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on the Court of Auditors' special reports in the context of the 2012 Commission discharge
(2013/2260(DEC))
Committee on Budgetary Control

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Court of Auditors' special reports in the context of the 2012 Commission discharge (2013/2260(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2012¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2012 (COM(2013)0570 – C7-0237/2013)²,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2012, together with the institutions' replies³, and to the Court of Auditors' special reports,
- having regard to the statement of assurance⁴ 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 2012 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to its Decision ofon discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section III – Commission⁵ and to its resolution with observations that forms an integral part of that Decision,
- having regard to the special reports of the Court of Auditors drawn up pursuant to second subparagraph of Article 287(4) of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 18 February 2014 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2012 (05848/2014 – C7-0048/2014),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,
- 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 Communities⁶, and in particular Articles 55, 145, 146 and 147 thereof,

¹ OJ L 56, 29.2.2012.

² OJ C 334, 15.11.2013, p. 1.

³ OJ C 331, 14.11.2013, p. 1.

⁴ OJ C 334, 15.11.2013, p. 122.

⁵ Texts adopted, P7_TA-PROV(2014)0000.

⁶ OJ L 248, 16.9.2002, p. 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 1605/2002¹, and in particular Articles 62, 164, 165 and 166 thereof,
 - having regard to its previous discharge decisions and resolutions,
 - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0222/2014),
- 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 principle of sound financial management,
- B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of funds, which are thus useful for Parliament in exercising its role of discharge authority,
- C. whereas its observations on the special reports of the Court of Auditors form an integral part of Parliament's abovementioned Decision of on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section III – Commission;

¹ OJ L 298, 26.10.2012, p. 1.

Part I - Special Report No 8/2012 of the Court of Auditors entitled "Targeting of aid for the modernisation of agricultural holdings"

1. Welcomes the Court of Auditors' Special Report on the targeting of aid for the modernisation of agricultural holdings, and endorses in principle its recommendations;
2. Reminds that the specific measure 121 that subsidises investment projects aimed at modernising agricultural holdings amounts a total of EUR 11,1 billion financed through the European Agricultural Fund for Rural Development (EAFRD) (financial figures as at January 2012, including EUR 630 million from the "Health Check" and the European Economic Recovery Plan (EERP)), which represents, over the whole programming period, around 11 % of all the Union's planned spending on rural development in the Union; notes that all Member States have used this measure 121;
3. Calls on the Commission to improve the Common Monitoring and Evaluation Framework (CMEF) so as to obtain an efficient tool for the Member States and the Commission which generates relevant data to be used for monitoring the results obtained with the funds spent on measure 121; insists on the need to develop reliable indicators to allow comparisons between Member States (and/or regions) and to monitor the achievement of the Union's priorities;
4. Considers that Member States need to have a common system of monitoring and assessment to ensure that the Commission will be able to analyse the extent of progress and achievement of the defined objectives and its impact and effectiveness at Union level;
5. Considers that the application of aid to the modernisation of farms must have a certain degree of homogeneity in different territories and, therefore, it is necessary to avoid dispersion in the areas of regulation, application and budget and to give this measure uniformity in its implementation by Member States;
6. Emphasises the importance of strengthening structural measures on farms, in particular measures aimed at modernisation which are essential to achieve improved efficiency and competitiveness; notes that in this regard, it is necessary to provide them with a sufficient budget given the significant present deficit and taking into account the context of strong competitiveness in Union agriculture and the progressive liberalisation of world markets and trade;
7. Takes note that two of the 10 Rural Development Programmes (RDP) examined contained clear evidence of good targeting of measure 121 (Italy (Veneto) and Hungary); notes that six other RDPs contained little evidence of such targeting (Belgium (Wallonia), Germany (Baden- Württemberg), Spain (Catalonia), France, Romania (14) and Portugal); observes that two RDPs (Luxembourg and Poland) did not contain sufficient evidence that measure 121 was targeted; notes that all 10 of the RDPs were, however, approved by the Commission;
8. Takes note that for the next programming period, the Commission has proposed that only expenditure which has been incurred and approved by the competent authority,

shall be eligible;

9. Is of the opinion that taking into account the complexity and diversity of different agricultural structures within the Union, it is necessary to maintain specific support for the modernisation of associative operating systems for agricultural purposes as it has proved objectively to solve problems of insufficient economic dimension and/or generational change;
10. Calls on the Court of Auditors to provide the cost-benefit criteria on which its recommendations have been based and the necessary concrete criteria for measuring innovation;

Part II - Special Report No 11/2012 of the Court of Auditors entitled "Suckler cow and ewe and goat direct aids under partial implementation of SPS arrangements"

11. Asks the Commission to add a targeting requirement for coupled direct aid schemes; notes that the Commission's implementing rules should require Member States to identify and justify agricultural areas in which coupled animal premiums could have a demonstrably beneficial effect and where there is a lack of real viable alternatives;
12. Calls on the Commission, in coordination with Member States, to clarify the most relevant types of specific farming activities to maintain agricultural production and sustain economic activity in regions with few economic alternatives and generate environmental benefits and to focus the support on farms and specific farming activities in disadvantaged regions facing environmental, social and economic risks;
13. Asks the Commission to specify the monitoring requirements and arrangements expected from Member States for the aid schemes concerning the animal sectors and include this in a legal instrument requiring Member States to use appropriate performance indicators and up-to-date data precisely lined to the envisaged outcomes from the animal aid schemes; is of the opinion that the Commission should implement a permanent monitoring framework that would indicate all the direct aids paid to support the animal sectors in Member States, including national aids and Pillar II support;
14. Requires the Commission, in coordination with the Member States, to undertake a comprehensive evaluation of the impact of the different support schemes and where appropriate, assess the impacts of alternative measures to improve production quality and competitiveness e.g. by encouraging herd improvements;

Part III - Special Report No 13/2012 of the Court of Auditors entitled "European Union development assistance for drinking water supply and basic sanitation in sub-Saharan countries"

15. Notes that access to safe drinking water and basic sanitation has been recognised as a universal human right and is of fundamental importance for human health¹ and well-being; notes, furthermore, that the successful 'Closing the Gap' project in small towns in northern Nigeria was commented upon in this Special Report;
16. Regrets the Court of Auditors' findings that less than half of the 23 projects it audited delivered results meeting the beneficiaries' needs and that for a majority of the projects studied, the results did not look sustainable, often as a result of a lack of adequate arrangements for the coverage of costs of operating installed equipment;
17. Endorses the Court of Auditors' recommendation that to maximise the benefits from Union development expenditure in this area and sector, the Commission should ensure that its procedures are properly applied, especially concerning the following points at project appraisal stage:
 - (a) the definition of explicit project objectives (quantities, type of equipment, location, direct and indirect beneficiaries);
 - (b) the description of and justification for the technological solutions proposed (wherever applicable, with reference to alternative options); and
 - (c) the establishment of objective verifiable progress indicators, as well as baseline values and quantified targets for project results;
18. Supports the Court of Auditors' finding that the Commission should carry out sufficient economic and financial analysis to allow easy identification of the expected sources of project funding in the future (including estimated contribution amounts and timing) in order to ensure sustainability for both water-supply and sanitation components in financial but also technical terms;
19. Stresses the importance of identifying which percentage of the water supply system was used by individual households and community public services like schools, health care and how much was used for and by industrial or agricultural activities in order to appropriately distribute the operation costs;
20. Acknowledges that where the operation of projects depends on funding, technical support or other action by partner countries' governments and local authorities, their commitment is needed to ensure sustainability; is concerned that in the three projects where formal commitments were made, they were not respected and in the other 20 projects no formal commitments were made;

¹ The World Health Organisation (WHO) estimates that 6,3 % of deaths worldwide (8 % if considering only developing countries) could be prevented through better water supply, sanitation and hygiene. The majority of those preventable deaths are children in developing countries.

21. Welcomes the Court of Auditors' recommendation for the Commission to explicitly consider before project approval whether the conditions for success, including partner country commitments, are likely to be met;
22. Invites the Commission to integrate wastewater management in all future projects that promote effective and responsible water use, treatment and disposal, and encourage the protection and preservation of sub-Saharan Africa watersheds;

Part IV - Special Report No 14/2012 of the Court of Auditors entitled "Implementation of EU hygiene legislation in slaughterhouses of countries that joined the EU since 2004"

23. Emphasises the key importance of guaranteeing food and feed safety and safeguarding public health of all Union citizens;
24. Takes note of the Court of Auditors' Special Report on implementation of Union hygiene legislation in slaughterhouses of countries that joined the Union since 2004, and its recommendations;
25. Is concerned about the considerable number of shortcomings reported by the Court of Auditors:

Weaknesses detected by the Court

	Commission	MS		Establishments	
		N	%	N	%
<i>Supervision</i>					
Implementation of legislation	Partial review				
MANCPs		3/5	60%		
Veterinary controls		4/5	80%		
<i>At slaughterhouse level</i>					
Implementation requirements		3/5	60%	9/25	36%
HACCP				5/25	20%
FBO own control programme		3/5	60%	5/25	20%
Traceability				6/25	24%
<i>Training</i>					
BTSF	Framework and monitoring				
Guidance and good practice		3/5	60%		
<i>Provision of EU funding*</i>					
5-year minimum period		5/5	100%	2/25	8%
Award criteria		1/5	20%	2/25	8%

26. Invites Member States to take the Court of Auditors' findings and recommendations on board; encourages Member States to improve their multiannual national control plans to effectively perform their veterinary controls, to develop national guides that can contribute to prevention of the shortcomings identified by the Court of Auditors' audit and to improve guidance and training addressed to food business operators;
27. Regrets the limited response of Member States to the Court of Auditors' audit findings; regrets, for example, that in response to detected shortcomings in the key area of veterinary controls, only one of the four Member States concerned replied that they intended to take action;
28. Strongly encourages the Commission to improve its supervision of official controls in

the food and feed sector and believes that Regulation (EC) No 882/2004¹ on official feed and food controls is a step in the right direction;

29. Urges the Commission, furthermore, to complete the follow-up of its earlier recommendations to Member States as a result of the review of the implementation of the 2004 hygiene package without further delay; calls on the Commission to improve its guidance and supervision of Member States' preparation and implementation of the Multiannual National Control Plans and to take action improving its training actions;
30. Strongly regrets the fact that owing to the decentralised management structure, no information is available about the numbers and percentages of the slaughter activities of slaughterhouses in line with Union hygiene legislation before the Sapard funding and of the slaughter activities after the implementation of Sapard-funded projects, thus making it impossible to fully assess the projects' core effectiveness or real in- and output;
31. Notes that a synthesis study of Sapard *ex post* evaluations financed by the Commission and carried out by KPMG (Hungary) concludes that in terms of support for meeting Union standards and the *acquis communautaire* "the most important impacts were reached in the field of hygiene, sanitary and veterinary conditions and environment"; notes, however, that this study is based on a beneficiary survey and that the impact of Sapard support under measure II (improving the processing and marketing of agricultural and fishery products) is deemed considerably higher for helping to meet Union environmental standards (97 % of beneficiaries reported a "certain impact"), compared to only a 46 % impact in the case of helping to become fully compliant with (all) relevant Union standards, including hygiene standards;
32. Regrets that the approach chosen by the Commission for evaluating the Sapard programmes in Member States did not allow for either quantitative nor qualitative assessments for measuring the effectiveness of the Union funding, as well as limiting the programme level assessment options only to qualitative evaluation; regrets the absence of clear and specific criteria in the Sapard regulations for the support of slaughterhouses; invites the Commission to adhere to methods allowing for quantifiable objectives on both programme and measure levels;

¹ OJ L 165, 30.4.2004, p. 1.

