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*Plenary sitting*

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**A9-0127/2022**

11.4.2022

# REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies  
(2021/2106(DEC))

Committee on Budgetary Control

Rapporteur: Olivier Chastel

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381– C9-0258/2021)<sup>2</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's 2020 Annual Management and Performance Report for the EU Budget (COM(2021)0301),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2020, together with the institutions' replies<sup>3</sup>, the Court of Auditors' report on the performance of the EU budget - Status at the end of 2020, together with the institutions' replies<sup>4</sup> and to the Court of Auditors' special reports,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2020 (06001/2022 – C9-0061/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy

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<sup>1</sup> OJ L 57, 27.2.2020, p.1.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 430, 25.10.2021, p. 7.

<sup>4</sup> OJ C 458, 12.11.2021, p. 21.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

Community,

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2020;
  2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
  3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission, the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency (now European Education and Culture Executive Agency) for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 10.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC<sup>9</sup>,
  - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>10</sup>,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Grants the Director of the European Education and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2020;

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 343, 19.12.2013, p. 46.

<sup>10</sup> OJ L 50, 15.2.2021, p. 9.

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Education and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).



### 3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises (now European Innovation Council and SMEs Executive Agency) for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 23.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC<sup>9</sup>,
  - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>10</sup>,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Grants the Director of the European Innovation Council and SMEs Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 341, 18.12.2013, p. 73.

<sup>10</sup> OJ L 50, 15.2.2021, p. 9.

2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Innovation Council and SMEs Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

#### 4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 7.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
- having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC<sup>9</sup>,
- having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency<sup>10</sup>,
- having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>11</sup>,
- having regard to Rule 99 of and Annex V to its Rules of Procedure,
- having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
- having regard to the letter from the Committee on Agriculture and Rural Development,

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 341, 18.12.2013, p. 69.

<sup>10</sup> OJ L 363, 18.12.2014, p. 183.

<sup>11</sup> OJ L 50, 15.2.2021, p. 9.

- having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
- 1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2020;
- 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
- 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 30.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC<sup>9</sup>,
  - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>10</sup>,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2020;
  2. Sets out its observations in the resolution forming an integral part of the decisions on

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 346, 20.12.2013, p. 58.

<sup>10</sup> OJ L 50, 15.2.2021, p. 9.



discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Research Executive Agency (now European Research Executive Agency) for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 48.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
- having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC<sup>9</sup>,
- having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>10</sup>,
- having regard to Rule 99 of and Annex V to its Rules of Procedure,
- having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
- having regard to the letter from the Committee on Agriculture and Rural Development,
- having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
- 1. Grants the Director of the European Research Executive Agency discharge in relation to the implementation of the Agency's budget for the financial year 2020;
- 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 346, 20.12.2013, p. 54.

<sup>10</sup> OJ L 50, 15.2.2021, p. 9.

for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Executive Agency, the Council, the Commission of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency (now European Climate, Infrastructure and Environment Executive Agency) for the financial year 2020 (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the final annual accounts of the Innovation and Networks Executive Agency for the financial year 2020<sup>3</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 459, 12.11.2021, p. 47.

<sup>4</sup> OJ C 439, 29.10.2021, p. 3.

<sup>5</sup> OJ C 430, 25.10.2021, p. 7.

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>6</sup>, and in particular Articles 69, 260, 261 and 262 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>7</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>8</sup>, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC<sup>9</sup>,
  - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU<sup>10</sup>,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Grants the Director of the European Climate, Infrastructure and Environment Executive Agency discharge in respect of the implementation of the Agency's budget for the

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<sup>6</sup> OJ L 193, 30.7.2018, p. 1.

<sup>7</sup> OJ L 11, 16.1.2003, p. 1.

<sup>8</sup> OJ L 297, 22.9.2004, p. 6.

<sup>9</sup> OJ L 352, 24.12.2013, p. 65.

<sup>10</sup> OJ L 50, 15.2.2021, p. 9.

financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Climate, Infrastructure and Environment Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the general budget of the European Union for the financial year 2020, Section III – Commission (2021/2106(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2020<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)<sup>2</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission's 2020 Annual Management and Performance Report for the EU Budget (COM(2021)0301),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)132),
- having regard to the Court of Auditors' annual report on the implementation of the budget for the financial year 2020, together with the institutions' replies<sup>3</sup>, and to the Court of Auditors' special reports,
- having regard to the statement of assurance<sup>4</sup> 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2020 (06001/2022 – C9-0061/2022),
- having regard to the Council's recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

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<sup>1</sup> OJ L 57, 27.2.2020.

<sup>2</sup> OJ C 436, 28.10.2021, p. 1.

<sup>3</sup> OJ C 430, 25.10.2021, p. 7.

<sup>4</sup> OJ C 430, 25.10.2021, p. 7.



- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
  - having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>5</sup>, and in particular Articles 69, 260, 261 and 262 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>6</sup>, and in particular Article 14(2) and (3) thereof,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2020;
  2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;
  3. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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<sup>5</sup> OJ L 193, 30.7.2018, p. 1.

<sup>6</sup> OJ L 11, 16.1.2003, p. 1.

