses that only through a proper discharge procedure the causes of error rates can be reduced;

6. Acknowledges that for CAP, a system is in place where the Commission is imposing net financial corrections on Member States to claw back any ineligible expenditures and hence reduces the risk of irregular payments;

7. Acknowledges the increasing level of suspension and interruption of payments by the Commission, which ensures that corrective actions are systematically carried out in cases where deficiencies are identified;

8. Maintains that payments should only be interrupted or suspended in the event of serious deficiencies and that minor errors should be rectified on a rolling basis in order to avoid gridlock;

9. Stresses that the new School Fruit, Vegetables and Milk Scheme must utilise Union funding in an efficient and targeted manner, while also ensuring that the organisational and administrative burdens on participating schools are kept to a minimum;

10. Draws attention to the fact that many smaller programmes, such as the School Fruit and School Milk Schemes, are not user-friendly, partially because of the associated bureaucracy and for this reason, their uptake and implementation are sub-optimal;

11. Stresses the fact that some programmes have attracted less interest owing to their rigidity and suggests that the Commission reassess those programmes with a view to reducing the bureaucracy involved;

12. Notes that small programmes such as the School Milk Programme have persistently high error rates; calls for those programmes to be simplified, as less bureaucratic programmes decrease error rates;

13. Calls for a less bureaucratic CAP with a view to reducing the error rates; welcomes therefore the commitment taken by the Commission to make simplification and subsidiarity one of the top priorities in the next five years; calls for persistently underperforming paying agencies to be stripped of their accreditation in extreme cases;

14. Calls on the Commission in due time to present a detailed plan for reducing red tape in the CAP by 25% within the following five years;

15. Calls for Union officials to give extra supervision and monitor and coordinate more closely national paying agencies within the respective Member States, with the aim of resolving the deficiencies they are experiencing, in particular for those paying agencies that continuously under-performed over the last three years, with a view to making payments management more efficient;

16. Draws attention to the multi-annuality of the agricultural policy management system and emphasises that the final evaluation of irregularities related to the policy implementation will be possible only at the end of the programming period;

17. Notes that the error rate indicated by the Commission differs significantly in some areas from the error rate identified by the European Court of Auditors; requests an explanation from the Commission in this respect; highlights the need to devise a common methodology for calculating the error rate by the Court of Auditors and the Commission in order to ensure a greater comparability;

18. Welcomes the new rules for the 2014-2020 financial period, including measures such as the designations of audit and certifying authorities, accreditations of audit authorities, audit examination and acceptance of accounts, financial corrections and net financial corrections, proportional control, ex ante conditionalities that aim to further contribute to the reduction of the level of error; welcomes also the definition of serious deficiencies and the anticipated increased level of corrections for repeated deficiencies;

19. Welcomes the recent Commission Communication outlining the approach towards the application of net financial corrections in the areas of agriculture policy in the next programming period; welcomes those criteria for establishing the level of financial corrections to be applied and for applying flat-rate corrections.

# RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 21.1.2015 |
| **Result of final vote** | +: 34<br>–: 7<br>0: 3 |
| **Members present for the final vote** | John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, José Bové, Paul Brannen, Daniel Buda, Nicola Caputo, Matt Carthy, Viorica Dăncilă, Paolo De Castro, Albert Deß, Diane Dodds, Herbert Dorfmann, Norbert Erdős, Luke Ming Flanagan, Beata Gosiewska, Martin Häusling, Anja Hazekamp, Esther Herranz García, Jan Huitema, Peter Jahr, Jarosław Kalinowski, Elisabeth Köstinger, Zbigniew Kuźmiuk, Mairead McGuinness, Giulia Moi, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurențiu Rebega, Jens Rohde, Bronis Ropė, Jordi Sebastià, Lidia Senra Rodríguez, Czesław Adam Siekierski, Marc Tarabella, Marco Zullo |
| **Substitutes present for the final vote** | Fredrick Federley, Michela Giuffrida, Norbert Lins, Susanne Melior, Ramón Luis Valcárcel |

25.2.2015

# OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III - Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Alain Cadec

## SUGGESTIONS

The Committee on Fisheries calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Takes note of the communication from the Commission to the European Parliament, the Council and the Court of Auditors on the annual accounts of the European Union for the financial year 2013; takes note also of the Annual Report of the Court of Auditors concerning the financial year 2013; takes note of DG MARE's 2013 annual activity report;

2. Takes note of the opinions of the Court of Auditors on the legality and regularity of the transactions underlying the accounts; notes the adverse opinion of the Court of Auditors on payment appropriations, in respect of which the overall error rate was 4,7 %;

