



ISSUE N°18

MEETING OF MONDAY 9 NOVEMBER 2015

15:00 - 18:30 (public meeting)

TUESDAY 10 NOVEMBER 2015

9:00 - 12:30 and 15:00 - 18:30 (Hearing)

1. AGENDA

The [draft agenda](#) (in EN) was emailed to Members on 27 October 2015 and is in the [file for this meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chairman draws attention to the following points:

Languages available

FR, DE, IT, NL, EN, DA, ES, FI, CS, HU, LT, PL, SK, SL, BG, RO

Webstreaming

The CONT meeting is web streamed on the [Europarl web-site](#).

Please be aware that each time a speaker activates the microphone to make an intervention, the camera will be automatically directed to the speaker.

Annual meeting with the European Court of Auditors Luxembourg 13 October 2015

The 18th annual meeting of the Members of the CONT Committee with the European Court of Auditors in Luxembourg took place on 13 October. The meeting was co-chaired by Ms Ingeborg Gräßle, the chair of CONT Committee, and Mr Vitor Caldeira, the President of Court. Ms Gräßle was accompanied by 12 CONT Members: Ms Ayala Sender (S&D Coordinator), Ms M. Dlabajova (CONT Vice-Chair), Ms C. Schmidt and Messrs I. Soltes (CONT Vice-Chair), P. Sarvamaa (EPP Coordinator) R. Czarnecki (ECR Coordinator), J. Geier, Z. Balcytis, A. Novakov, L. Aliot (ENF Coordinator), D. De Jong (GUE/NGL Coordinator), and T. Zdechovsky. The Court was represented by the majority of its Members.

The main topics discussed were the Court's audit mandate in relation to the European Fund for Strategic Investments (EFSI), the new timeline for delivery of the Court's Special Reports, the audit priorities for 2016 and the Court's 2014 annual report. The task-based organisation reform of the Court was also on the table.

Regarding EFSI, CONT Members questioned the Court's future approach on the performance indicators to be used, risk management and criteria for risk estimation as a preventive measure in case of project failures. The Court pointed out that they intend to audit the achievement of the EFSI objectives but since it is not yet operational, the precise working arrangements will still have to be discussed. However, the Court confirmed that it will take into consideration all the concerns expressed by CONT Members such as performance indicators, risk management, and the EU budget guarantee.



CONT Members and the Court discussed the timeline of 13 months for drawing up and adopting a special report which will be a general principle and which can be shortened for reports related to more narrow issues and extended for reports with broader topics and, in particular, when the contradictory procedure involves Member States.

CONT Members insisted on the reports being more up to date in order to maximise their impact on the definition of new Union's policies. The Court promised to continue to deliver relevant, high quality and timely reports and stressed the importance of increased dialogue during the audit planning phase, in order to avoid unattainable expectations and to best address the Parliament's and the Council's concerns.

President Caldeira presented the Court's seven audit priorities for 2016:

- 1) Energy & Climate,
- 2) Internal Market & Digital Agenda,
- 3) Asylum, Migration and Security,
- 4) Financial & Economic Governance,
- 5) Europe 2020,
- 6) EU Agencies & Bodies: assessing performance and
- 7) Closure of 2007-2013 spending programmes.

The Court also specified its intention, in 2016, to undertake a short review of the MFF before December 2016, to look at the performance of the EU Agencies implementing EU policies and to assess the impact of EFSI funding on Horizon 2020.

The meeting was closed with the presentation of the Court's reform, to be in place from 2016, which includes the reorganisation of staff with a task-based, rather than unit-based organisation. Members of both institutions were highly satisfied with the exchange of views and open communication during the meeting.

3. APPROVAL OF MINUTES

The following minutes are published on the [CONT website](#):

- 21-22 September 2015,
- 1 October 2015,
- 15 October 2015,
- 19 October 2015.

If no objections are received before the end of the meeting, the minutes will be deemed to be approved.

MONDAY 9 NOVEMBER 2015

15.00 - 18.30 Public meeting

4. EUROPEAN INVESTMENT BANK (EIB) - ANNUAL REPORT 2014



Consideration of draft report

Rapporteur: [Georgi PIRINSKI](#) (S&D)
Administrator: Olivier Sautière

Following the presentation and exchange of views on the 2014 EIB annual report held in CONT on 15/10 in the presence of the President of the EIB Mr Hoyer, the Committee on Budgetary Control (CONT) is drafting this year the report on the EIB annual report for 2014 for which Mr Pirinski was appointed rapporteur.

The draft report focus, *inter alia*, on the EIB's investment programme underpinning EU policy objectives in view of accelerating economic recovery, promoting youth employment, innovation and SMEs, enhancing environmental sustainability and climate action, promoting economic and social cohesion as well as the key role to be played by the EIB in the field of external policies to back and elaborate adequate crisis response such as the migration issue.