## 9. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies (2021/2106(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission,
  - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2020,
  - having regard to Rule 99 of and Annex V to its Rules of Procedure,
  - having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
  - having regard to the letter from the Committee on Agriculture and Rural Development,
  - having regard to the report of the Committee on Budgetary Control (A9-0127/2022),
- A. whereas the Union budget is a significant instrument for achieving common policy objectives, and on average represents 1,1 % of Union gross national income or 2,4 % of the Member States' general government expenditure and total public spending in the Union;
- B. whereas, when the Parliament grants discharge to the Commission, it verifies and evaluates whether or not funds have been used correctly and policy goals have been achieved after internal and external audits, thus confirming the regularity and the performance in terms of value for money of the Commission's spending;

### **Political priorities**

1. Recalls its strong commitment to the fundamental principles enshrined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), including sound financial management as set out in article 317 and the combating of fraud as set out in article 325;
2. Highlights the importance of the Union budget for achieving the Union's political priorities, as well as its role in assisting Member States in unforeseen situations such as the COVID-19 pandemic and its consequences; stresses that sound and timely

implementation of the budget contributes to addressing more efficiently and effectively the needs and challenges in different policy areas; warns that the implementation of the budget under time pressure may lead to an increase in errors and irregularities;

3. Underlines the relevance of reporting on the performance of the Union budget's programmes for the discharge procedure; draws attention to the fact that the added value of the invested resources is closely linked to the results achieved and their contribution to improving the daily life of Union citizens;
4. Reiterates its deep concerns regarding the situation concerning the rule of law in a number of Member States, which is deeply worrying in its own right and leads to serious losses for the Union budget and underlines its requests to the Commission to use all available tools to halt the ongoing severe violations of the rule of law and limit the risk of such losses. This should include the immediate and full application of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget (the "Rule of Law Conditionality Regulation")<sup>1</sup> by sending a written notification under Article 6(1) of that Regulation to the Member States concerned;
5. Stresses that, in its resolution on the Commission's 2020 Rule of Law Report, Parliament already called on the Commission to take immediate action under the Rule of Law Conditionality Regulation and to make full use of its existing investigation tools without further delay in order to address rule of law deficiencies in Member States that affect or seriously risk affecting the sound financial management of the Union budget; notes with deep concern that despite the recent ruling of the Court of Justice which confirmed the full validity of the Rule of Law Conditionality Regulation, and numerous calls from Parliament, the Commission did not yet apply the Rule of Law Conditionality Regulation; is of the opinion that by not applying that Regulation, the Commission delays to perform its duty as Guardian of the Treaties;
6. Insists that the Commission ensures that all organisations (Union or international) delivering external aid respect the rule of law and human rights in countries receiving that aid; stresses, in particular, the need to guarantee that no Union funds, by third parties and/or natural persons are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation;
7. Underlines that further initiatives to ensure the protection of the Union budget have become even more essential with the entry into force of the NextGenerationEU instrument, through which the total disbursements from the Union budget will become much larger during the coming years; highlights that, on this backdrop, the Commission should also ensure that OLAF, the Court of Auditors (the "Court") and EPPO have the necessary means and staff to investigate potential cases of fraud against the Union budget;
8. Notes that, based on Article 22 of the Recovery and Resilience Facility Regulation<sup>2</sup>, the

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<sup>1</sup> [Regulation \(EU, Euratom\) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget \(OJ L 433I, 22.12.2020, p. 1\).](#)

<sup>2</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

Member States are responsible for ensuring the protection of the financial interests of the Union; notes that the Commission plays an important role in ensuring that national audit systems provide for credible, reliable and relevant information; stresses that the Member States and the Commission's administrative capacities need to be scaled up to ensure sound financial management; notes that the Commission is responsible for providing technical assistance and advisory services to improve the respective administrative capacities of the Member States; calls on the Commission to provide the discharge authority with an overview of the specific measures that have been taken to ensure appropriate staffing in the Commission and the Member States;

9. Urges the Commission to promptly use the means at its disposal, such as the use of suspension instruments in cases where it has been confirmed that serious deficiencies in management and control systems exist;
10. Underlines that the fact that the Commission, after repeated demands from the Parliament to do so, still cannot present a list of the recipients who receive the largest share of Union funds under shared management, presents a major obstacle to both the assessment of Union expenditure-related risks as well as the overall transparency of its spending; finds the answers and explanations on this issue offered to the Parliament by the Commission as inadequate and the Commission's efforts to establish such a database inefficient and unsuccessful;
11. Regards the long-lasting dispute on the conflict of interest between the Commission and Andrej Babis, the former Prime Minister of Czechia, as inefficient and unduly long; reiterates that no decisive action on Prime Minister Babis' conflict of interest was taken and that the fact that in the end, the elections ended his conflict of interest, doesn't reflect positively on the Commission; points to the fact that Prime Minister Babis has meanwhile negotiated the MFF and Recovery and Resilience Facility (RRF) on behalf of the Czechia;
12. Stresses the serious risk that the amount of outstanding commitments (RAL) continued to rise at the end of 2020 and that they reached a new record high of EUR 303,2 billion; acknowledges that a certain level of outstanding commitments is a natural consequence of the Union budget system with commitment appropriations and payment appropriations but underlines that an amount of outstanding commitments, which equals two full years of payment appropriations, creates a risk for the smooth operation of the budget in the future, which would be put under serious pressure, and could possibly create a serious risk to the liquidity of the Union budget; calls on the Commission to closely monitor the progress of implementation in Member States, in particular in cases of under-implementation and low absorption rates and to deliver a country-by-country analysis to the discharge authority, identifying the recurrent problems, as well as the measures taken to optimise the situation; regards the regular annual increase of outstanding commitments, in the light of upcoming NextGenerationEU instrument and much increased Union spending, a matter of priority for the Commission to prepare a detailed plan of actions in order to reduce the amount of outstanding commitments; calls on the Commission to present that plan to the discharge authority;
13. Regrets that, at the end of 2020, despite the experience gained from the previous MFF and the help and cooperation provided by the Commission through technical assistance,