Part V - Special Report No 15/2012 of the Court of Auditors entitled "Management of conflict of interest in selected EU agencies"

33. Welcomes the Court of Auditors' report on the four selected agencies because they have the highest exposure to an impartiality risk, due to their significant decision-making powers in areas of vital importance to the health and safety of consumers; notes that this report is a result of Parliament asking the Court of Auditors to undertake a comprehensive analysis of the agencies' approach to the management of situations where there are potential conflicts of interest; supports all the Court of Auditors' recommendations;
34. Points out that the agencies carry out technical, operational and regulatory tasks and play a vital role in implementing and raising the profile of Union policies; stresses the importance of the agencies being autonomous and independent;
35. Notes that all the Union institutions, agencies and joint undertakings, without exception, are exposed to the risk of conflict of interest; stresses, nevertheless, the specific needs of the decentralised agencies in terms of conflict of interest management, given the broad diversity of actors involved in their work;
36. Points out that the poor management of conflicts of interest may have a strong and lasting negative impact on the image of the Union institutions and on citizens' confidence in their ability to serve the interests of society;
37. Recalls that Parliament postponed its approval of the 2010 accounts of the European Food Safety Agency (EFSA)¹ and the European Medicines Agency (EMA)² partly due to what it considered to be an unsatisfactory management of conflict of interest;
38. Regrets that there is currently no comprehensive Union regulatory framework dedicated to conflict of interest which would make it possible to impose comparable basic requirements in terms of independence and transparency applicable to all Union agencies;
39. Recognises the value of the OECD guidelines on managing conflicts of interest, which set an international benchmark on this issue; stresses, however, that although the OECD guidelines offer an international benchmark, they relate essentially to conflicts of interest concerning public sector employees and cannot, therefore, provide an adequate basis for an effective response in the case of potential conflicts of interests among the governing bodies and other bodies involved in the agencies' work, such as management boards and expert panels; recognises, nevertheless, the value of the OECD's toolkit, and especially the checklist for gifts and benefits etc., as well as recommendations made concerning penalties, the need to check the completeness and content of declarations of interests and the requirement to harness expertise and identify potential conflicts of interest;

¹ OJ L 286, 17.10.2012, p. 376.

² OJ L 286, 17.10.2012, p. 387.

40. Recalls that in July 2012, after three years of analysis and negotiations, the Commission, the Council and Parliament finally adopted the ‘Common Approach’, a political agreement concerning the future and the reform of the decentralised agencies; welcomes the fact that the Commission soon adopted thereafter a roadmap for the implementation of this Common Approach; notes that the prevention and management of conflicts of interest in the agencies was one of the Commission’s priority actions for 2013 but regrets that it intended to implement and launch this action alone;
41. Draws the Commission’s attention to the need for a common regulatory framework on this matter; stresses the importance of it being a concerted action and calls for Parliament to be closely involved; asks the Commission to respect the proposed deadline for implementing this action and to report to the discharge authority on its outcome by May 2014, attaching the relevant legislative proposals to its report;
42. Asks the Commission to bear in mind the need to maintain a balance between the risks and the benefits, in particular as regards the management of conflicts of interest on the one hand, and the objective of obtaining the best possible scientific advice on the other; notes with concern, furthermore, that the adoption of ethical standards, codes and guidelines does not guarantee the absence of conflicts of interest; observes that this will require the implementation of simple and applicable standards, together with regular and effective *ex ante* and *ex post* controls and clear sanctions, thereof, in the context of a culture of honesty, integrity and transparency;
43. Notes that the Court of Auditors identified a number of significant shortcomings relating to post-employment issues (‘revolving doors’, ‘insider information’); stresses that this issue is not solely limited to the agencies; notes that in light of its impact on its image and on Union citizens’ trust, the Commission needs to address these issues without delay by means of action to be taken by both the agencies and by all Union institutions;
44. Welcomes the European Ombudsman’s decision to conduct an own initiative inquiry into cases of ‘revolving door-type’ conflicts of interest in several recently reported cases at the Commission; echoes the warning issued by the Ombudsman to the effect that although the effective management of conflicts of interest is a key part of good governance and sound ethical conduct, not all problems relating to governance and ethics necessarily imply a conflict of interest, meaning that conflicts of interest need to be viewed within their strict limits and training and prevention strategies promoted in respect of conflicts of interest in Union institutions;
45. Expresses its concern at the fact that none of the four agencies selected managed conflicts of interest in a fully satisfactory manner at the time of the Court of Auditors’ analysis;
46. Considers that the main added value of Special Report No 15/2012 of the Court of Auditors lies in the regular monitoring of the agencies’ progress as regards management and prevention of conflicts of interest; welcomes the fact that following the Court’s audits and Parliament’s review and approval procedures for the 2010 and 2011 discharges, significant improvements have already been implemented by the relevant agencies;

47. Calls on the Court of Auditors to continue monitoring the measures put in place by the agencies to follow-up on its recommendations, to extend the scope of its audit to the other agencies and to present its observations in a special report on this matter in the near future; urges the agencies to continue to report to the discharge authority on the progress made in this area;
48. Stresses the importance of coordination and the exchange of information and good practice between Union agencies; reiterates the important role of the network of agencies in coordinating information exchange, both among the agencies themselves and between the agencies and the Commission, the Court of Auditors and Parliament;
49. Emphasises the importance of determining which agencies and which of their areas of operation are most at risk from conflicts of interest; welcomes, in that context, the review of the Transparency Register for lobby groups at the Union institutions and urges the Commission and the agencies to implement the measures stemming from that review concerning potential conflicts of interest;
50. Points out that a high-level of transparency is essential to mitigate risks of conflict of interest; calls on all the agencies to publish a list of their management boards members, management staff, external and in-house experts, together with their respective declarations of interest and curricula vitae on their websites; suggests, also, that the minutes of the meetings of their management boards should be systematically published;
51. Notes that because of the austerity policies currently being pursued, staff cuts in public administrations and the outsourcing of tasks to the private sector are greatly increasing the risk of conflicts of interest; calls for a strengthening of the Union civil service;
52. Endorses the Court of Auditors' recommendation calling on all Union institutions and decentralised bodies to examine whether the recommendations of its Special Report No 15/2012 are relevant and applicable to them;

Part VI - Special Report No 16/2012 of the Court of Auditors entitled "The effectiveness of the Single Area Payment Scheme as a transitional system for supporting farmers in the new Member States"

53. Welcomes the Court of Auditors' Special Report on the effectiveness of the Single Area Payment Scheme as a transitional system for supporting farmers in the new Member States, and endorses its recommendations;
54. Believes that in future, income support should be directed to active farmers who engage in agricultural activities; believes, in particular, that public entities managing state land and not otherwise involved in farming should be excluded from Single Area Payment Scheme (SAPS) income support; notes, with a view to the new CAP, that the Member States should ensure that aid is only paid to active farmers and that no derogations from this principle are applied; is of the opinion that the Commission should ensure that the rules are implemented consistently among Member States in order to ensure, for example, that the same types of beneficiary are excluded in all Member States;
55. Stresses that the eligibility of land for aid should be clearly defined and limited to parcels on which Good Agricultural and Environmental Conditions (GAEC) standards require agricultural activities to be carried out; notes, with a view to the new CAP, that the eligibility of land should be clearly defined so as to exclude land that does not contribute to increasing agricultural productivity or to actively maintaining the environmental value of the land; believes, furthermore, that aid should only be paid for land on which well-defined and regular activities are carried out;
56. Endorses the Court of Auditors' recommendation and the Commission's proposal for a more balanced distribution of aid through several measures such as the progressive reduction and capping of direct payments and the regional allocation of national ceilings;
57. Calls on the Commission to analyse the extent to which the effectiveness and efficiency of direct payments are adversely affected by structural weaknesses and land prices; believes that on the basis of this analysis, the Commission should take complementary measures to restructure the sector and render it more competitive;
58. Invites Member States to consult with the Commission as they prepare for the introduction of a future entitlement-based scheme; believes in particular that Member States could use the Commission's assistance to help identify key requirements for national administrations and farmers;
59. Regrets the fact that the new CAP, especially the pillar for direct payments, does not contain specific objectives, targets or anticipated results; observes that this means that the single biggest item in the Union budget is being paid out without any clear objectives or anticipated results;

Part VII - Special Report No 17/2012 of the Court of Auditors entitled "The European Development Fund (EDF) contribution to a sustainable road network in sub-Saharan Africa"

60. Welcomes the fact that in many of the partner countries visited, technical cooperation has also contributed to the drafting of road sector strategies and improved the supervision of road maintenance and that training activities have been well-organised and effective while technical studies in a wide range of areas have provided useful information for policy decision-making;
61. Regrets that, in general, the support provided by Commission is not totally effective in promoting the adoption and implementation of the policy reforms that are required to address the existing obstacles to a sustainable road network in sub-Saharan Africa;
62. Notes that partner countries do not do enough to ensure the sustainability of road infrastructure and that roads are affected to varying degrees by premature deterioration; acknowledges that most of the partner countries have made significant progress on road maintenance but notes that it remains insufficient and maintenance is often carried out late or incompletely; notes, furthermore, that most of the partner countries have made unsatisfactory progress on vehicle overloading, which has an important impact on road life expectancy and maintenance costs;
63. Takes the view that the maintenance of roads should be preferably done on a local level basis when outsourced to private business-contractors, thereby supporting small undertakings and local communities and ensuring the creation of skilled labour pools;
64. Calls on the Commission to attach mandatory conditions to its financial support and to react appropriately when partner countries fail to comply with their commitments; encourages the Commission to use policy dialogue to its full potential; takes note that this dialogue has been instrumental in promoting progress in some areas, notably where the institutional framework and road maintenance funding are concerned; is of the opinion that funded projects may only be approved if the necessary technical equipment to maintain the road is available beforehand or can be assured when needed;
65. Endorses the Court of Auditors' recommendation that the Commission should focus EDF funding in the road sector where the greatest impact can be achieved by (i) focusing resources on road sectors in partner countries which implement appropriate sector policies, (ii) focusing EDF resources in countries where the EDF has financed substantial road infrastructure investments in the past, and (iii) raising the leverage effect of EDF resources by combining these grants with loans and promoting private sector participation in financing the upgrading and expansion of the road network;
66. Fully endorses the Court of Auditors' recommendation that the Commission should define clear, measurable and time-bound formal conditions that address the main policy reform needs in relation to road maintenance and vehicle overloading and carry out periodic and structured analyses of the fulfilment of conditions, as well as periodic country road sector evaluations and *ex post* project evaluations;

67. Invites the Commission to present a report, within six months, on how defining the Commission policy on road infrastructure takes into account the protection of the environment and the promotion of road safety; notes in this regard that the road network in sub-Saharan Africa is used for all sort of transit activities, mixing slow and fast traffic including for example road walking schoolchildren and therefore, safety concerns are of major importance; would also like to be informed about how Union funded projects are coordinated with other donors and organisations, not only in the field of road construction but also in matters concerning planning and maintenance;
68. Recommends that the Commission responds firmly, proportionately and in a timely manner when governments show unsatisfactory commitment to addressing the issues raised and recommendations made including to assess the suspension or cancellation of EDF funding to individual programmes or the road sector as a whole;
69. Supports the Court of Auditors' proposal that the Commission should endeavour to ensure that there is credible government ownership of the planned activities, increase its focus on the root causes of vehicle overloading and provide support to help partner countries perform sound economic analysis for deciding on the appropriate balance to be ensured between the maintenance and the expansion of their road network, taking into account all the relevant economic, social, environmental, financial, technical and operational criteria;