While welcoming the new European Fund for Strategic Investments (EFSI), the Rapporteur also draws attention to key-guidelines to be considered in the management of EFSI in order to face the challenges ahead and manage stakeholders' expectations for a swift and successful implementation of EFSI.

Finally, the Rapporteur calls for a strengthening of the EIB's governance, transparency and control framework and advocates to move towards a more comprehensive parliamentary accountability correlated to the evolving complexity and growing scope of the EIB interventions.

The Committees on International Trade (TRADE), Budgets (BUDG), Economic and Monetary Affairs (ECON) and Regional Development (REGI) will deliver an opinion on this CONT report.

The draft report was emailed to Members on 27 October 2015 in EN and is available on the CONT website.

The deadline for tabling amendments is on 30 November 2015.

Event	Body	Date
Deadline for amendments	CONT	30/11/2015
Adoption of the draft report	CONT	28/01/2016
Adoption in Plenary	CONT	March I (Strasbourg)

5. ANNUAL REPORT 2014 ON THE PROTECTION OF THE EU'S FINANCIAL INTERESTS - FIGHT AGAINST FRAUD



Consideration of draft report

Rapporteur: [Benedek JÁVOR](#) (Verts/ALE)
Administrator: Michal Czaplicki

As in the previous year, the Committee on Budgetary Control is drafting a report on the Protection of the European Union's financial interests.

As a basis of the CONT report, OLAF presented its annual report on 14 July 2015 and then replied in writing to further questions on 15 September. On 21 September 2015 the Vice-President of the European Commission responsible for Budget and Human Resources, Ms Kristalina Georgieva, presented the "Protection of the European Union's financial interests - Fight Against Fraud - Annual Report 2014 (COM(2015)386)" and also replied to written questions submitted by CONT Members.

In his report, Mr Javor welcomes the fact that all of the Commission's services developed and implemented their anti-fraud strategies in 2014; he invites the EU agencies, executive agencies and joint undertakings to do so as well. The Rapporteur asks the Commission to add a chapter about the performance of the EU institutions in the upcoming European Union Anti-Corruption report.

The Rapporteur reminds the Commission of its competencies and responsibilities and believes that the latter should assume full responsibility for the recovery of funds unduly paid from the EU budget, make full use of its executive powers regarding VAT fraud, work more closely with Member States on collecting accurate data and maintain its strict policy on interruptions and suspension of payments.

On the other hand, the Rapporteur welcomes the successful outcomes of numerous joint customs operations (JCOs) as well as the fact that the Commission adopted a new decision on Early Warning Mechanism concerning precautionary measures.

Lastly, the Rapporteur insists on the point that Member States shall take the same measures to counter fraud affecting the financial interests of the European Union as they take to counter fraud affecting their own financial interests. In this sense, the Rapporteur believes that completing the follow-ups to recommendations issued by OLAF is crucial and, therefore, supports procedures rights for OLAF in national legislations in order to ensure that those recommendations are respected and taken into account.

Deadline for amendments is 30 November 2015. The report will be voted on in CONT on 28 January 2016.

Event	Body	Date
Deadline for amendments	CONT	30/11/2015
Adoption of the draft report	CONT	28/01/2016
Adoption in Plenary	CONT	March I (Strasbourg)

6. ECA SPECIAL REPORT N° 11/2015 (2014 DISCHARGE): ARE THE FISHERIES PARTNERSHIP AGREEMENTS WELL MANAGED BY THE COMMISSION?



Presentation of the Special Report by the Member of the European Court of Auditors responsible, Jan Kinšt, and consideration of a working document

Rapporteur: [Joachim ZELLER](#) (PPE)
 Administrator: Hrvoje Svetic

The European Union negotiates agreements with non-EU coastal countries in order to obtain access rights for the EU external fleet to these countries' fishing grounds as well as to support the governance and sustainable development of the local fishing sector. These agreements have evolved from the simple access agreements of the 1980s into Sustainable Fisheries Partnership Agreements (SFPAs) which seek to sustain fishing resources, while also developing the partner country's fishing sector through the provision of sectorial.

The Court of Auditors examined fisheries agreements for which a financial contribution is made from the EU budget, while agreements based on fishing quota exchanges were excluded. Agreements with Mauritania (a multi species agreement in the Atlantic Ocean), Madagascar, Mozambique and the Seychelles (tuna agreements in the Indian Ocean) were examined. These agreements represent a third of the agreements in force at the time of the audit and represented 77 % of FPA payments in 2013.

The quantities of fish negotiated with the coastal countries regularly exceeded the actual use made by the EU fleet, making the agreements relatively more costly than expected for the EU. The monitoring of catch data and the licencing process was not sufficiently robust, and the support provided for the sustainable development of the local fisheries sectors needed clearer eligibility conditions, and better coordination and consistency with other EU development support.