the cumulative absorption rate from the European Structural and Investment Funds (ESIF) continues to be approximately 7% lower than under the previous 2007-2013 MFF; encourages the Commission to continue its work with Member States, including through technical assistance in order to increase the ability of Member States to make use of the funds allocated to them and to intensify the effort to increase the absorption rate of the ESIF without compromising the quality of projects and the efforts made to avoid misuse and fraud of Union funds; calls on the Commission to assist countries, where necessary, to find eligible projects, especially those with clear European added-value; asks the Commission to relaunch the task force for better implementation (TFBI) to increase the absorption rate and to develop best practices among the Member States;

14. Underlines its strong and repeated requests to the Commission and executive agencies to ensure the protection of the Union budget by making global and systematic use of digital and automated systems for reporting, monitoring and audit; remarks that this should include the establishment of a mandatory single interoperable database containing beneficiaries of funds from all Union programmes; acknowledges that the Commission proposed to make the use of a single data-mining and risk-scoring tool obligatory for funds under shared management and RRF; notes that this has not been retained in the adopted texts; highlights that such a system should build on unique identifiers for all recipients including information about their ultimate beneficiaries and should also automatically ensure the use of systems including, but not limited to, the data mining tool, ARACHNE, in order to provide for the best possible protection of Union finances; underlines that this integrated and interoperable system must enable the aggregation of all individual amounts received by the same beneficiary or beneficial owner into one total sum; notes that this digitalisation is overdue and indispensable given the cross-border nature of misuse of funds, fraud, misappropriations, conflicts of interest, double-funding and other systemic problems; underlines that this single datamining tool should be easily searchable and available for OLAF, EPPO and the Commission, in order to enhance the protection of the Union budget and NextGenerationEU against irregularities, fraud and conflicts of interest;
15. Stresses the need to enlarge the areas where the Early Detection and Exclusion System (EDES) is used beyond direct management and requests the Commission to use it for all Union funds including funds under shared management; notes that, the EDES has to be used systematically to ensure that companies and beneficial owners who have been convicted in relation to fraud, corruption or other serious economic criminal activities cannot benefit from Union funds; stresses the need to harmonise the indicators in ARACHNE with the exclusion grounds of EDES to ensure that excluded economic operators are also visible in ARACHNE; calls for maximum interoperability between ARACHNE, EDES and other software to reduce the need to insert information items into various IT systems multiple times and keep the administrative burden as low as possible;
16. Requests the Commission to follow up on Parliament's initiative reports concerning the revision of the Financial Regulation<sup>3</sup> and its legislative initiative report 2021/2054

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<sup>3</sup> European Parliament resolution of 24 November 2021 on the revision of the Financial Regulation in view of the entry into force of the 2021-2027 multiannual financial framework, P9\_TA(2021)0469;

(INL) on Digitalisation of the European reporting, monitoring and audit<sup>4</sup>, which entails specific suggestions for revision of the Financial Regulation;

17. Welcomes the publication of the guide on avoidance of conflicts of interest under the Financial Regulation in April 2021 - after distribution to Member States in August 2020 - which promotes the uniform interpretation of the rules across all management modes; reiterates its call on the Commission to ensure proper evaluation of the preventive measures taken by the Member States to avoid conflicts of interest; emphasises that all forms of conflicts of interest are to be tackled efficiently and effectively including within the Union institutions;
18. Recalls that Commission's audit reports, including for conflict of interest cases, should be published in a reasonable timeframe, helping to ensure that the recommended corrective and follow-up actions are implemented by the audited; recalls the stance of the Budgetary Control Committee, that even prior to the finalisation of an audit, the Commission has to share information with Parliament upon request in order to allow Parliament to exercise its function of political scrutiny;
19. Notes that the COVID-19 pandemic justified considerable changes to the 2020 budget in the form of transfers and amending budgets in order for the Union to give robust input in order to help alleviate the challenges arising from the COVID-19 pandemic, not least through the rapid development of vaccines; furthermore, notes that the COVID-19 pandemic meant that audits mainly had to be done remotely; welcomes the increase in digitalisation in the audit procedures, efficiency gains and cost savings from remote audits, but underlines that remote audits cannot fully substitute on-the-spot controls; also notes that the Commission, on the basis of its specific COVID-19-related risk assessment carried out in 2020, considers that the level of assurance was safeguarded and that its estimated risk at payment and risk at closure are representative of the level of error in the financial transactions;
20. Notes that both 2019 and 2020 Court annual reports attest "pervasive error in expenditure" and gives an adverse opinion on the legality and regularity of expenditure; recalls the repeated finding by the Court that the control mechanisms of the Commission and Member States are simply not reliable enough;
21. Acknowledges the gradual transition of the decommitment rules for the 2021-2027 programming period from the N+3 (2021-2026) to the N+2 (2027) for the shared management funds under the Common Provisions Regulation<sup>5</sup> (CPR), as supported by Parliament; asks the Commission to cooperate and assist Member States in the timely implementation of their programmes; underlines that the current N+3 rule should not be used to slow down or delay the implementation, but to ensure sufficient time for

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<sup>4</sup> European Parliament resolution of 23 November 2021 with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit in its proposal for the upcoming revision of the Financial Regulation, P9\_TA(2021)0464.