Part VIII - Special Report No 18/2012 of the Court of Auditors entitled "European Union Assistance to Kosovo related to the rule of law"

70. Welcomes the findings and recommendations of the Court of Auditors' Special Report on the European Union Assistance to Kosovo related to the rule of law;
71. Notes that the Union is providing major assistance to the rule of law in Kosovo, making it the biggest recipient per capita of Union assistance in the world;
72. Welcomes the Court of Auditors' findings that Union assistance has contributed to progress in the area of building the capacity of Kosovo customs; notes with concern, however, that significant progress must still be made in order to fight organised crime, improve the capacity of the Kosovo police and root out corruption; calls, therefore, on the Kosovo authorities to continue investing the Union's pre-accession assistance in programmes and projects aiming at strengthening the judicial reform and the fight against corruption and securing the rule of law;
73. Notes with concern the constraints on the side of the Union, in particular with regard to coordination and roles of the Commission and European Union Rule of Law Mission in Kosovo (EULEX) in respect of the assessment and benchmarking of their capacity building activities;
74. Considers it regrettable that EULEX's efficiency and effectiveness suffered from resources constraints, caused by limited operational ability due to difficulties in recruiting competent and specialised staff, in particular from Member States; urges the Commission and the Member States to therefore address the issue of staffing and to create appropriate incentives to encourage and attract highly qualified applicants;
75. Calls on the Commission and Member States to review the rules governing the duration of EULEX secondments; is of the opinion that longer durations could provide an additional incentive to attract qualified applicants, as well as increase the effectiveness of the monitoring, mentoring and advising actions;
76. Recognises that the modest progress and limited effectiveness of the Union assistance to Kosovo can be partly attributed to political interference by the Kosovo authorities, as well as a lack of transparency and political will, weak financial capacity and a limited influence on civil society;
77. Recognises the geographical disparity in the rule of law establishment in Kosovo, in particular due to the lack of control by the Pristina-based Kosovo authorities over the northern part of the territory; urges the Commission to take the particular challenges faced by northern Kosovo into account when planning its assistance;
78. Recognises that the efficiency and effectiveness of Union assistance must be enhanced; calls, therefore, for efforts to streamline the Union's presence in the country to be increased through better coordination and integration between Union institutions and the Kosovo authorities;

79. Welcomes the agreement signed on 19 April 2013 by Kosovo and Serbia aimed at normalising relations between the two countries; urges both parties to continue with the same constructive approach, aimed at implementing this agreement and achieving a visible and sustainable improvement of relations;
80. Agrees with the Court of Auditors that in absence of a common Union position on the recognition of Kosovo, the important incentive of Union accession is compromised; refers in this context to the resolution of the European Parliament on European integration process of Kosovo of 18 April 2013¹ which encourages the remaining five Member States to proceed with recognising Kosovo and invites them to do their utmost to facilitate economic, social and political relations between their citizens and those of Kosovo;
81. Shares the Court of Auditors' view that the incentives and conditionality used by the Commission and European External Action Service (EEAS) have so far proven to be of limited use in promoting progress on rule of law issues in Kosovo; calls, therefore, on the Commission, the EEAS and Member States to ensure that their policy dialogues with Kosovo, particularly on strengthening the rule of law, are linked to incentives and priority conditions;

¹ Texts adopted, P7_TA(2013)0187.

Part IX - Special Report No 20/2012 of the Court of Auditors entitled "Is structural measures funding for municipal waste management infrastructure projects effective in helping Member States achieve EU waste policy objectives?"

82. Welcomes the Court of Auditors' Special Report "Is structural measures funding for municipal waste management infrastructure projects effective in helping Member States achieve EU waste policy objectives?", and endorses its recommendations;
83. Emphasises the fact that the Court of Auditors' findings demonstrate varied and even poor performance of the projects which benefited from Union financial support for infrastructures in the field of municipal waste management through the European Regional Development Fund and the Cohesion Fund, in particular:
- out of seven audited mechanical biological treatment plants, only one contributed to landfill diversion and one had a mixed level of performance, while four plants did not reduce the quantity of waste landfilled, and one plant was not operational,
 - in four out of seven audited composting plants, the quantity of compost produced was below the design target,
 - in the eight regions sampled, the quantity of biodegradable waste landfilled ranged from 31 % to 55 % as a result of a failure to effectively treat such waste,
 - in none of the eight regions sampled did the responsible authorities measure the success of their information campaigns, nor had they defined measurable targets;
84. Notes with concern that the Court of Auditors' findings cast doubt on the Commission's effectiveness in managing public money, and calls on the Commission to report to the discharge authority what are the reasons behind this situation, and what means it employs and/ or has envisaged to introduce in order to prevent such and similar failures;
85. Reminds the Commission that it should focus not only on legality and regularity of Union spending, but also on performance as its main goal; commends, in this context, the Court of Auditors' audit work, in particular its special reports, which focus on the efficiency and effectiveness of Union spending;
86. Believes that Union financial support should be linked to the achievement of Union waste policy objectives; invites Member States to set up reliable waste management databases, both to monitor their progress towards the achievement of Union waste policy objectives and to underpin their reporting to the Commission; calls on the Commission to assess the data received from Member States for reliability;
87. Urges the Commission, in relation to the 'polluter pays principle', to request from Member States the application of reduced rates of assistance when waste management tariffs paid by households do not cover operating costs and depreciation costs of municipal waste management, and to apply itself this principle when approving major projects;

88. Stresses the importance of separate collection implementation, including biodegradable waste, in order to maximise the performance of waste management infrastructures and to progress towards the achievement of Union waste policy objectives; encourages Member States to introduce economic instruments in the management of waste to promote waste prevention and recycling, particularly through a waste disposal tax, 'pay as you throw' schemes and other incentives in the tariffs paid by households;
89. Invites Member States to focus on waste management infrastructures treating waste previously segregated at source and to ensure that municipal waste deposited in landfills has been treated before disposal; stresses that that landfill sites should possess a sufficient financial security to cover closure and after-care costs for a period of at least 30 years, the calculation of which should be based on an appropriate methodology;
90. Invites Member States to pay greater attention to increasing public awareness and participation in waste management schemes, especially in relation to waste segregation at source by households, and to systematically measure results achieved by awareness-raising campaigns and educational strategies;

Part X - Special Report No 21/2012 of the Court of Auditors entitled "- Cost-effectiveness of cohesion policy investments in energy efficiency"

91. Emphasises the importance of energy efficiency given the scarcity of fossil fuels and the environmental damage caused by carbon dioxide emissions; fully supports therefore that energy efficiency is part of the EU2020 agenda;
92. Welcomes the Court of Auditors' Special Report on the cost-effectiveness of cohesion policy investments in energy efficiency as a recent example of a performance audit;
93. Notes that the audit was carried out in the Czech Republic, Italy and Lithuania — the countries that had received the largest contributions in absolute terms from the Cohesion Fund and European Regional Development Fund for energy efficiency measures for the 2007–2013 programming period and had also allocated the highest amounts to projects by 2009; notes that the audit included an examination of four operational programmes and a sample of 24 energy efficiency investment projects in public buildings; acknowledges that the allocations to energy efficiency under these programmes represented around 28 % of the funds to be allocated to energy efficiency in the period 2000–2013;
94. Emphasises the principles of economy, efficiency and effectiveness, as laid down in the Financial Regulation; agrees with the Court of Auditors that cost-effectiveness considerations should be a major determinant of public spending decisions taken in the context of shared management;
95. Agrees that the basis of investments should be a proper needs assessment; believes that priorities at Union level should also be reflected in national and sub-national energy efficiency plans;
96. Supports the idea that the implementation of Union financial assistance should be based on performance indicators, such as cost per unit of energy saved, payback period planned and achieved by the operational programme and energy savings generated; these indicators would be regularly monitored; supports the idea that performance indicators should provide for a degree of comparability between Member States, also by using a unified measurement unit and methodology;
97. Appreciates the Court of Auditors' wish to establish standard investment costs per unit of energy to be saved at a national level and in the various sectors where energy is consumed; notes the Commission's concern that costs differ considerably between countries due to different prices for equipment and different levels of already implemented savings; sees the need to explore this idea further;
98. Is of the opinion that excessively long payback periods for projects, on average 50 years and in some cases up to 150 years, are not acceptable and not in compliance with the principles of economy, efficiency and effectiveness;
99. Notes the Commission's view that in the case of investments in energy efficiency in public buildings, it is important to take an integrated approach and not carry out energy

efficiency improvements alone, but rather consider them as part of a general refurbishment leading to the overall improvement of a particular building;

100. Highlights that a comprehensive energy efficiency policy was only fully developed once the drafting, negotiation and approval of the programmes for the period 2007-2013 were completed;
101. Supports, in addition to the performance indicators proposed above that are essential to measure the cost-effectiveness of energy efficiency investments, the Commission's proposals for common output indicators for energy and climate change investment priorities introduced into the framework¹ and sector regulations for the upcoming programming period 2014-2020; is of the opinion that these measures will strengthen the cost-effectiveness principle in the context of the cohesion policy's integrated approach;
102. Underlines the importance Parliament attaches to the content matter as documented in the resolutions on "Towards a new Energy Strategy for Europe 2011-2020" (25 November 2010)² and on "Revision of the Energy Efficiency Plan" (15 December 2010)³;
103. Stresses the importance of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency⁴, whose provisions will enter into force on 5 June 2014;
104. Supports the idea of energy audits as an appropriate tool for delivering energy savings, particularly in buildings and industry; notes that energy audits in public sector are not obligatory and have been introduced only by some Member States; calls on the Commission to put forward proposals for obligatory energy audits in the public sector as a precondition for project co-financing from the Union budget;
105. Emphasises the need for the energy auditors to apply the principle of cost-effectiveness when making recommendations aiming at energy savings;
106. Urges Member States to ensure transparency of project selection criteria and to align them with energy efficiency requirements; underlines the importance of public procurement, especially e-procurement, ensuring the transparency of project selection criteria and cost-effectiveness of projects;

¹ COM(2013)0246 of 22 April 2013.

² OJ C 99 E, 3.4.2012, p. 64.

³ OJ C 169 E, 15.6.2012, p. 66.

⁴ OJ L 315, 14.11.2012, p 1.

Part XI - Special Report No 22/2012 of the Court of Auditors entitled "Do the European Integration Fund and European Refugee Fund contribute effectively to the integration of third-country nationals?"