3. Observes that the Court of Auditors recorded a high overall error rate of 6,7% in respect of payments made in the 'rural development, environment, fisheries and health' areas; notes, however, that the error rate is lower than for the previous financial year (7,9 %); notes that the 'regional policy, transport and energy' areas account for the largest share of the overall error rate recorded by the Court of Auditors and therefore urges the Commission to identify the reasons for this and to put forward corrective actions;

4. Notes DG MARE's reservation with regard to an error rate exceeding 2 % in relation to some Member States' declared expenditure and, in the case of one Member State, a report not considered to be reliable and the failure to submit a report; deplores the situation relating to the Member State concerned; notes, however, that the situation has improved in response to the Commission's instructions to that Member State;

5. Is convinced that the Member States will improve their reporting tools and channels in response to any shortcomings in the data supplied to the Commission; recommends that the Commission exert greater pressure on Member States to submit reliable data;

6. Regrets that apart from these observations, the Court of Auditors has not given more precise details of the outcome of its audits for the specific area of fisheries and maritime affairs and, in the interests of transparency, calls for that information to be made known;

7. Congratulates DG MARE on a very high implementation rate for its commitment appropriations (99,79 %) and payment appropriations (99,08 % for Title 11);

8. Acknowledges that 92,31 % of DG MARE's payments were made on time; notes with concern, however, that the number of late payments increased over the previous financial year; is pleased to note the fall in default interest paid in 2013 and therefore encourages DG MARE to keep its payment periods in line with the relevant rules;

9. Urges the Court of Auditors once again, as it has done in previous years, to provide a specific and separate error rate relating to fisheries and maritime affairs; takes the view that the sample specific to DG MARE must be sufficiently significant to ensure that audits are properly representative and a reliable error rate is determined;

10. Proposes, on the basis of the data available, to grant the Commission discharge in respect of its expenditure in the areas of maritime affairs and fisheries for the financial year 2013.

# RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 24.2.2015 |
| **Result of final vote** | +: 18<br>–: 3<br>0: 3 |
| **Members present for the final vote** | Marco Affronte, Clara Eugenia Aguilera García, Renata Briano, Alain Cadec, Richard Corbett, Diane Dodds, Linnéa Engström, João Ferreira, Raymond Finch, Ian Hudghton, Carlos Iturgaiz, Werner Kuhn, António Marinho e Pinto, Gabriel Mato, Norica Nicolai, Liadh Ní Riada, Ulrike Rodust, Remo Sernagiotto, Ricardo Serrão Santos, Isabelle Thomas, Ruža Tomašić, Jarosław Wałęsa |
| **Substitutes present for the final vote** | Ole Christensen, Sylvie Goddyn |

26.1.2015

## OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Fernando Maura Barandiarán

## SUGGESTIONS

The Committee on Culture and Education calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that in 2013, the key priority for the DG Education and Culture (DG EAC) and the Education, Audiovisual & Culture Executive Agency (EACEA) was to prepare for the implementation of Erasmus+ and Creative Europe, the new programmes for the period of 2014–2020;

2. Welcomes the fact that in 2013, the budget execution rate for the 2007–2013 programmes, in particular Lifelong Learning (LLP), Culture, Media and Youth in Action programmes was 100%; asks to strengthen and increase the budget in the framework of the 2014 – 2020 Education and Culture programmes; is particularly worried that at the end of the year, the mismatch between the adopted commitment and payment appropriations resulted in shortage of payments (amounting in the Erasmus+ programme, for example, to a shortfall of EUR 202 million) with grave negative repercussions on the following year; is strongly concerned and also regrets that a similar situation might develop in the context of the new programmes, especially Erasmus+ and Creative Europe, which would in turn determine a dangerous loss of credibility by the Union and would undermine the citizens' trust in the Union institutions and have disastrous consequences on participants to the programmes;

3. Supports a mid-term review of the 2014–2020 MFF as a means of putting an end to the untenable situation whereby programmes which already been approved, and which are therefore being implemented, are compromised by a lack of resources and non-payment of funding by the Union;

4. Welcomes the fact that since its launch in 1987, the Erasmus programme has reached and surpassed the 3 million students benchmark; notes the sustained success this Union flagship programme – one that has contributed to European integration and the rising

awareness of and sense of belonging to a common European citizenship – has enjoyed since its inception;

5. Is concerned that at a European level – as reported in the Eurobarometer Special Report 399 on cultural access and participation from 2013 – public budgets dedicated to the safeguard and promotion of cultural heritage are noticeably decreasing, as is participation in traditional cultural activities; considers therefore that the new Union instruments to support the European Agenda for Culture – such as the Creative Europe and Horizon 2020 programmes, or the Europeana cultural platform – must be strengthened;