<sup>5</sup> Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231 30.6.2021, p. 159).



projects to be realised;

22. Calls on the Commission and the budgetary authority to ensure the provision of sufficient funding for audits and controls of Union funds in light of the massive increase of funds to be disbursed during the coming years under the combined MFF and NextGenerationEU instrument; notes that the Commission will assess the control systems of the Member States and provide guidance to put in place sound monitoring and control systems; calls on the Commission to provide the discharge authority with detailed assessments of the audit and control systems for each Member State;
23. Reiterates its concern that the Commission only audits the achievement of milestones and targets before paying out RRF funds while leaving it to the Member States to ensure that public procurement or state aid rules have been complied with; notes that the Commission will carry out system audits to ensure that the Member States have put in place strong controls for the protection of the Union's financial interests against conflicts of interest or serious irregularities; is, however, of the opinion that the Commission, as Guardian of the Treaties, should not only rely on Member States' audits on compliance with applicable rules to ensure an equal playing field for investments under the RRF; therefore calls on the Commission to extend its audit activities beyond system audits to include checks on public procurement and state aid rules following its risk-based approach; recalls in this regard the severe loopholes in the national legislation in certain Member States regarding efficient controls and prevention of conflicts of interest;
24. Reiterates the need to better balance the further simplification of rules and procedures with better controls over the most repeated areas of irregular spending, develop training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all others relevant stakeholders; acknowledges progress made through the 2018 revision of the Financial Regulation and the improvements introduced for the 2021-2027 spending programmes;
25. Stresses the increased importance of performance indicators, including the selection of indicators, definition of targets and milestones and monitoring and reporting in light of the new delivery models for the RRF and the reformed Common Agricultural Policy; welcomes in this regard the Commission's work to improve monitoring and reporting on performance of the Union budget with more streamlined and qualitative indicators, as reflected in the adopted basic acts of the 2021-2027 spending programmes; notes that milestones and targets as well as output indicators are different in nature; notes that the RRF further differentiates between investments and reforms; stresses that performance auditing is a new tool for the respective audit authorities; calls on the Commission to provide an overview of the complete audit cycle within the Member States, the Commission as well as an overview of the cooperation with the respective audit authorities including the Court, as well as OLAF and EPPO;
26. Encourages the Commission, the ECA and the Council to work towards accelerating the discharge process to N+1, reminding them that this should not undermine the quality of the process;

27. Calls on the Commission to continue promoting gender balance and a gender budgeting approach in all areas of Union spending in a concise and concrete manner; welcomes the Commission's progress towards gender mainstreaming methodology and the development of a pilot methodology for the tracking of gender-related expenditure under the MFF 2021-2027; asks the Commission to inform Parliament about its feasibility test on Union funding programmes in the context of the Draft Budget 2023;
28. Reiterates the need to step up the efforts in the fight against fraud both at Union and Member State level, in close cooperation with the EPPO and OLAF; appreciates the remarkable efforts and stresses the role of the EPPO in the investigation and prosecution of fraud and other criminal offences affecting the financial interests of the Union; recalls the importance of providing EPPO and OLAF with sufficient financial and human resources;
29. Welcomes the establishment of new own revenues in order to repay, from 2028, the loans granted under NextGenerationEU (about EUR 15 billion per year until 2050) with a view to ensuring a better protection of the Union budget; notes that by doing so, the Union's debt burden will not be borne by future generations and essential Union programmes such as Horizon Europe, ESF+, Erasmus+, will not have to be reduced;
30. Is particularly concerned by the Court's repeated findings that the work of some national audit authorities or certifying bodies is considered too error-prone and therefore unreliable, which compromises the reliability of data for the Commission's Annual Management and Performance Report (AMPR); regrets that the Commission has not followed up on this specific comment, which was included in the 2019 Commission discharge resolution; expect the Commission to provide clarifications on this aspect;

#### **The Court's statement of assurance and budgetary and financial management**

31. Welcomes that, for the year 2020, the Court finds that the accounts of the Union are reliable, in accordance with the Financial Regulation and that, the revenue side of the budget is free from material error;
32. Regrets that, for the year 2020, the Court has again issued an adverse opinion on the legality and regularity of the expenditure side of the budget and at the same time stresses that the level of error at 2,7% in 2020, which is the same as for the year 2019, may only be the minimal level of error due to the detection risk linked to the fact that the Court was not able to perform any on-the-spot checks because of the restrictions imposed as a result of the COVID-19 pandemic; underlines, however, that an error rate does not automatically imply fraud and notes that, in 2020, six possible fraud cases were reported by the Court to the Union's Anti Fraud Office (OLAF) compared to nine in 2019; reiterates the need to step-up efforts in the fight against fraud both at Union and Member State level, in close cooperation with the EPPO and OLAF;
33. Notes that the Court audited transactions of EUR 147,8 billion compared to the actual spending of EUR 173,3 billion and that high-risk expenditure, which is primarily based on reimbursement, represented EUR 87,2 billion of the audit population while low-risk expenditure, which is primarily entitlement-based expenditure, represented EUR 60,6 billion;