107. Emphasises the importance of ensuring efficient management of migration flows and receiving refugees and displaced persons; supports fair treatment of third-country nationals and their social, civic and cultural integration;
108. Takes note of the Court of Auditors' Special Report "Do the European Integration Fund and European Refugee Fund contribute effectively to the integration of third-country nationals?", and its recommendations;
109. Is concerned about the considerable number of shortcomings found by the Court of Auditors at the time of audit, in particular:
- the late adoption of legislation, late submission of implementing rules and key guidance by the Commission;
 - that effectiveness of the Funds could not be measured as a result of Member States not having set up effective monitoring and evaluation systems to report on the achievement of the programmes;
 - that audited Member States did not set proper targets or indicators in their annual programmes thus hampering a proper assessment of the Funds' contribution to integration;
 - that persistent weaknesses and failures related to the Certifying and Audit Authorities; weaknesses in Commission's approval of Member States' Management and Control Systems;
 - that the effectiveness of the Funds has been hampered by the design of the SOLID programme (General Programme on Solidarity and Management of Migration Flows for the period 2007-2013) which is fragmented and inadequately coordinated with other EU funds;
 - that experience on Structural Funds was not capitalised in the design of European Refugee Fund and European Integration Fund;
 - that the Commission's intermediate report based on Member States' reports was presented with delay and without quantitative results of the programmes beyond the number of projects funded in each Member State and it was based on plans rather than actual implementation; it includes no indication of the amounts spent;
 - the long chain of controls by the three authorities, which is excessive administration in proportion to the size of the funds;
110. Welcomes the Commission's proposal for a regulation of the European Parliament and

of the Council establishing the Asylum and Migration Fund (AMF)¹ and the Commission's proposal for a regulation of the European Parliament and of the Council laying down general provisions on the Asylum and Migration Fund and on the instrument for financial support for police cooperation, preventing and combating crime, and crisis management²;

111. Welcomes the fact that the Commission has taken on board a number of the Court of Auditors' recommendations by including corresponding provisions in its new proposals regarding AMF, and invites the Council to support those provisions;
112. Welcomes the Commission's proposal on setting up an obligatory set of common indicators from the start of the new programme for the period 2014–2020 and the explicit reference to computerised systems for storage and transmission of data on indicators;
113. Believes this to be crucial in enabling Member States to collect data throughout the programming period;
114. Urges, therefore, Member States to set corresponding own indicators at national level as well as target values for national programmes and to submit the national evaluation reports in a timely manner;
115. Asks the Commission for a follow-up on the national evaluation reports due on 31 October 2012;
116. Notes with concern that the Court of Auditors' audit of 2007-2013 found a lack of consultation with partners in certain Member States; is concerned that the lack of partnership was particularly acute with regard to the ESF authorities and generated overlaps and lost opportunities for synergy;
117. In this context, welcomes, the fortified provisions in the 2014-2020 proposal where partnership shall include competent regional, local, urban and other public authorities;
118. Welcomes the setting up of monitoring committees "to support the implementation of national programmes "; suggests capitalising on the experience provided by the use of the same mechanism within the Structural Funds;
119. Notes with concern that the system of annual programming places an excessive administrative burden on both Member States and the Commission; welcomes the new proposal which would abolish annual programmes in favour of national programmes covering 1 January 2014-31 December 2020;
120. Supports the Commission's proposal to set up a Monitoring and Evaluation Network composed of the Member States and the Commission in order to facilitate the exchange of good practices on monitoring and evaluation;
121. Welcomes the abolishment of the Certifying Authority and believes that a two-tier

¹ COM(2011)0751 of 15 November 2011.

² COM(2011)0752 of 15 November 2011.

structure (Responsible Authority, Audit Authority) will accomplish more in terms of efficiency and simplification of the checks;

122. Urges the Commission to discuss with Member States and adopt guidelines for implementation of the new Fund as soon as possible, duly taking into account the timetable for adoption of the new Fund;
123. Stresses the importance of unannounced on the spot controls;
124. Believes that Member States should not be discharged from their responsibilities, therefore considers that the proposal from the Commission on paying up to 100 % in cases of Emergency Assistance should be reduced to "more than 90 %";
125. Supports the Commission's proposal for a contribution to national programmes of up to 75 % on regular basis; believes that the context of "duly justified circumstances" that introduces the possibility for a contribution of 90 % from the Union budget should be properly and strictly defined;
126. Believes that in addition to the initial pre-financing of 4 % for the whole programming period, an annual pre-financing of 2,5 % should also be added in order to diminish cash-flow problems
127. Notes the overlap between the AMF and ESF policy priorities with regard to integration of third country nationals, and welcomes the Commission's plans to "consider the complementarity between the actions implemented under the Specific Regulations and those pursued under other relevant Union policies, instruments and initiatives in its evaluation"¹;
128. Believes, however, that it would be appropriate and in line with the principle of subsidiarity to provide for the possibility that those Member States that would so wish to provide for the level and the extent of synergy and complementarity between the two Funds in question in their national programmes ; calls on the Commission, in that respect, to give proper consideration and pursue the possibility of reinforced synergy between the two Funds in the Partnership Agreements with Member States
129. Calls on the Commission to encourage Member States to provide more detailed information on the coherence and complementarity between Union funds;
130. Salutes the advanced work on ensuring a common IT system with the European Structural and Investment Funds;

¹ COM(2011)0752, Article 50(6).

Part XII - Special Report No 23/2012 of the Court of Auditors entitled "Have EU Structural Measures successfully supported the regeneration of industrial and military brownfield sites?"

131. Emphasises the key role of the regeneration of military and industrial sites or brownfields as a first step towards increasing the attractiveness of a region, constituting a prerequisite for job-creating economic activities, creation of public spaces, etc;
132. Takes note of the Court of Auditors' Special Report "Have EU Structural Measures successfully supported the regeneration of industrial and military brownfield sites?", and its recommendations;
133. Welcomes the fact that all projects had some key characteristics having a positive effect on their sustainability and that out of 22 finished projects, 18 fully achieved their targets in terms of physical outputs and four projects achieved between 90 % and 100 % of the expected physical outputs;
134. Emphasises the fact that priority should be given to redevelopment that gives the opportunity for economic activities, such as job creation, and believes that the end use concept should be the core point in Union spending; underlines that the brownfields should be regenerated, and the use of greenfields should be considered as the last option only when dire economic necessities prevail;
135. Stresses the need for reliable data for the purposes of ensuring effectiveness and performance assessment, and calls on the Commission to take steps that such data are collected (inventory, level of contamination, etc.); invites Member States to develop inventories of brownfields and to assemble data on each brownfield's condition (level of contamination), thus allowing for prioritising of Union funding;
136. Calls on the Commission and the Members States to apply a reimbursement clause in each grant agreement; believes that the reimbursement clause should take into account a long term / life cycle approach, and that reassessment should take account of a 15 years period, when a regeneration project should mature and generate revenue;
137. Regrets that while authorities are aware of the polluter pays principle, in none of the audited cases did the polluter bear the full cost of decontamination; acknowledges that applying the polluter pays principle in practice is a difficult challenge; invites Member States, nevertheless, to take measures to overcome any difficulties in identifying the polluter and urges the Commission to require implementation of polluter pays principle as condition for granting Union funding;
138. Welcomes the Commission's proposal for a Soil Framework Directive (COM(2006)0232), which comprises provisions addressing a number of issues identified by the Court of Auditors and its recommendations and urges the Council to support the Commission's proposal;

Part XIII - Special Report No 24/2012 of the Court of Auditors entitled "The European Union Solidarity Fund's response to the 2009 Abruzzi earthquake: The relevance and cost of operations"

139. Welcomes the Court of Auditors' Special Report 24/2012¹, despite the delay of more than one year; notes that with this report, a Union institution finally provides Parliament and Union taxpayers with answers to some of the questions regarding the management of Union funds in the Abruzzi region after the 2009 earthquake;
140. Congratulates the Court of Auditors for safeguarding the European Union Solidarity Fund (EUSF) Regulation (Council Regulation (EC) No 2012/2002²) concerning the type of shelter that can be provided under the Regulation;
141. Totally agrees with the statement from the Court of Auditors that "around 30 % (EUR 144 million) of the EUSF contributions was earmarked for operations which were fully eligible under the EUSF Regulation. However, the CASE project (Italian acronym for "Complessi Antisismici Sostenibili Ecocompatibili", i.e. seismically isolated and environmentally sustainable housing), while relevant to the actual needs, did not comply with specific provisions of the EUSF Regulation. This was because it constructed new permanent buildings instead of temporary houses. The CASE project took 70 % of the funding - EUR 350 million. The strategy chosen for CASE project addressed the housing needs of 15.000 of the earthquake-affected population, but did not respond in a timely manner and with sufficient capacity to the actual needs of the population. The CASDE houses were more expensive than standard houses"³; notes that this was explained by emergency conditions;
142. Notes that the Decree of the Prefect Gabrielli, 1462 April 3, 2012 confirms the assessment of the Court of Auditors, hence the decree, which transfers the CASE properties of the City of Aquila, defines C.A.S.E in Article 1 as 'housing units intended for permanent use'⁴ ;
143. Takes note of the irregularities detected by the Commission in its 2012 audit report; regrets that the Commission's preliminary audit report is confidential, which means that Union citizens do not have access to the information about how their tax money has been used; takes note that the final Italian version of the report can be disclosed under the usual rules to protect personal data;
144. Calls on the Commission to clarify why i) although alerted to the inquiries by Aquila's prosecutor, the Commission has always refused to investigate whether or not Union

¹ European Court of Auditors President, Victor Caldera letter, December 10, 2010 –CPT11656EN01-10PP-OR.doc

² OJ L 311, 14.11.2002, p. 3.

³ European Court of Authors press release ECA/13/05.

⁴ Art. I. I moduli abitativi destinati ad una durevole utilizzazione di cui all'articolo 2 del decreto legge 28 aprile 2009, n. 39, convertito con modificazione alla legge 24 giugno 2009, 11.77, identificati dalle corrispondenti unità immobiliari riepilogate nell'allegato n. 1, che costituisce parte integrante e sostanziale del presente decreto, sono assegnati in proprietà a titolo gratuito al Comune di L'Aquila. The Commission is of the opinion that 'permanent' is an incorrect translation of 'durabile'; It should read 'lasting'.

funds have been paid out to economic operators linked to criminal organisations; ii) although the Commission was alerted to the fact that there could be problems with the cost of the CASE project, the Commission did not follow-up on this point;

145. Notes that more than 42 % of CASE has been built by using Union taxpayers' money;
146. Regrets that Parliament is still waiting to be informed by the European Anti-Fraud Office (OLAF) as to whether or not any irregularities were found to have taken place and if a further follow-up was required;
147. Is concerned by the fact that eight individuals have been taken into custody by the Italian police, and are currently under suspicion of manipulating building licenses for the reconstruction works that are taking place in the Abruzzi region and in the city of L'Aquila; asks the Commission to monitor the development thereof and to report to Parliament on these developments including the criminal cases;
148. Welcomes the discussions relating to the revision of the EUSF Regulation, picking up "lessons learned" in the Abruzzi earthquake;

Part XIV - Special Report No 25/2012 of the Court of Auditors entitled "Are tools in place to monitor the effectiveness of European Social Fund spending on older workers?"

149. Welcomes the Court of Auditors' Special Report "Are tools in place to monitor the effectiveness of European Social Fund spending on older workers?", and makes the following comments in relation to its recommendations;
150. Welcomes the fact that some issues raised by the Court of Auditors, including a stronger emphasis on performance, have been addressed in the Commission's proposed regulations for the new programming period 2014–2020 and encourages Member States to support the line taken by the Commission;
151. Emphasises the fact that while minimising error rate is vitally important, this is sometimes detrimental to the overall performance of a programme or project; notes that paying increasing attention to regularity and legality, rather than encouraging better performance, leads to less innovative uses of the European Social Fund (ESF);
152. Notes that the increased emphasis on performance and results does not translate into willingness on the part of Member States to contribute to a performance reserve, which is not a suitable solution during this period of economic uncertainty;
153. Invites the Member States to design their Operational Programmes in such a way that the performance of the ESF can be measured, in particular, to set quantified operational goals and indicators to measure outputs, results and specific impacts, and to set intermediate milestones, as well as to establish a hierarchy of target values, and to incorporate the Operational Programme's result and specific impact goals at project level, thus enabling payments to be linked to performance;
154. Invites the Member States to design their monitoring and evaluation systems in such a way that the progress towards all target values set can be measured in a timely and understandable way and at appropriate intervals, thereby allowing corrective actions to be taken and lessons learned for future decision-making, and to ensure timely collection of relevant and verifiable data, on-going evaluations, and the measurement of the net employment effect of the ESF actions aimed at increasing employment;
155. Calls on the Commission to promote these recommendations when negotiating Operational Programmes; calls on the Commission to provide appropriate data on the means mobilised and the results achieved by the ESF to ensure the submission of consistent and reliable information by Member States, *inter alia*, by issuing common indicators to be included by Member States in their Operational Programmes; calls on the Commission to analyse in depth performance issues when assessing the management and control systems;

Part XV - Special Report No 1/2013 of the Court of Auditors entitled "- Has the EU support to the food-processing industry been effective and efficient in adding value to agricultural products?"