6. Notes with satisfaction that EACEA has further streamlined its selection processes and that it executed 96 % of its payments within the contractual time limits but regrets that the treatment itself of the end reports tends to be unduly extended; recalls that any delay in payments directly affect the beneficiaries' rights thus jeopardising cultural associations and projects, creativity and the cultural civil society´s diversity; encourages the EACEA to further improve its control systems but not at the expense of the beneficiaries;

7. Recalls that in 2013, DG Communication organised several activities in the context of the European Year of Citizens 2013; notes that at the same time, there was an urgent need to prepare for 2014 budget cuts in the field of European Citizenship; highlights that Europe for Citizens programme serves as a unique and direct link between the Union and its citizens in order to support actions, petitions and civil rights; considers the present funding level far too low and emphasises that the programme be implemented within its content, becoming richer of initiatives empowering the values of European Citizenship; strongly opposes to any budget cuts or any payment delay for the Europe for Citizens programme 2014–2020;

8. Welcomes the positive progress in strengthening of the cultural dimension in the European Neighbourhood Policy in 2013, including the Eastern Partnership and the Union for the Mediterranean; emphasises the importance of the Tbilisi Declaration, the document of the very first Eastern Partnership Ministerial Conference on Culture, which calls for a shared commitment to support culture as a driver for growth and stability in the region; encourages the further implementation of the Eastern Partnership Culture Programme and further promotion of the dialogue on cultural policies within the programme "Media and Culture for the Development in the Southern Mediterranean".

# RESULT OF FINAL VOTE IN COMMITTEE

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|---|---|
| **Date adopted** | 20.1.2015 |
| **Result of final vote** | +: 22<br>–: 3<br>0: 0 |
| **Members present for the final vote** | Andrea Bocskor, Silvia Costa, Mircea Diaconu, Damian Drăghici, Angel Dzhambazki, Petra Kammerevert, Andrew Lewer, Curzio Maltese, Fernando Maura Barandiarán, Luigi Morgano, Momchil Nekov, Helga Trüpel, Sabine Verheyen, Julie Ward, Bogdan Brunon Wenta, Bogdan Andrzej Zdrojewski, Milan Zver, Krystyna Łybacka |
| **Substitutes present for the final vote** | Therese Comodini Cachia, Marc Joulaud, Ilhan Kyuchyuk, Emma McClarkin, Liadh Ní Riada, Michel Reimon, Monika Smolková |

6.2.2015

# OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III - Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Sylvie Guillaume

## SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes the Court of Auditors' conclusion that the consolidated accounts of the European Union present fairly, in all material respects, the financial position of the Union as at 31 December 2013 but that the supervisory and control systems examined were only partially effective in ensuring the legality and regularity of payments underlying the accounts; notes the Court's conclusion that all policy groups covering operational expenditure were materially affected by error, with an estimated error rate of 4.7% for expensed payments underlying the accounts in 2013 (as against 4.8% previously);

2. Notes the Court of Auditors' conclusion that the payments for research and other internal policies were affected by material error; calls for the Court of Auditors to provide detailed information on expenditure in connection with the area of freedom, security and justice in its annual report;

3. Welcomes the fact that the Commission calculated a residual error rate at year end of less than 2% in the area of justice and home affairs; emphasises, however, that there should always be a determination to further reduce the error rate within the budget;

4. Welcomes, therefore, the Court of Auditors' Recommendation 2 to the effect that the Commission should make its control activities more risk-driven, focusing checks on high-risk beneficiaries (for example entities with less experience of European funding) and reducing the burden of checks on less risky beneficiaries;

5. Notes the conclusions set out in Court of Auditors Special Report No 3/2014, entitled 'Lessons from the European Commission's development of the second generation Schengen Information System (SIS II)', in which the Court looks at the reasons why the

Commission delivered SIS II more than six years later than initially planned and at a cost far higher than was initially estimated; highlights that recommendations should be followed in order to ensure prudent and realistic budgeting in respect of large-scale projects;

6. Welcomes the fact that the External Borders Fund has helped to foster financial solidarity; criticises, despite this, the fact that further EU added value was limited and the overall result could not be measured due to weaknesses in the responsible authorities' monitoring and serious deficiencies in the ex post evaluations conducted by the Commission and the Member States.