34. Notes with concern that based on 728 audited transactions checked by the Court, the estimated level of error for high-risk expenditure continues to be well above the materiality threshold at 4,0 % while the estimated level of error is below the materiality threshold for low-risk expenditure;
35. Reiterates the requests made by Parliament to the Court in the discharge resolutions in recent years, namely to define the error rate also for low-risk payments, and for each expenditure in the MFF, to expand the chapter on "Administration" in order to have a more in-depth analysis on all institutions and to qualify the impact of the corrective measures on the overall level of error;
36. Notes with growing concern that the Union balance sheet shows that the total liabilities at the end of 2020 were EUR 313.5 billion, an increase of EUR 62,0 billion or 24,7% compared to the previous year (EUR 251.5 billion);
37. Notes that the United Kingdom left the Union on 1 February 2020 and that the Union accounts on 31 December 2020 showed a net receivable due from the United Kingdom of EUR 47,5 billion, based on the obligations defined in the Withdrawal Agreement;
38. Notes that 2020 was the last year of the 2014-2020 MFF; highlights that the budget for 2020 and the amending budgets amounted to a total of EUR 173,9 billion in commitments out of which EUR 172,9 billion was actually committed while the budget and the amending budgets amounted to EUR 164,1 billion in payments out of which 161,8 was actually spent; notes, furthermore, that payments of EUR 9,9 billion in assigned revenue and EUR 1,6 billion in carry overs were made, bringing the total payments to EUR 172,4 billion;
39. Notes with a concern that there seems to be little progress in the cumulative absorption rate for ESIF funds, which was still only 55 % (7 % lower than at the end of the last year of the previous MFF), although the annual absorption rate in 2020 was the same as the final year of the previous 2007-2013 MFF (15 %). Notes that, at the end of 2020, 45 % of the total commitments under the ESIF funds for the period 2014-2020 equal to EUR 209 billion have not paid out and constitute the main part of the total outstanding commitments (RAL) of EUR 303 billion;
40. Takes note of the detailed replies to the specific requests made by Parliament complementing the report from the Commission on the follow-up to the discharge for the 2019 financial year (COM(2021)405 final);

*Special circumstances due to the COVID-19 pandemic*

41. Notes that the COVID-19 pandemic has resulted in the relaxation of applicable rules to provide additional liquidity, as well as exceptional and necessary flexibility for COVID-19 related expenditure, including at the level of administrative rules and controls in the interest of rapid reaction; is concerned that this increases the risk of non-transparent procedures, misuse and fraud by criminal structures attempting to abuse the crisis situation; notes information from OLAF on criminal activities concerning personal health and safety equipment and fake vaccine offers; stresses the need for ex-post controls and audits in this regard;

42. Notes that according to non-published information provided to the Court, the Commission provided EUR 12,9 billion in commitments under direct and indirect management and EUR 34,2 billion in commitments under shared management for purposes related to the COVID-19 pandemic during 2020; regrets that the Commission has not yet published a report on COVID-19 related expenditure;
43. Regrets that the COVID-19 pandemic made it much more difficult to carry out on-the-spot checks and audits; notes however that the Commission, on the basis of its specific COVID-19-related risk assessment carried out in 2020, considers that the level of assurance was safeguarded and that its estimated risk at payment and risk at closure are representative of the level of error in the financial transactions; underlines the need for more in-person audit visits in the coming period to ensure sound audit management;

*Special circumstances due to the NextGenerationEU instrument*

44. Notes that the NextGeneration EU instrument along with the 2021-2027 MFF will significantly increase the combined funding allocation to more than EUR 1 800 billion;
45. Notes furthermore that much of the regulation for the underlying spending programmes for the new MFF period has been adopted comparably later than during the previous MFFs, which will inevitably lead to delays in programming and implementation;
46. Stresses that the combined effect of the new NextGenerationEU instrument and the delays in adoption of legislation risks putting serious pressure on administrative capacities in Member States and the Commission, which again may lead to more errors, less control and potential losses for the Union budget;
47. Notes that the use of data-mining and risk assessment instruments such as ARACHNE can help prevent and safeguard against conflicts of interest, fraud, corruption and double funding. Notes that the information on the beneficiaries of the programme as well as data on the beneficial owner needs to be collected by the Member States. The Anti-Money Laundering Directive requires a central EU platform, which has been set up, but not all Member States have connected to it yet; notes that central registers of beneficiary data exist in Member States, but not all contain beneficial owner data;
48. Notes that monitoring tools are essential for the audit of the implementation of milestones and targets; notes that Member States are required to use the FENIX system developed and made available by the Commission; notes that the Commission is obliged to set up a Recovery and Resilience Scoreboard to give an overview of how the implementation of the RRF is progressing;
49. Notes that, according to Article 60 of the RRF Regulation, the Commission should transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents and information simultaneously and on equal terms to Parliament and to the Council;
50. Notes that the European Parliament set up a RRF working group, which establishes a dialogue between Members of the respective Committees and the Commission; notes that the involvement of Parliament and the Council is crucial to ensuring democratic oversight and scrutiny; stresses that the early and complete transmission of documents

to Parliament and the Council will be an important and decisive element in the discharge procedure;

51. Notes that, according to Article 31 of the RRF Regulation, the Commission should present an annual report on the implementation of the Facility to the European Parliament and to the Council by 31 July 2022;
52. Notes that the Court estimates that the total exposure of the Union budget due to the NextGenerationEU instrument will increase significantly over the coming years and might reach EUR 940 billion by the end of 2023, which represents a huge increase from EUR 132 billion at the end of 2020;
53. Requests the Commission to identify additional possibilities to further strengthen the absorption capacities of the Member States by investing in the administrative capacities, trainings and digitalisation of fund management;