156. Takes note of the Court of Auditors' Special Report "Has the EU support to the food-processing industry been effective and efficient in adding value to agricultural products?", and its recommendations;
157. Is concerned about the considerable number of shortcomings found by the Court of Auditors at the time of audit, in particular, that the design and the programming of the measure makes it difficult for Member States to avoid risks and ensure effectiveness and efficiency when selecting the individual projects for support and the monitoring and evaluation arrangements do not collect information on added value or on the effects on competitiveness of agriculture; observes that as a result, there is not a satisfactory basis for monitoring and evaluation, and for accountability;
158. Regrets that limiting the rules to a minimum and simplification has resulted in a measure with a highly questionable added value; namely that the legislation itself does not specify what the added value is intended to be, nor to whom such added value should accrue;
159. Believes that the current level of flexibility is excessive, as the measure has lost its focus and has become a general subsidy, risking becoming a handout to the food-processing companies;
160. Notes with concern that out of 24 projects audited by the Court of Auditors, only six had a clear effect in adding value and that these were classified as 'high added value', while further 12 projects were assessed as medium by the Court of Auditors and the remaining six projects resulted in little or no adding of value to the agricultural products;
161. Believes that Member States should clearly identify in their Rural Development Programmes (RDPs) where and why public intervention is necessary to improve the added value of agricultural produce and the competitiveness of agriculture; believes that the RDPs should set specific and measurable objectives in relation to these needs; urges the Commission to approve only those RDPs that present substantiated and comprehensive strategies with a clear rationale to demonstrate how the financial support for the food industry will improve the competitiveness of agriculture;
162. Invites Member States to define and apply criteria that ensure the selection of effective, sustainable projects with respect to Member States' specific objectives; calls on the Commission to ensure that these criteria are correctly and continuously applied and welcomes the Commission's proposal for the next programming period stipulating that selection criteria should be defined for operations under all measures;
163. Reiterates the belief that the Commission and Member States should promote the adoption of best practices in respect of the mitigation of deadweight and displacement risks; invites Member States to consider deadweight and displacement risks, both when

drawing up their RDP and in project selection, and to target the aid to projects for which there is a demonstrable need for public support and which deliver added value; requests that the Commission report back to the discharge authority on the progress made as regards exchange of best practices on the mitigation of deadweight and displacement risks with Member States;

164. Endorses the Court of Auditors' recommendation that in the new programming period, the Commission should improve the Common Monitoring and Evaluation Framework (CMEF) in a way that it provides useful information on the achievements of the projects and measures financed by means of enhancement of on-going evaluation activities; believes that current methodology, using lengthy mid-term evaluation reports, has proven to be inadequate;
165. Welcomes the Commission's proposals for the monitoring and evaluation system for the period 2014–2020, replacing the requirement of a mid-term evaluation by extended annual implementation reports (in 2017 and 2019), which are to assess progress towards achieving the objectives of the programme, and the provision that Member States should carry out evaluations during the programming period according to an evaluation plan; reminds the Commission that collecting detailed data at measure level is indispensable for enabling the CMEF to provide details as to the success of the measures;

Part XVI - Special Report No 2/2013 of the Court of Auditors entitled - "Has the Commission ensured efficient implementation of the seventh framework programme for research?"

Simplification

166. Agrees with the overall evaluation of the Court of Auditors that "the Commission has taken a number of steps to simplify the rules for participation" by introducing a number of administrative and financial simplifications to FP7 rules for participation which reduce the administrative burden on beneficiaries and facilitate their access to the programme; believes, however, that the periods could be further shortened based on improved internal communication and the sharing of best practices among DGs, as well as the timely introduction of effective new IT tools;
167. Welcomes the increased application of flat rates on direct and indirect costs, including the introduction of average personnel costs; emphasises, at the same time, the need for continued efforts towards the standardisation of reimbursement practices;
168. Expresses its concerns about the unsuccessful efforts to establish a certification mechanism for the approval of cost methodologies that would give assurance to the beneficiaries on their methodologies; considers that the wide-spread implementation of flat rate on indirect costs in Horizon 2020 will contribute further to preventing possible financial abuses and decreasing the error rates, thereby benefiting small and medium-sized enterprises (SMEs), thus making the participation of potential beneficiaries from the new EU-12 Member States easier;
169. Agrees with the Court of Auditors that the Commission has introduced effective new front-office IT tools which have substantially improved the interaction with beneficiaries, led to less administrative burden for both sides and helped to avoid the risk of potential duplication of funding; is concerned, however, that a substantial challenge remains, i.e. the optimisation of back-office IT tools which ensures a further reduction of the administrative burden and to guarantee an effective interlink between the modules used by the different DGs; embraces the work on the common back-office IT tool (SYGMA) and the common electronic workflow tool (Compass), which has started well in advance and should ensure that these will be available for Horizon 2020;

Financial control

170. Emphasises the necessity to strike the right balance between less administrative burden and effective financial control; notes that due to the specifics of the research field, a risk-tolerant and science-based approach should be encouraged so as to achieve research excellence and better impact of projects; believes that this approach will allow the Commission to uphold the balance between trust and control;
171. Encourages the Commission to follow the Court of Auditors' recommendation to concentrate the *ex-ante* checks on riskier beneficiaries, thereby introducing the

beneficiary risk profile, based on results from the *ex post* controls and performance record;

Efficiency and Effectiveness

172. Considers it necessary to put more emphasis on effectiveness, which is crucial for ensuring high-quality research in Europe, without underestimating the optimisation of administrative and financial practices and procedures, which is essential for achieving efficient implementation of FP7; is of the opinion that the realisation of a European Research Area is a key element for the long-term economic prosperity and competitiveness of the Union and that it is interlinked with the achievement of the established objectives and expected results from FP7; welcomes, in this regard, the introduction of performance indicators in Horizon 2020, which will measure programme implementation in terms of outputs, results and specific impacts, at the same time bearing in mind the programme objectives;
173. Encourages the channelling of research output into initiatives with a tangible beneficial impact on citizens' daily life, for example those that feed into the concept of smart cities and prevent the generation of research for the sake of research; believes that a potential area for innovation and development of technological and industrial base is security and defence; encourages, therefore, the further advancement of research activities in this field, with a view to exploiting possibilities for dual-use technologies and know-how transfer to the civilian sector, so as to better address societal challenges;
174. Acknowledges the persistent gap between research outputs and successful product realisation on the market and urges the Commission to further promote the "research-innovation-market" link to boost the relative economic competitiveness of the Union on a global scale;
175. Notes that the Union should identify its competitive advantage in cutting-edge areas of research and should work for encouraging young researchers to develop world-class research in Europe; believes that the introduction of a uniform and comprehensive definition for innovation would facilitate the application process and boost the attractiveness of the program for beneficiaries, especially SMEs with limited administrative capacities;

New instruments

176. Welcomes the implementation of new forms of venture capital instruments for public private partnerships under FP7 - Joint Technology Initiatives (JTI) and Risk-sharing finance facility (RSFF), as well as the results these instruments have achieved in ensuring funding for long-term industrial investments and fostering private investments in research;
177. Acknowledges that some JTIs have been particularly successful in involving SMEs in their projects with an average of 21 % of the total available funding provided by the JTIs to SMEs; notes that the functioning of the JTIs was affected by the overly complex

legal framework and the prohibited implementation of common services which resulted in an average of 52 % of their staff devoted to administrative tasks;

178. Considers that the more cautious approach undertaken by the Commission in the first years of RSFF implementation was reasonable and in accordance with the economic conditions in Europe; recommends, however, that it should be established beyond doubt that the instrument is used as an efficient tool for riskier research projects which would otherwise not be supported by commercial banks but could lead to major innovation breakthroughs; is of the opinion that a step in the right direction is the establishment of the Risk Sharing Instrument (RSI), which complements the existing RSFF, thus ensuring the participation of research-based SMEs;

Synergy

179. Notes that further efforts are needed to enable the Commission to effectively identify diverging practices in project implementation and to ensure that all beneficiaries are treated in a consistent and uniform manner by the different Commission DGs and other implementing entities in order to ease their administrative burden; notes the need to ensure that the already existing Research Enquiry Service and Research Clearing Committee fulfil the tasks of the initially envisaged Single Clearing House;
180. Appreciates the complexity of promoting more synergy between FP7 and the Structural Funds (SF); believes that the Commission could intensify its communication with the Member States by presenting certain good practices in order to ensure that the SF are efficiently used to facilitate both the up-stream (project preparation, capacity building) and the down-stream (full-scale demonstration, market realization) synergy approach; believes, thus, that the regional dimension of R&I could be enhanced by encouraging the innovation-research-education (the so called "triangle of knowledge") and the creation of pockets of excellence and regional clusters, thereby expanding the FP 7 geographic scope with a view to the efficient and effective distribution of projects among all Member States; recognises the need for more coordination of SF allocations for development of research infrastructure and the subsequent financing of research activities under the framework programmes;

Part XVII - Special Report No 3/2013 of the Court of Auditors entitled "Have the Marco Polo programmes been effective in shifting traffic off the road?"

181. Welcomes the Court of Auditors' Special Report "Have the Marco Polo programmes been effective in shifting traffic off the road?" and endorses its recommendations;
182. Considers that the objectives of the Marco Polo programmes to transfer traffic from road to more environmental modes of transport are still valid and represent a key aspect of Union transport policy, fully shared by Parliament;
183. Is of the opinion that the ideas which lead to the creation of the programme are still innovative and can generate efficient and sustainable transport freight services; considers the fact, however, that operationally, the instrument and the methodology used were inadequate for the virtue of the programme;
184. Is of the view that the results also need to be looked at in light of changes in the market and the challenges of the economic crisis; believes, however, that the economic downturn cannot serve as alibi for the underperformance of the programme; urges, in this sense, the Commission to draw conclusions from the results of Marco Polo programmes (on-going) and to take the best practices, but also to learn from errors in the design and implementation for future programming;
185. Takes note that no dedicated funding regulation for Marco Polo III has been proposed for the 2014-2020 programming period and that a general framework for a support of the freight transport services is included in the Commission's proposals for the new Trans-European Transport Network (TEN-T) and the Connecting Europe Facility (CEF) already in 2011;
186. Takes note that the Commission has just proposed a new reformed programme NAIADES II¹ for the inland waterways sector;
187. Recalls that the Commission's White Paper "A Roadmap to a Single Transport Area - Towards a competitive and resource-efficient transport system", as far as infrastructure is concerned, aims at establishing a fully functional and interoperable Union-wide multimodal TEN-T 'core network' by 2030 and that it also aims at optimising the performance of multimodal logistic chains, including by making greater use of more energy-efficient modes;
188. Notes that Parliament, in its resolution of 15 December 2011 entitled "Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system"², called for an extension of the Marco Polo programme beyond 2013 in order to make efficient use of the potential of shipping but it also pointed out the need to simplify and improve the programme;

¹ COM(2013)0623 of 10 September 2013.