Certain weaknesses in the negotiation process were identified, in particular with regard to the length of the process, where in certain cases the expiration of previous protocol provoked the temporary cease of fishing for certain categories. The Court concluded that the complementarity and consistency among the FPAs negotiated within the same region can be improved, in order to maximise their potential at regional level.

Furthermore, the Court found the licensing process as lengthy and cumbersome, with delays that can complicate or reduce the EU fleet's fishing activities. There was a risk for the effectiveness of the sectoral support as the Commission's role in monitoring the implementation of this component is still limited. There was a lack of clear framework, with no eligibility and traceability rules or reporting requirements for the actions funded.

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014. Amendments may be tabled in this context and the deadline will be the same as the Commission's discharge: 4 March 2016.

7. ECA SPECIAL REPORT N° 12/2015 (2014 DISCHARGE): THE EU PRIORITY OF PROMOTING A KNOWLEDGE-BASED RURAL ECONOMY HAS BEEN AFFECTED BY POOR MANAGEMENT OF KNOWLEDGE-TRANSFER AND ADVISORY MEASURES.



Presentation of the Special Report by the Member of the European Court of Auditors responsible, Jan Kinšt, and consideration of a working document

Rapporteur: [Karin KADENBACH](#) (S&D)

Administrator: Philippe Godts

The Court conducted an audit of the procedures for the management and control of the spend on knowledge-transfer and advisory measures in the 2007-2013 programming period with a view to providing meaningful recommendations regarding the new programming period.

Total EU funding allocated to these activities for that period amounts to 1.3 billion euro; co-financing will bring total public support to 2.2 billion euro. The audit focused on answering the following question:

Are there management and control systems in place to deliver rural-development knowledge-transfer and advisory measures effectively?

With regard to this, the Court's report provides answers to the following sub-questions.

1. Are there procedures in place to identify and select the most relevant knowledge-transfer and advisory services for rural operators?
2. Are procedures in place to ensure cost-effective and coordinated delivery of knowledge-transfer and advisory services?
3. Are procedures in place to monitor and evaluate the results of the knowledge-transfer and advisory activities?

The audit found that the delivery of the knowledge-transfer and advisory activities was not sufficient relative to the measures' importance and the expected outcomes for such activities. The procedures in place did not always ensure fair and transparent competition to promote the selection of high-quality providers and knowledge-transfer and advisory activities at the best price.

The Court found weaknesses in the checks Member States must carry out, both at application stage and at payment stage. There are indications that Member States paid too much for certain services and that related costs were insufficiently justified.



The audit further revealed that a considerable number of similar services are financed by different EU funds (e.g. from the ESF as well as through the EAFRD). This implies the risk of double-financing and requires the duplication of costly management structures, which the Court considers to be uneconomic. For the 2014-2020 programming period complementarity between EU funds is stressed above the previous policy of demarcation; this implies a greater need for coordination to avoid the risks outlined above.

There was a lack of detailed evaluation of what was actually achieved with the public funds and only rather simplistic indicators such as number of persons trained or number of training days financed were collected.

In addition the Court found problems with the reliability of the data collected.

On the basis of the findings of the Court the rapporteur makes a series of recommendations aimed at improving the situation and in particular requests that

- the Member States select the service providers to receive public funds through fair and transparent competition, regardless of whether they use calls for proposals or formal public procurement procedures;
- the Commission provides additional specific guidance on in-house delivery, subcontracting and the assessment of service delivery by consortiums and adequately monitors the Member States' procedures to ensure that the selection of knowledge-transfer and advisory activities is competitive, fair and transparent;
- the Member States assess the need to support knowledge-transfer and advisory activities which are readily available on the market at a reasonable price and when this need is justified that Member States ensure that the costs of the supported activities do not exceed the costs of similar activities offered by the market;
- the Commission builds on the first steps taken to ensure complementarity between EU funds in order to mitigate the risk of double-funding and duplication of administration.

The Rapporteur's working document will be available on the [CONT website](#).

- The Member States share their best practices and continue their projects evaluation to have a good basis for the 2014-2020 implementation period;
- The Commission promotes exchange of good practices on methodological approaches in the context of networking activities;

The Rapporteur's conclusions will form part of the Commission's discharge report for the financial year 2014. Amendments may be tabled in this context and the deadline will be the same as the Commission's discharge: 4 March 2016.