#### *Recommendations*

54. Calls on the Commission to:
  - a. carry out analysis for each individual Member State of the funds received and status of implementation, at the latest in May for the previous budgetary year, in the context of an annual report foreseen under Article 31 of Regulation 2021/241; expects the Commission to publish the annual report for the first time early in the second half of 2022 and to promptly inform the discharge authority about the findings;
  - b. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish a compulsory integrated and interoperable system building on, but not limited to, existing tools and databases in the context of the upcoming revisions of the Financial Regulation; develop the Recovery and Resilience Scoreboard to ensure that the description of milestones and that the target and outcome of the audit are transparent; ensure that all Member States use the systems and central registers to report on beneficial owners and end beneficiaries;
  - c. carry out a series of ex-post on-the-spot checks and controls of national public procurements using Union funds and take note of the audits or media reports already carried out, which point out a considerable risk to legality of these procedures;
  - d. to transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents such as the Summary of Audits (SoA) and information to the discharge authority in a timely manner;
  - e. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and

payment agencies and all relevant stakeholders; provide the discharge authority with an overview of the trainings conducted;

- f. follow-up on the recommendations issued by the Court, including a comprehensive and standardised report on expenditure related to the COVID-19 pandemic;
- g. share the outcomes on budgetary control contents in light of the review report with the discharge authority by conducting a meeting with the respective committee;
- h. intensify its work to ensure that the funds under the RRF are used for projects that lead to structural reforms and investments which achieve Union added value and that double funding of projects is avoided; urges the Commission to not only rely on compliance audits by the Member States concerning applicable rules such as public procurement and state aid rules, but to extend its audit activity beyond system audits in a risk-based approach;
- i. ensure that its reporting on the total financial exposure of the Union budget is clear and timely in order for the audit authorities and the public in general to have a clear picture of how the exposure develops in the coming years;
- j. develop a methodology and multiply ex-post controls and on-the-spot missions regarding the use of NextGenerationEU funds and their impacts on the Member States' recovery;
- k. increase the administrative capacity of the Commission and Member States and propose adequate budget lines for the Court, EPPO and OLAF in relation to the implementation of the new upcoming tasks related to the NextGenerationEU instrument in order to protect Union finances;
- l. to finalise a concise and concrete gender mainstreaming methodology for use across the budget through targeted and effective incentives by the end of 2022 at the latest, and to follow the recommendations of the Court in its Special Report on gender mainstreaming in the Union Budget;

#### **Annual management and performance report and performance of the Union budget**

- 55. Notes that the Court bases its AMPR on the information retrieved from several reports by the Commission; notes that the Court supplements this information with recent findings from its own audit and review work; notes that the Court reviews the Commission's performance information for plausibility and consistency with their findings, but not for its reliability;
- 56. Takes note that, for 2020, out of 51 directors-general (or equivalent), 11 directors-general issued a total of 19 reservations and that the total financial impact of the reservations was EUR 1.219 million;
- 57. Underlines that auditing the performance of the Union budget is equally as important as compliance auditing in order to get a comprehensive view, not only of the legality of

spending as well as the effectiveness, efficiency and economy of the spending, but also of the results achieved and the priorities and targets met; points to the numerous recommendations issued by the Court, as well as the discharge authority, that the Commission should pay much more attention to assessing the results, outcomes and impacts of its policies and programmes (effectiveness), beyond presenting sheer numbers of funds spent or people involved in individual programmes (efficiency);

58. Notes that the better regulation approach helps the Commission in identifying lessons learnt from past implementation of policies and programmes; highlights that all spending programmes should be reviewed by the Commission, points out that cost-effectiveness and cost-benefit analyses are important tools in budget control to review the spending; calls on the Commission to include more qualitative information that shows the Union added value of spending programmes; welcomes that the Regulatory Scrutiny Board contributes to improving the quality of evaluations and impact assessments; calls on the Commission to implement the recommendations given by the Regulatory Scrutiny Board and to sufficiently justify when comments have not been taken into account;
59. Notes that the CPR for the seven shared management funds for the period 2021-2027, was not subject to an impact assessment, since the CPR sets common rules and delivery mechanisms for other policies; welcomes that funds-related regulations were accompanied by their own impact assessments; notes that important evaluations of the CAP were not available before the impact assessment was made concerning the CAP reform;
60. Underlines that it is important that the Commission continues to draw lessons from the performance of the programmes also after the end of the MFF period because some results and impacts may only be evident several years after the end of the MFF period especially for programmes with large amounts of outstanding commitments and include these observations and conclusions in its reports to be shared with the discharge authority;
61. Takes note that the Court, in this year's Annual report, reviewed the Commission's reporting on financial corrections and recoveries and is worried that it found it to be complex and not always clear; call on the commission to make sure that its reporting gives a clear idea of the amount of irregular expenditure corrected and returned to the Union budget;
62. Calls on the Commission to do a more accurate follow up on the recommendations issued by the Court and engage with Parliament's reliable scrutiny and discharge processes in order to better control the implementation of the new delivery models, as well as the RRF and the reformed Common Agricultural Policy;
63. Reiterates its concerns about the Court's assessment that the monitoring data from Member States, on which the Commission AMPR and the programmes statements are based, is not fully reliable; regrets, in particular, the Court's reiterated evaluation on the AMPR in the Cohesion areas, because of shortcomings of the audit authorities work and the issues identified regarding the residual error rates reported in the Annual Activity Reports (AARs) of DG EMPL and DG REGIO;