² OJ C 168 E, 14.6.2013, p. 72.

189. Takes note that during the trilogues of the new legal framework¹, Parliament and the Council agreed to make freight services eligible for Connecting Europe Facility (CEF) funding and that explicit reference to sustainable freight services has been agreed on the new trans-European transport network with particular reference to 'motorways of the sea' (Article 38);
190. Shares the Commission's view that the Marco Polo contribution to change of the balance of modes can only be modest since the resources allocated were also limited;
191. Considers that changes in the modal split need to be explained not only as a result of Marco Polo programmes but also by taking other measures into consideration ; considers that the expected results of future programmes should be weighted with the financial amounts allocated and the volume of the sector addressed;
192. Considers that despite of the limited resources available, Marco Polo programmes were adopted with a view to possible spillovers and demonstration effects that could result in wider effects than those initially foreseen;
193. Shares the view of the Court of Auditors that best practices from national experiences should have been used to improve the management and definition of the programmes;
194. Stresses, however, that not all national experiences can be extrapolated at Union level, as the Union transport sector operates in a more complex and multimodal environment; notes that it faces enormous constraints (interoperability, different national regulations, sectors differently open to competition) which need additional measures other than financial support (regulatory, political will, proper implementation and enforcement);
195. Recalls in that sense its resolution of 15 December 2011 on a Single European Transport Area pointing out that modal transfers cannot be achieved by means of legislation, but only by exploiting a functioning infrastructure, intrinsic advantages and strengths and incentives;
196. Is of the opinion that the existence of a reduced number of multimodal players (main target of beneficiaries) might have contributed to the poor number of projects presented to the calls; believes that this can be a result of intrinsic behaviour of transport players that tend to operate in a single mode; calls on the Commission to look for improving participation of single mode operators that could also benefit from future initiatives; notes, however, the Court of Auditors' remark on the complexity of the programme as pointed by the beneficiaries who might have discouraged potential additional interested;
197. Considers that a poorly adapted regulatory framework together with a lack of proper information and communication of the programmes are also elements that need to be taken into account when analysing the programmes' weaknesses; calls on the Commission to seek solutions to improve and enlarge potential beneficiaries by reducing complexity and administrative burden as well as improving communication of

¹ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU (OJ L 348, 20.12.2013, p. 1).

future actions;

198. Recalls the particularity of Marco Polo, a programme based on performance where funding disbursements are conditional upon results; notes that this unique character, positive in terms of management of Union funds, together with complexity of the sector and the economic downturn has contributed to a underperformance of the programme;
199. Stresses, however, that the Commission should have been particularly attentive when measuring the results of beneficiaries; notes that the Commission did improve on the control of results;
200. Emphasises the need for programmes based on results to have a strong methodology for measuring the achievement of the objectives; shares, in that sense, the remark made by the Court of Auditors that the methodology for calculating performance should need to be updated and accurate;
201. Believes that the development of a strong methodology can serve also to provide information for potential operators that could be interested in modal shift, in particular SMEs with lack of resources to develop these tools;
202. Recalls that Marco Polo projects were particularly sensitive to the economic crisis and that this led to a lower number of projects supported by the programme than expected; notes that as the Marco Polo project is a result oriented programme, the decrease of transport also impacted on the effective number of freight transferred to other modes;
203. Considers that a sufficient analysis of the market needs pointed out by the Court of Auditors as a weakness could not be sufficient to ensure better results to the effectiveness of the Marco Polo programmes; urges the Commission to provide more in-depth analysis for future programmes involving a modal shift;
204. Considers, however, that the absence of market demand cannot be seen as an impediment for political action, as one of the objectives of Union transport policy is to try to address unbalanced modal split and create incentives for market takeoff; calls on the Commission to take into consideration the higher risks involved and to learn from the unsuccessful experiences and combine financial incentives, possibly also with financial aid for infrastructure as pointed by the Court of Auditors, as well as with other regulatory measures;
205. Is concerned about the Court of Auditors' comment regarding possible situations of "reverse modal shift" as a indirect effect of adopting new environmental legislation (e.g. sulphur rules); calls on the Commission to analyse trends in possibly reversing shift modes, to address solutions and to cooperate closely with the Directorates involved in order to have a systemic approach when drafting legislation and designing new financial support programmes;
206. Regrets that the Eastern Member States have not been involved in the projects since its beginning and highlights the lack of incentives in those countries, as they normally prefer applying for Regional /Cohesion funds with higher co-financing rates and less administrative burden; welcomes, in this sense, the agreement between the legislators

on CEF as Cohesion Countries will be able to apply for Union funding on freight services under the same conditions as for the Cohesion fund;

Part XVIII - Special Report No 4/2013 of the Court of Auditors entitled "EU Cooperation with Egypt in the Field of Governance".

207. Welcomes the Court of Auditors' Special Report on "EU Cooperation with Egypt in the field of Governance" and sets out its comments and recommendations below:
208. Observes that as regards reforms in public finance management, a support programme of EUR 4 million, funded by the Union, France and Romania has been put in place to combat corruption, money laundering and to foster asset recovery in Egypt; notes that this programme began its implementation phase in July 2011, that it runs until July 2014 and that an extension will be requested to the Union as the main donor; notes that a number of 166 prosecutors, law enforcement personnel and financial intelligence staff received in-depth training; acknowledges that the programme received a positive independent Monitoring Report in December 2012;
209. Acknowledges that for the period 2007-2013, Egypt received approximately EUR 1 000 million of Union support: 60 % through sector budget support (SBS) to the Egyptian government and the rest through projects agreed with the Egyptian authorities; notes that budget support is the main mechanism of the Commission for implementing assistance to Egypt; concludes, however, that overall, the EEAS and Commission have not been able to effectively manage and control Union support to improve governance in Egypt;
210. Notes that asset recovery became a priority under the Morsi administration and that this has led to important progress; observes that asset recovery requires high quality judicial efforts following international standards, thus leading to improvements in procedures and financial management; observes that Egypt still lists low on the corruption-index, but efforts have not been in vain and progress is visible; acknowledges that with Union assistance, a draft law on the protection of witnesses has been completed recently and is ready for adoption, as are two other laws concerning conflicts of interest and access to documents;
211. The Union and USAID are donor coordinators on Public Finance Management programs in Egypt; notes that the Union is also coordinating the cooperation between Egypt and Member States on asset recovery and that, worldwide, assets worth EUR 1,2 billion have been frozen;
212. Believes that the monitoring of programmes through SBS is important and that it is equally important to keep insisting on improvements in accountability and transparency in the dialogue with Egyptian authorities, within the international Public Expenditure and Financial Accountability (PEFA) framework; is of the opinion that the possibility of suspension of SBS programmes is a useful and necessary tool to this objective;

Conclusion

213. Notes that this Special Report on EU Cooperation with Egypt in the field of governance contains many important observations and that it is important that the Court of Auditors

not only assesses the quality of financial management but also reviews the performance achieved with Union programmes; calls therefore on the Commission to regularly evaluate the results achieved;

214. Notes that Parliament will have to invest more in its political responsibility to monitor closely the implementation of policies of this kind and others;

Part XIX - Special Report No 5/2013 of the Court of Auditors entitled "Are EU Cohesion Policy funds well spent on roads?"

215. Welcomes the Court of Auditors' findings confirming a considerable improvement in road safety and a substantial decrease of fatality rates (in some cases to zero deaths); notes, in addition, that road improvements have led in general to a reduction in travelling time;
216. Notes the recommendations of the Court of Auditors, while at the same time accepts a number of explanations given by the Commission;
217. Notes that while objectives were set for the road projects, their impact on economic development could not be assessed due to lack of appropriate indicators; calls on the Commission and Member States, in the context of the new programming period, to establish a reliable and measurable set of indicators in order to address this issue;
218. Notes the differences that exist among the audited Member States in terms of their public procurement procedures; holds the view that the European public procurement directive should be applied rigorously in all Member States with a view to achieving the highest level of cost-effectiveness and efficiency; believes, in addition, that the future co-financing of road projects should be made conditional upon steps taken by Member States to ensure competition in construction markets, focussing procurement systems on delivering best value for money while avoiding entrance barriers;
219. Calls on the Commission to continue updating and adjusting its guide to cost-benefit analysis for investment projects, which applies to all projects, and giving guidance on carrying out traffic forecasts;
220. Calls on the Commission to facilitate an exchange of best practice among Member States with regard to establishing reliable traffic forecasts on the one hand, and calculating the possible economic impact of roadway constructions on the other hand;
221. Is of the opinion that road construction costs also depend on the morphology of the ground, seismic danger, environmental and archaeological, cultural and other constraints, as well as on the number of engineering objects required (such as bridges and tunnels); is of the opinion that these variables should be taken into consideration by the Court of Auditors' audit;
222. Asks the Commission and the Court of Auditors to provide more information on the possible set-up of Union-wide unit cost information for engineers preparing estimates for new projects, with a view to assisting beneficiaries in lowering their procurement costs;

Part XX - Special Report No 6/2013 of the Court of Auditors entitled "Have the Member States and the Commission achieved value for money with the measures for diversifying the rural economy?"

General remarks

223. Is concerned that the good management of Union-funded programmes and initiatives is jeopardised when public sector cuts affect staffing levels within the relevant administrations;
224. Is concerned that Member States implement the measures in varied ways and that the Court of Auditors' comments are, in many cases, addressed to them;
225. Points out that the emphasis should be placed on the clear needs or specific objectives and the capacity to assist areas which need it;
226. Points out the need for a greener, fairer and fully legitimate common agriculture policy, which represents the principle of "public spending for public goods"; believes that an increasing socio-political use of funds for rural development will lead to a boost of growth and jobs in rural areas;
227. Points out that appropriate diversification projects should aim to develop local infrastructure and local basic services in rural areas in order to prevent tendencies towards depopulation; believes that the projects should also aim at making rural areas more attractive to young people and should lead to new satisfactory and well-paid job opportunities;

Regarding the Court of Auditors' approach

228. Notes that this Special Report focused on the diversification objective within Axis 3 and would find it useful to also investigate the goal of improvement of the quality of life in rural areas and diversification of economic activity;
229. Notes that the audited measures are designed to impact more than employment and income, and are intended to contribute to rural area sustainability;

Future developments

230. Welcomes the fact that for the next programming period, the Commission proposed a number of improvements which should address some of the points of concern expressed by the Court of Auditors, notably:
 - a. a stronger legal framework with full strategy description and *ex ante* evaluation,
 - b. a single measure, rather than three, with improved focus, clearer eligibility conditions (with guidance) and payment rules, and use of simplified costs,

- c. a better definition of selection criteria, the use of which should become compulsory,
 - d. a best practice exchange on mitigation of deadweight and displacement,
 - e. result indicators as part of the rural development programme (RDP) evaluation,
 - f. Common Monitoring and Evaluation Framework to use commonly defined target indicators for assessment;
231. Asks Member States to clearly identify in their RDPs, where public intervention for investments in non-agricultural activities will help to redress for example market failures related to barriers to employment and growth; believes that Member States should then set specific and measurable objectives in relation to these needs and that the Commission should approve only those RDPs that present substantiated and comprehensive strategies with a clear rationale that show how policy intervention will contribute to strategic aims of creating growth conditions and employment opportunities as well as countering rural depopulation;
232. Asks Member States to establish and consistently apply criteria to ensure the selection of the most effective, sustainable projects with respect to the Member States' specific objectives; is of the opinion that the Commission should ensure that these criteria are correctly and continuously applied, not only in cases of budgetary shortage;
233. Requests the Commission and Member States to exchange and promote the adoption of best practices in respect of mitigating the risks of deadweight and displacement;
234. Requires the Commission to encourage Member States to adopt the practice whereby expenditure for investments would be eligible only as of the date of grant approval;
235. Calls on the Commission to ensure that Member States have effective systems to carry out checks on reasonableness of costs;
236. Invites the Commission and Member States to increase their efforts in reducing the administrative burden and ensuring that payments are made in a reasonable timeframe;
237. Asks the Commission and Member States to ensure that for the forthcoming programming period 2014-2020, relevant and reliable information is obtained to facilitate the management and monitoring of the measure and to demonstrate the extent to which the aid given is contributing to the achievement of Union overarching priorities; believes that the targets for job creation should be realistic and that the numbers of jobs created should be accurately monitored; believes that the measures should be better managed throughout the programming period, particularly if it becomes apparent that targets set will not be achieved;

Part XXI - Special Report No 7/2013 of the Court of Auditors entitled "Has the European Globalisation Adjustment Fund delivered EU added value in re-integrating redundant workers?"