8. STUDY ON "RESULTS AND EFFICIENCY OF RAILWAY INFRASTRUCTURE FINANCING WITHIN THE EU"

Presentation of the study and exchange of views



Rapporteur: [Markus PIEPER](#) (PPE)
Administrator: Vera Milicevic

Upon request by the Committee on Budgetary Control (CONT) this study analyses the results, efficiency and effectiveness of the EU investment in rail infrastructure with a special focus on cross border rail projects. Beginning with a discussion of the reasons for the moderate success of EU railway policy it investigates four case studies with a focus on effectiveness of funding schemes and success of removing bottlenecks, particularly at border crossings, to improve attractiveness of the railway mode. Recommendations are given for a more efficient joint development of a European rail network by the Member States and the EU and a further development of funding schemes tailored to railways. The study will be presented by one of the authors Mr Claus DOLL of "Fraunhofer Gesellschaft", Munich/Germany.

[Link to the study.](#)



TUESDAY 10 NOVEMBER 2015

9.00 - 11.30 - Public meeting

9. PRESENTATION OF THE EUROPEAN COURT OF AUDITORS' ANNUAL REPORT CONCERNING THE FINANCIAL YEAR 2014 BY THE PRESIDENT OF THE COURT, VÍTOR MANUEL DA SILVA CALDEIRA



Replies by the Vice-President of the European Commission responsible for Budget and Human Resources, Kristalina Georgieva, including a presentation of the key figures in the final consolidated annual accounts of the European Union for the financial year 2014, in the presence of the Deputy-Director General and Accounting Officer of the European Commission, Manfred Kraff, and the Member of the European Court of Auditors responsible, Lazaros Lazarou.

Rapporteur: [Martina DLABAJOVÁ](#) (ALDE)

It is the responsibility of the Commission's Accounting Officer to prepare the annual accounts of the European Union and ensure that they are reliable and present a true and fair picture of the EU budget. The annual accounts comprise of the financial statements and the reports on implementation of the budget. They are adopted by the Commission and presented to the Court of Auditors for audit and finally to the Council and Parliament for discharge.

Following the audit and finalisation of the annual accounts, Parliament will decide - acting on a recommendation from the Council - whether to grant discharge to the Commission and other EU bodies in respect of the implementation of the EU budget for the preceding financial year.

According to Article 287 of the Treaty, the ECA draws up an annual report at the end of each financial year. This report, including the statement of assurance concerning the reliability of the accounts and the legality and regularity of the underlying transactions, is considered by the Council and the Parliament in the framework of the discharge procedure under Article 319 of the Treaty.

In accordance with Article 162 (4) of the Financial Regulation, the Court of Auditors must submit this annual report, accompanied by the replies of the institutions, to the discharge authorities no later than 15 November.

Following the presentation by the President of the Court, Vice-President and Commissioner for Budget and Human Resources, Kristalina Georgieva, will briefly present the Commission's response to the Court's findings and also the key figures in the final consolidated annual accounts

The Court will arrange for the report to be distributed to CONT Members' letter boxes on 9 November 2015 pm. The report will also be available on the CONT website on 10 November 2015.

All discharge related documents are available on the CONT website: [Budgetary Control](#) - 2014 budget discharge.

TUESDAY 10 NOVEMBER 2015

11.30 - 12.30 - Coordinators' meeting (in camera)

10. COORDINATORS' MEETING



Meeting held in camera

TUESDAY 10 NOVEMBER 2015

15.00 - 18.30 - Public meeting

11. HEARING ON "THE FINANCIAL INSTRUMENTS UNDER THE COHESION POLICY 2007-2013: HOW THE MEMBER STATES AND THE SELECTED FINANCIAL INSTITUTIONS HAVE RESPECTED AND PRESERVED THE EU FINANCIAL INTERESTS."



Rapporteur: [Georgi PIRINSKI](#) (S&D)
Administrator: Hrvoje Svetic

During their meeting on 21 January 2015, the CONT Coordinators decided to organise the hearing on the subject mentioned above. This followed the request of the S&D group and is in the context of the study which was presented to the CONT Committee on 19 October 2015. The study was prepared by European Policies Research Centre, University of Strathclyde, Glasgow and European Policy Centre.

The experts invited to the hearing will provide a top down overview of the use of financial instruments in the 2007-2013 programming period. In particular, the experts will focus on the regulatory framework and its recent modifications, ex-ante assessments of financial instruments, the global overview of created funds from the fund manager's view as well as the implementation of Financial Instruments (FIs) from the perspective of local and regional government, SME association and the final recipients themselves. These experts should provide the basis on which to draw lessons from the implementation of FIs in 2007-13 programming period, highlighting implications for the 2014-20 programming period.



NEXT MEETINGS

16 November 2015, 15.00 - 18.30 (Brussels)

30 November 2015, 15.00 - 18.30 (Brussels)

1 December 2015, 9.00 - 12.30 and 15.00 - 18.30 (Brussels)

3 December 2015, 9.00 - 12.30 (Brussels)

7 December 2015, 15.00 - 18.30 (Brussels)

WATCH LIVE

Watch the CONT committee meeting live on the [EP website](#) or on [Europarl TV](#)

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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

FOR FURTHER INFORMATION

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