64. Underlines its strong and repeated requests to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; urges the Commission to establish an integrated and interoperable system building on but not limited to existing tools and databases;

## **Revenue**

65. Takes note that revenue accounted for EUR 174,3 billion in 2020: of this amount, EUR 123 billion (70,6 %) comprised gross national income-based own resources, EUR 19,9 billion (11,4 %) traditional own resources (TOR), EUR 17,2 billion (9,9 %) value added tax-based own resources, EUR 8,2 billion (4,7 %) contributions and refunds connected with Union agreements and programmes, EUR 3,2 billion (1,8 %) surplus from the previous year, and EUR 2,8 billion (1,6 %) other revenue;
66. Notes that the Court examined a sample of 55 Commission recovery orders, designed to be representative of all sources of revenue, as well as the Commission's systems, the TOR accounting in three Member States, and the AARs of the Directorate-General for Budget (DG BUDG) and Eurostat; welcomes that none of the sample elements were affected by a quantifiable error; welcomes that for revenue, the Court has found that the level of error was not material and that the revenue-related systems were generally effective;
67. Underlines the evaded amounts not captured in Member States' TOR accounting systems do not fall within the scope of the Court's audit opinion on revenue; takes note that since the difference between the theoretical level of import duty that should be collected for the economy as a whole and actual import duty collected (the 'customs gap') may affect the amounts of duties established by the Member States, the Court has assessed, for the second year in a row, the Union action taken to reduce the gap and mitigate the risk that TOR are not complete;
68. Notes with great concern that the Court found that in 2020, the Commission closed its verification cycle in respect of GNI data for own resources from the year 2010, a 10-year gap; highlights that as a result of the verification cycle closure, the Commission set a large number of GNI reservations in respect of specific compilation procedures in the Member States that called for improvement; remarks that this significantly increases budgetary uncertainty in the national budgets in relation to the GNI-based contribution; is concerned by the Court finding that the impact of globalisation on GNI is not properly addressed and the Union revenue could be affected as a result;
69. Notes with concern that there is insufficient harmonisation of control systems to safeguard the Union's financial interests mainly due to weaknesses that allow the Member States to differ significantly in the way they implement them; notes that the Court has found persistent weaknesses in the effectiveness of control systems at the level of both the Commission and the Member States, the most important of which affect the Commission's closure of the GNI verification cycle and the reliability of the TOR statements in one Member State;
70. Is concerned that despite improvements, the number of VAT reservations and TOR open points remains high, and that weaknesses persist in Member States' accounting and management of TOR; notes with concern that the Court has found a lack of



systematic monitoring of import data and insufficiently harmonised customs controls at Union level;

71. Notes with concern that for the fifth year in a row, DG BUDG has maintained the reservation that the TOR amounts transferred to the Union budget are inaccurate as a result of an undervaluation of textiles and shoes imported from China during the period from 2011 to 2017; notes that the Commission's infringement case against the United Kingdom concerning the TOR losses due to these undervalued imports from China is awaiting judgment from the Court of Justice of the European Union;

#### *Recommendations*

72. Calls on the Commission to:
- a. ensure the uniform application of customs controls, and to develop and implement a fully-fledged analysis and coordination capacity at Union level;
  - b. review and update its approach to verifying Member States' GNI data in future multiannual cycles to further streamline the process and reduce the period over which GNI data remain open after the end of the cycle;
  - c. in cooperation with the Member States, continue to improve the capture of globalisation in national accounts to address the GNI reservation in this area for the years 2018 onwards, and if needed, to reassess the quality of the GNI data of previous years, to inform the budgetary authority of the possible implications of the resulting revised statistics for the revenue budget since 2010;
  - d. ensure that for all Member States their monthly and quarterly TOR statements are reliable, by solving weaknesses in their customs IT system in relation to the lack of audit trail, the risk of double entries, and the incorrect allocation of partial payments;
  - e. take action in the fight against fraud in e-commerce and VAT collection, particularly by making use of the additional benefits of digital means available for tracking invoices and VAT payments;
  - f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;

#### **Competitiveness for growth and jobs**

73. Notes that the MFF subheading 1a 'Competitiveness for growth and jobs' accounts for 13,9 % or EUR 24,1 billion of the Union budget: of this amount, EUR 13,6 billion (56,4 %) is spent on research, EUR 3,1 billion (12,8 %) on education, training, youth and sport, EUR 2,4 billion (10,2 %) on transport and energy, EUR 1,6 billion (6,5 %) on space, and the rest on other actions and programmes; recalls the total planned expenditure under this sub-heading of the 2014-2020 MFF is EUR 142 billion, of which

EUR 104,6 billion had been paid out by the end of 2020;