# RESULT OF FINAL VOTE IN COMMITTEE

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| **Date adopted** | 5.2.2015 |
| **Result of final vote** | +: 46<br>–: 8<br>0: 1 |
| **Members present for the final vote** | Martina Anderson, Heinz K. Becker, Bodil Ceballos, Caterina Chinnici, Ignazio Corrao, Rachida Dati, Agustín Díaz de Mera García Consuegra, Frank Engel, Cornelia Ernst, Laura Ferrara, Monika Flašíková Beňová, Lorenzo Fontana, Mariya Gabriel, Nathalie Griesbeck, Sylvie Guillaume, Monika Hohlmeier, Brice Hortefeux, Filiz Hyusmenova, Sophia in 't Veld, Eva Joly, Sylvia-Yvonne Kaufmann, Timothy Kirkhope, Barbara Kudrycka, Kashetu Kyenge, Marju Lauristin, Juan Fernando López Aguilar, Vicky Maeijer, Claude Moraes, József Nagy, Soraya Post, Judith Sargentini, Birgit Sippel, Csaba Sógor, Traian Ungureanu, Marie-Christine Vergiat, Harald Vilimsky, Cecilia Wikström, Kristina Winberg, Tomáš Zdechovský |
| **Substitutes present for the final vote** | Hugues Bayet, Andrea Bocskor, Pál Csáky, Daniel Dalton, Dennis de Jong, Petra Kammerevert, Ska Keller, Andrejs Mamikins, Maite Pagazaurtundúa Ruiz, Christine Revault D'Allonnes Bonnefoy, Jaromír Štětina, Kazimierz Michał Ujazdowski, Axel Voss |
| **Substitute(s) under Rule 200(2) present for the final vote** | Eugen Freund, Elisabetta Gardini, Charles Tannock |

21.1.2015

# OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III- Commission and executive agencies
(2014/2075(DEC))

Rapporteur: Iratxe García Pérez

## SUGGESTIONS

The Committee on Women's Rights and Gender Equality calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

A. whereas, given the continuous involvement of the Commission, the Council and Parliament, the Union's budgetary process provides an opportunity for the planning and assessment of progress towards gender equality within the Union;

B. whereas gender budgeting should be based on a clear methodology that identifies gender issues within the general budget of the Union and, where possible, the allied resource allocation and assesses whether policies will reinforce or diminish existing inequalities between women and men;

1. Stresses that equality between women and men is a fundamental principle of the Union under the Treaty on the Functioning of the European Union, as well as the goal of the Strategy for equality between women and men 2010-2015, and that gender issues should be integrated in all policy areas; calls, therefore, for the comprehensive implementation of gender budgeting, which includes the Court of Auditors' assessment of the general budget of the Union from a gender perspective;

2. Takes due note of the Court of Auditors' annual report on the implementation of the budget, in particular with regard to employment and social affairs but regrets limited references to gender equality in this field, as well as an insufficient focus on employment, social solidarity and gender equality in this year's Special Reports of the Court of Auditors;

3. Notes an insufficient focus on programmes aimed at promoting and improving job opportunities for women;

4. Reiterates its demand to further develop gender-specific indicators and data to allow assessments of the general budget of the Union from a gender perspective and to monitor efforts on gender budgeting;

5. Asks the Commission, in consultation with the Court of Auditors, to clarify in its follow-up to the 2013 discharge how gender budgeting and the use of indicators and data could be guaranteed in future discharge procedures.

## RESULT OF FINAL VOTE IN COMMITTEE

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| **Date adopted** | 20.1.2015 |
| **Result of final vote** | +: 29<br>–: 6<br>0: 0 |
| **Members present for the final vote** | Daniela Aiuto, Maria Arena, Beatriz Becerra Basterrechea, Malin Björk, Vilija Blinkevičiūtė, Anna Maria Corazza Bildt, Viorica Dăncilă, Iratxe García Pérez, Anna Hedh, Teresa Jiménez-Becerril Barrio, Agnieszka Kozłowska-Rajewicz, Vicky Maeijer, Angelika Mlinar, Krisztina Morvai, Angelika Niebler, Maria Noichl, Marijana Petir, Terry Reintke, Liliana Rodrigues, Jordi Sebastià, Michaela Šojdrová, Ángela Vallina, Beatrix von Storch, Jadwiga Wiśniewska, Anna Záborská, Jana Žitňanská |
| **Substitutes present for the final vote** | Izaskun Bilbao Barandica, Biljana Borzan, Linnéa Engström, Rosa Estaràs Ferragut, Mariya Gabriel, Ildikó Gáll-Pelcz, Kostadinka Kuneva, Marc Tarabella |
| **Substitutes under Rule 200(2) present for the final vote** | Rosa D’Amato |

# RESULT OF FINAL VOTE IN COMMITTEE

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| **Date adopted** | 24.3.2015 |
| **Result of final vote** | +: 21<br>–: 5<br>0: 0 |
| **Members present for the final vote** | Nedzhmi Ali, Jonathan Arnott, Inés Ayala Sender, Zigmantas Balčytis, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Rina Ronja Kari, Bernd Kölmel, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Fulvio Martusciello, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Igor Šoltes, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský |
| **Substitutes present for the final vote** | Iris Hoffmann, Karin Kadenbach, Andrey Novakov, Markus Pieper, Julia Pitera |