238. Emphasises the importance it attaches to performance audits in addition to legality and regularity checks and welcomes, therefore, the Court of Auditors' Special Report which sets out positive and negative performance aspects, thus giving a balanced overall viewpoint;
239. Is, however, aware that performance can only be evaluated if the objectives and indicators were decided upon in the underlying regulation; calls, therefore, on the Commission to take Parliament's view on performance audits into consideration when it drafts new legislative proposals;
240. Welcomes the fact that most workers affected by mass redundancies as a result of globalisation and the crisis benefitting from European Globalisation Adjustment Fund (EGF) measures were offered personalised and well-coordinated measures;
241. Notes with satisfaction that EGF measures were generally well-coordinated with national and European Social Fund (ESF) measures;
242. Takes note of the arguments offered by the Member States who did not want to take the EGF very seriously; notes that the arguments were the following:
- the higher co-financing rate for the ESF (in some cases up to 85 %) than for the EGF (up to 65 %) is a disincentive to apply for the latter; welcomes therefore the Commission reconsideration of the co-financing rates for the forthcoming EGF period;
 - the ESF can be implemented more swiftly than the EGF, or national administrations are more familiar with the ESF;
 - the lack of EGF pre-financing;
 - the more restrictive EGF conditions, in particular the trade criterion as the main intervention criterion for applications based on globalisation;
 - the length of the procedure for approving EGF application;
243. Reiterates the fact, nevertheless, that the EGF and the ESF can be seen as complementary instruments; asks the Commission, however, to make clear the rationale for setting the EGF apart from the ESF, as the ESF turns out to be in some cases better adjusted at delivering timely results and has in some cases better co- and pre-financing rates; notes, moreover, that the ESF is more well-known among the Union public in some Member States than the EGF¹;

¹ http://ec.europa.eu/public_opinion/archives/ebs/ebs_377_en.pdf

244. Emphasises that it is in the interest of sound financial management that the reintegration of the unemployed into the labour market following their participation in EGF measures can be reliably determined; believes that the EGF Regulation (Regulation (EC) No 1927/2006 of the European Parliament and of the Council¹) should therefore encourage Member States to measure re-integration beyond the end of the implementation period and in addition, that these data should be comparable and preferably interlinked with quantitative objectives;
245. Welcomes, in the context of the new EGF Regulation for the 2014-2020 programming period (Regulation (EU) No 1309/2013 of the European Parliament and of the Council²), the fact that the Commission has proposed a re-integration objective of 50 % of the redundant workforce to have found new jobs after 12 months of implementation; asks, however, on what rationale this figure is based;
246. Holds the firm view that EGF assistance should primarily be used for retraining and qualification and other targeted active labour market measures, and not on income support which would in any case be paid by national unemployment schemes; asks therefore for income support to be limited to 25 % per EGF measures;
247. Underlines the fact that Union financial assistance should create European added-value; asks, therefore, that the Union added value of the EGF measures, as compared to the Union added value of the ESF measures, be considered in its quantitative and qualitative aspects in the annual discharge procedure in order to ensure the most effective policy measurements or to provide the reasons for not including these figures; shares the Court of Auditors' view that a period of 41 weeks between submitting an application for EGF assistance and payments is unacceptably high and that such a duration discourages applicant countries in distress and in need of Union solidarity; notes, however, the information supplied by the Commission in its replies; reminds all parties concerned of the Union's budgetary authorities' decision not to integrate the EGF into the Multiannual Financial Framework (MFF), which means that all applications have to undergo a specific budgetary procedure, and notwithstanding the above explanations, calls on all the parties concerned to switch to e-applications and to limit additional information after the original application to exceptional cases, and in any case, no later than three months after the original application;
248. Holds the view, however, that such an important policy instrument should be thoroughly evaluated and proposes, therefore, to link the review of the EGF 2014-2020 to the proposed mid-term review of the MFF 2014-2020;

¹ OJ L 406, 30.12.2006, p. 1.

² OJ L 347, 20.12.2013, p. 855.

Part XXII - Special Report No 8/2013 of the Court of Auditors entitled "Support for the improvement of the economic value of forests from the European Agricultural Fund for Rural Development"

249. Notes that the Commission should:

- (a) define and assess Union needs for improving the economic value of the forests and in that respect integrate efforts and insights of related policy fields;
- (b) clearly define the key features that would ensure that Union support is targeted to address those needs, and thus create Union added value;

250. Notes that the Member States should:

- (a) adequately describe in their RDPs the specific economic needs and opportunities of the different types of forest areas and beneficiaries;
- (b) enhance forest management by providing for the elaboration of forest management plans for the bulk of forest holdings and the promotion of certification of forest areas;

251. Notes that the Member States should:

- (a) set adequate requirements to ensure that forestry support within the rural development policy is consistent, in line with state aid and other policy areas provisions, thus maximising its effectiveness;
- (b) put in place adequate procedures to ensure that support is effective so as to actually increase the economic value of the forest areas where the investments take place;

252. Notes that the Commission should improve its monitoring of the measure in order to ensure that the Member States implement it in line with the specific objectives set and in order to obtain short and long term sustainability; notes that in concrete terms, the Member States should require beneficiaries to provide details of the value of their forest areas both prior to and after the aided investments and managing bodies should be required to validate these values;

Part XXIII - Special Report No 9/2013 of the Court of Auditors entitled "EU support for governance in the Democratic Republic of the Congo"

253. In close coordination with the national authorities and other development partners, notably Member States, the Commission and the EEAS should:

- (a) with a view to programming for the 11th EDF and the design of future Union programmes, (i) pay increased attention to ensuring an appropriate balance of aid between provinces, especially the poorer ones, in order to avoid geographical disparities in the distribution of development aid while bearing in mind the importance of stabilising the Great Lakes region as a whole; (ii) combine support at a central level with programmes at the provincial level that link political and territorial decentralisation with improved natural resource management strategies and infrastructure rehabilitation and development; and (iii) reconsider Union support for improved management of natural resources on the basis of a comprehensive needs assessment;
- (b) place greater emphasis, in its dialogue with the Democratic Republic of the Congo (DRC) government, on the fact that democratic elections are a key component of governance and carefully assess all risks to ensure that Union programmes in this area do not support regime entrenchment;
- (c) promote improved DRC government accountability by considering increased support to strengthen the capacity of national oversight institutions, in particular the specialised committees of the National Assembly and the supreme audit institution;
- (d) in all governance areas covered by the Union cooperation strategy, systematically consider the need to support the fight against fraud and corruption, as well as the reform of the judiciary;

254. The Commission should:

- (a) at the outset of programmes and regularly during their implementation, assess the likelihood and potential impact of the main risks to the achievement of programme objectives; notes that this will involve (i) appraising the relevance and credibility of the country's policies and action plans for improving governance in relation to the available institutional and financial resources and (ii) monitoring progress against commitments made by the DRC authorities;
- (b) establish measures to prevent or mitigate risks and clearly define the course of action to be followed if risks become reality, bearing in mind the risks of fraud and corruption in particular;

255. The Commission should:

- (a) focus objectives on a limited number of priorities;

- (b) set out a time frame, including mid-term evaluations, which is better adapted to the programme environment;
- (c) provide for flexibility during programme implementation so that objectives can be reviewed promptly where appropriate;

256. The Commission and the EEAS should:

- (a) strengthen their structured political and policy dialogue with the country; notes that this will involve, in full respect of the provisions of the Cotonou Agreement (notably article 96) (i) setting clear, relevant, realistic and time-bound targets which are mutually agreed upon with the national authorities, (ii) periodically assessing compliance with the agreed targets as part of the regular political dialogue with the government, and (iii) if the DRC government shows insufficient commitment to compliance, consider, after careful deliberation, adapting or in exceptional cases, suspending or terminating the programme;
- (b) urge the DRC government to adopt the necessary measures for improving, where necessary, the functioning of the thematic working groups, and monitor the implementation of those measures;
- (c) take a more active leadership role towards Member States to encourage coordinated policy dialogue and increase Union leverage over the DRC government;

257. The Commission should:

- (a) provide Parliament by May 2014 with an overview of the state of play of the projects visited by the Court of Auditors, and
- (b) provide Parliament by June 2014 with an overview of all on-going projects in DRC and inform it on how much money will be still available and from which funds;

Part XXIV - Special Report No 10/2013 of the Court of Auditors entitled "Common Agricultural Policy: Is the specific support provided under Article 68 of Council Regulation (EC) No 73/2009 well designed and implemented?"

258. Specific support for certain agricultural activities should be based on a strict understanding of the provisions of Article 68 and the new delegated acts should require that the granting of such coupled support should be adequately justified to the Commission and checked by it; notes that to be able to assume its ultimate responsibility under the system of shared management, the Commission should play a more active role in establishing the criteria governing the implementation of the measures, and in assessing measures in a comparative way to avoid unexplained and extreme variations in prices, such as those identified in the examples for goats in this Special Report; notes that the legal tools to do this should be established in the new delegated acts; notes that the Member States should be required, in the new delegated acts, to demonstrate that each specific support measure which they intend to introduce is necessary (in terms of the need for and added value of an approach based on derogations), relevant (in terms of implementation arrangements, award criteria and aid levels), and that it satisfies the criteria of sound financial management; in particular and in response to the point expressed by the Court of Auditors that “clearly defined cases” were not clearly defined, implementation of the new Regulation (EU) No 1307/2013¹ should overcome the problems identified, by Member States:
- (a) establishing clear targets (as per Financial Regulation (EU, Euratom) No 966/2012);
 - (b) creating systematic monitoring systems for all measures taken under the new Articles 52-55 of Regulation (EU) 1307/2013;
 - (c) respecting uniformity in application across the Union so that management and control systems can be streamlined, simple, and comparable;
 - (d) ensuring documentation of all measures/sub-measures and the use of up to date integrated administration control system (IACS) information where relevant;
 - (e) establishing rigorous on-the-spot checks at regional and Member State level;
259. Taking account of the variety of possible measures an appropriate system of monitoring should be established to facilitate subsequent evaluation;
260. Once measures have been introduced, the Member States should establish suitable and comprehensive management and control systems to ensure that all the requirements of the Regulation (EU) No 1307/2013 can be satisfied; notes that in order to avoid generating disproportionate costs on the limited scale of a specific support measure, the

¹ 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).

requirement for controls should already be taken into account during the measure's design phase (simplicity of implementation, 'controllability' of criteria, etc.) or possibly even in the decision on whether or not to introduce a given measure;

Part XXV - Special Report No 12/2013 of the Court of Auditors entitled "Can the Commission and Member States show that the EU budget allocated to the rural development policy is well spent?"

261. Welcomes the Court of Auditors' Special Report entitled "Can the Commission and the Member States show that the EU budget allocated to the rural development policy is well spent?", and endorses in principle its recommendations;
262. Points out that there is a need for a greener, fairer and fully legitimate common agriculture policy, which represents the principle of "public spending for public goods", and which would thus represent a significant step forward in the evolution and modernisation of the CAP; recalls that Union agriculture policy has to deliver benefits for the public in general and not only for farmers;
263. Points out that the rural development programmes are important instruments to create jobs and promote growth, to make agriculture more competitive and to improve the environment; as spending on rural development covers measures supporting farms, agricultural holdings and small businesses and communities in rural areas; considers it necessary that these measures should address the needs of this variety of recipients and thus achieve a variety of objectives; points out that monitoring and evaluation are key to this and considers it important that Parliament and the public know if Union money is spent well;
264. Invites the Member States to set specific measurable objectives within their RDPs, focusing on what the rural development expenditure is intended to achieve; believes that the Commission should ensure - prior to their approval- that the Member States' RDPs contain clear objectives and evaluation plans that will provide information on the results achieved by the planned actions according to the agreed objectives and in time to inform policy decisions for the next programming period;
265. Is concerned about the fact that the Court of Auditors has found that the current monitoring and evaluation arrangements have failed to provide the information to show that measures are targeted towards achieving policy objectives in the most efficient way; asks that Parliament be clearly informed on the achieved results of the spending on rural development;
266. Regarding the large amount of almost EUR 100 billion allocated to achieving rural development objectives in the 2007-2013 financial period, as well as EUR 58 billion of Member States' own resources, agrees with the Court of Auditors that improvements to monitoring and evaluation should be made for the remainder of the current spending period (end of 2015) to ensure that the Union budget is spent well;
267. Calls on the Member States to make immediate use of monitoring and evaluation to increase their focus on results and recommends that the Commission and Member States improve the evaluation of the results of RDPs in the current funding period and use the findings to improve the RDPs for the 2014-2020 funding period;
268. Calls on the Commission to improve the Common Monitoring and Evaluation

Framework (CMEF) for 2014-2020 so as to obtain an efficient tool for the Member States and the Commission which generates relevant data to be used for monitoring and evaluation; insists on the need to develop reliable indicators to allow comparisons between Member States (and/or regions) and to monitor the results of the various rural development measures and their contribution in achieving the Union's priorities;

269. Considers that Member States need to have a common system of monitoring and evaluation to ensure that the Commission will be able to analyse the extent of progress and achievement of the defined objectives and its impact, and effectiveness at Union level; welcomes the work currently being undertaken by the Commission and Member States to define compulsory common indicators for the 2014 - 2020 monitoring and evaluation framework for the CAP and RDPs; calls on them to ensure that RDPs are drawn up with clear requirements for use of those indicators;
270. Considers that the application of a specific objective must have a certain degree of homogeneity in different territories, and therefore it is necessary to avoid dispersion in the areas of regulation, application and budget, and to give this measure uniformity in its implementation by Member States;
271. Calls on the Commission to ensure that Parliament receives the Annual Implementation Reports foreseen for 2017 and 2019 in a timely manner, so that it is also able to assess the results indicators and impact of the RDPs;

Part XXVI- Special Report No 14/2013 of the Court of Auditors entitled "European Union direct financial support to the Palestinian Authority"

272. Welcomes the Special Report examining direct Union financial support to the Palestinian Authority as an important contribution to the overall political and financial debate about the Union's engagement with the Palestinian Authority with a view to supporting progress towards the two-state solution in full compliance with the principle of respect for the sovereignty and territorial integrity of both the territory administered by the Palestinian Authority and the state of Israel; takes note of the findings, conclusions and recommendations and sets out its observations and recommendations below;

General remarks

273. Welcomes the findings of the report which confirm some important achievements and the need for improvements of the current PEGASE mechanism (Palestinian-European Mechanism for Management of Socio-Economic Aid), in particular stating that:
- (a) the Commission established specific verification procedures which are well designed to ensure that funds are only paid to beneficiaries that meet specific eligibility criteria;
 - (b) the eligibility verification checks are robust and further simplification needs have been addressed by the Commission;
 - (c) the direct financial support contributed to some important improvements in the Palestinian Authority's public finance management;
 - (d) a new Union technical assistance project to restructure the electricity sector in the West Bank and Gaza is well designed to bring more sustainable results in the medium term;
 - (e) the PEGASE direct financial support (DFS) reached the eligible beneficiaries, and the funding played an important part in supporting vulnerable families and also contributed to the reform process of the system of social assistance;
 - (f) the PEGASE DFS made a significant input to the delivery of essential public services like education and health care;
274. Expresses serious concerns that a number of shortcomings in the Commission's management of the PEGASE mechanism remain, *inter alia*:
- (a) the Commission does not apply its standard internal quality review procedures to the annual PEGASE DFS programme, which prevents it from fully assessing its effectiveness and efficiency in comparison to other Union aid programmes;
 - (b) no performance indicators were included in the financing agreements making it

more difficult to assess the concrete results of the support, especially as regards the percentage of the programme's funds spent on administrative costs compared to the percentage of funds disbursed to the eligible beneficiaries;

- (c) the Commission has not prepared a risk assessment addressing issues such as corruption in Gaza with regard to the payroll system, which also raises concerns about the risk of money laundering and terrorist financing;
 - (d) significant weaknesses persist in the Palestinian Authority's public finance management, such as inadequate legislative scrutiny of the budget and the external audit reports, or the lack of proper government procurement and commitment controls;
275. Urges the Commission and the EEAS to address these issues without delay and to act together with the Palestinian Authority and inform Parliament and the Council about the progress made in due time;
276. Welcomes the fact that the Commission addressed the Court of Auditors' concern with regard to use of direct negotiated procedures and the application of more competitive tendering procedures; shares the Court of Auditors' view that competitive tendering would be more beneficial for contracts for management services and audit; encourages the Commission to make the application of competitive tendering procedures mandatory with a view to seeking the best value for money and ensuring a level playing field between all market participants;
277. Is concerned about the continuing decline in donor funding for the Palestinian Authority from both Member States and third countries; notes with concern, furthermore, the Court of Auditors' finding that the Commission and the EEAS have not developed a clear strategy on how to reduce the Palestinian Authority's dependency on Union financial support; takes note of the political constraints which make it very difficult to effectively reduce the Palestinians' dependency on external aid; encourages the Commission and the EEAS to continue the efforts to increase the Palestinian Authority's financial independence from outside sources;
278. Urges the Commission and the EEAS to fully take into account the Court of Auditors' findings with regard to the absence of conditionality of the Union direct financial support to the Palestinian Authority which weakens the Commission's and EEAS's potential leverage towards more reforms; notes that the absence of conditionality is a political choice by the Commission, the EEAS and the Member States in line with their political objectives in the Middle East Peace Process, but considers that this may need to be reviewed in view of increasing the effectiveness of Union aid implementation in the region;
279. Calls, therefore, on the Commission and the EEAS to apply the "more for more" principle regarding the implementation of the PEGASE mechanism from now on and to closely monitor its disbursement;
280. Is worried about the Court of Auditors' findings with regard to little progress made by the Palestinian Authority to reform the civil service and pension systems with a view to

reducing the fiscal impact of the increasing numbers of staff and pensioners; calls on the Commission and the EEAS to engage with the Palestinian Authority without delay to address these structural issues, and to report regularly to Parliament and the Council on the state of play;

281. Regrets, in accordance with the findings of the Court of Auditors, that the Commission and the EEAS have not paid sufficient attention to the fungibility of the PEGASE funding; expresses concern about the risks also mentioned by the Court of Auditors that PEGASE DFS is being used by the Palestinian Authority as a substitution for its own budget to support the Common Security Policy (CSP) component of its policies, including funding to police and security personnel which are not eligible for PEGASE DFS;
282. Urgently requests, in this context, a forensic auditing of the PEGASE DFS disbursement to ensure that none of its funding is disbursed or channelled illegally to ineligible groups, and insists on the Commission and the EEAS to raise this problem with the Palestinian Authority to prevent any further diversion of the PEGASE funding in 2014;
283. Is also preoccupied about the Court of Auditors' findings in respect of the increasing number of Palestinian Authority civil servants in Gaza who are receiving salaries from the PEGASE DFS but are not attending work; commends, therefore, the Court of Auditors' recommendation to discontinue this funding as the payment of virtual civil servants does not comply with the PEGASE DFS objectives and constitutes a clear breach of its disbursement criteria;
284. Urges the Commission and the EEAS to raise the issue concerning the necessity to establish a robust internal controlling mechanism to prevent further diversion of any public funding from its own budget or the PEGASE DFS to any physical or legal person representing or associated with Hamas, a Union-listed terrorist organisation since 2003, with the Palestinian Authority, without delay;
285. Recognizes the constraints imposed on the Palestinian Authority by the government of Israel, *inter alia*, through:
 - (a) the sporadic suspensions by the government of Israel of the transfers of the clearance revenue which are indirect taxes collected by Israel on behalf of the Palestinian Authority from imported goods and which constitute some 70 % of the Palestinian Authority's budget;
 - (b) the lack of transparency concerning the amounts of fees deducted by Israel for goods and services it charges to the Palestinian Authority;
 - (c) Israel's continuing control of the West Bank's 'Area C' which represents a major obstacle for a long-term and sustainable development of the Palestinian Authority;
 - (d) restrictions imposed by the government of Israel on Palestinian companies as described in the Court of Auditors' audit report;

286. Calls on the Commission and the EEAS to continue engaging with the government of Israel on these issues and to keep reminding it of its obligations as the occupying power under the international law;
287. Calls on the Commission and the EEAS to fully take into consideration the Court of Auditors' findings and conclusions and to fully implement its recommendations when reviewing the PEGASE DFS mechanism in the future;

Future developments

288. Given the opportunities provided by the new 2014-2020 programming period and a new EU-PA Action Plan, the Court of Auditors recommends that the EEAS and the Commission undertake a major review of PEGASE by taking into account the points listed in the following paragraph;
289. The EEAS and Commission should strengthen the programming of future PEGASE DFS, specifically by:
- (a) linking it more closely to the new EU-PA-Action Plan;
 - (b) planning allocations on a multiannual basis;
 - (c) developing performance indicators, particularly in the areas of health, education and public financial management (PFM), to better assess and demonstrate its results;
 - (d) developing a robust internal controlling mechanism to ensure respect for the disbursement criteria and prevent any diversion of PEGASE DFS funding;
290. The Commission should reduce the costs of administering PEGASE DFS by:
- (a) using competitive tendering for contracts relating to the management and control of PEGASE DFS whenever feasible;
 - (b) simplifying the PEGASE DFS management system by making the Union Representation in Palestine responsible for administering the PEGASE database and taking over some of the checks currently outsourced;

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291. Instructs its President to forward this resolution to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.3.2014
Result of final vote	+: 21 -: 0 0: 1
Members present for the final vote	Marta Andreasen, Inés Ayala Sender, Zuzana Brzobohatá, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Cătălin Sorin Ivan, Rina Ronja Kari, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Monika Panayotova, Crescenzo Rivellini, Bart Staes, Michael Theurer, Derek Vaughan
Substitute(s) present for the final vote	Philip Bradbourn, Esther de Lange, Vojtěch Mynář, Markus Pieper