74. Recognises that small and medium-sized enterprises (SMEs) have to be at the heart of any considerations concerning the competitiveness for growth and jobs, as SMEs provide 6 out of 10 jobs and 8 out of 10 apprenticeships in some Member States, and are responsible for close to 60% of the added value created in the Union;
75. Notes that the Court examined a sample of 133 transactions, designed to be representative of the full range of spending under this MFF subheading; notes that the Court also examined the regularity of information in the AARs of the Directorate-General for Research and Innovation (DG RTD), the Directorate-General for Communications Networks, Content and Technology (DG CONNECT) and the Innovation and Network Executive Agency (INEA), which the Commission then included in its AMPR;
76. Notes with concern that the Court has estimated the level of error to be 3,9%, mainly derived from errors related to ineligible costs, absence of essential supporting documents, or issues with the contract notices on tender documents; underlines that the Court has found that FP7 and H2020 spending remains higher-risk and is the main source of errors;
77. Notes with concern that personnel costs continue to constitute the principal source of error, notably in research expenditure; regrets that the rules for declaring personnel costs under H2020 remain complex, despite simplification efforts; welcomes a number of simplifications specifically targeting SMEs under Horizon 2020, such as a single flat rate for indirect costs, including personnel costs;
78. Notes that beneficiaries can only claim personnel costs for tasks carried out by a natural person working under a direct contract, while costs for subcontracted tasks are not eligible; notes the Court's observation that SMEs, who do not have enough own staff, are particularly error-prone to claiming the costs of external consultant's services or freelancers as personnel costs;
79. Notes that the Commission has reinforced its information campaign targeting error-prone beneficiaries, such as SMEs and first-time applicants with limited experience and resources for the application process; notes that the Commission held six webinars in 2020 reaching around 7500 direct participants; is of the opinion that the Commission can further extend its information activities; underlines the importance of providing information to potential applicants in their native language, particularly on complex rules such as personnel costs and subcontracting costs;
80. Draws attention to the fact that approximately 20 % of ex post audits of the entire H2020 family are carried out by DG RTD's Common Audit Service (CAS), and 80 % are carried out on its behalf by private audit firms; notes with concern that the Court found that sampling at the level of the cost statements audited was not always in line with established procedures, highlights that despite the improvements introduced by the Commission, the representative error rate is potentially understated; expresses concerns that weaknesses in the ex post audits by the CAS still persist;
81. Regrets that the level of excellence in research continues to differ significantly across



Member States; notes that studies have recommended that researchers, experts and other national actors from institutions of lower levels of excellence be encouraged to participate actively in joint research teams including researchers and institutions with the highest level of excellence; is aware that the main responsibility lies with the Member States and their investment in education, but underlines that the Commission can contribute to spreading excellence; welcomes the increased budget for widening activities for Horizon Europe;

82. Takes note that the audit work on FP7 is complete; regrets that the AARs of DG RTD and DG CONNECT confirm that the cumulative residual error rate for FP7 is above 2 %; acknowledges that because of the de minimis threshold for financial reservations introduced in 2019, neither DG reported a quantified reservation;
83. Notes with concern that with regard to H2020, DG RTD reported an expected representative error rate of 2,95 % for all DGs and other Union bodies managing Union research spending; takes note that the residual error rate is 2,24 % for DG RTD and 2,20 % for DG CONNECT; notes with concern that the Commission does not consider that a reservation needs to be set for Horizon 2020 expenditure; takes note that the implementing bodies strive to provide reasonable assurances of a risk of error within a range of 2-5 %;
84. Welcomes the Court's report on the performance of Erasmus+, which represents 13,3 % of the total payments made by the end of 2020 for this MFF heading, based on the 2020 AMPR, the programme statements for the 2022 draft budget, and key evaluations and other reports;
85. Welcomes the Court's assessment that the scale and scope of Erasmus+ created added value and that its efficiency has been improved by its simplification compared to predecessor programmes; notes the Court's view that the Commission has not taken gender equality into account across all aspects of Erasmus+, and that the programme statement for Erasmus+ did not provide a financial estimate of the programme's contribution to gender equality; recalls that while there are significant gender differences between study fields, 58% of the total number of participants in the programme are women;
86. Notes with concern that female researchers are underrepresented in Horizon 2020 representing only 36% of researchers (28% in projects from the European Research Council (ERC), 42 % in Marie-Sklodowska Curie grants and 31% in the other parts of the Programme);
87. Appreciates that the 2020 Nobel Prize in Chemistry was awarded to an Horizon 2020-funded researcher, who was the 10th participant funded by this programme to be honoured with a Nobel Prize to date;
88. Notes that, in 2020, 1 173 projects were funded through the ERC programme in Horizon 2020 and 1 255 principal investigators received funding; also notes that currently among the hosting institutions there are institutions from 25 Member States and among the principal investigators there are nationals of 23 Member States; notes further that since 2014 the Marie Skłodowska-Curie actions have supported the mobility and training of around 69 000 researchers thus exceeding its target of 65 000

researchers;

89. Welcomes that the Connecting Europe Facility (CEF) deployed digital service infrastructures that ensure the cross-border interoperability of online services for citizens, businesses and public administrations in the Union; underlines that almost EUR 630 million has been invested in the Union-wide interoperability of specific digital services such as eHealth, public open data, electronic identification and cybersecurity;
90. Underlines the importance of investing in sustainable transport networks to enable the necessary shift towards more sustainable modes of transport; encourages CEF 2021-2027 to strive to emulate the great results achieved by CEF; notes the need to improve the level of awareness of the CEF eligibility rules among beneficiaries;
91. Welcomes the fact that in the 2014-2020 period, CEF Transport co-funding amounting to EUR 23,03 billion was allocated to 959 actions, while addressing infrastructure along both the core and the comprehensive network of the Trans-European Transport Network (TEN-T), the programme focused its support on the core network, with more than 170 sections concerned;

#### *Recommendations*

92. Calls on the Commission to:
  - a. extend the scope of the certificates on financial statements to include unit cost categories for the new research framework programme, Horizon Europe, in order to increase the level of detection and correction of errors in unit costs; calls for the simplification of the rules on personnel costs under Horizon Europe;
  - b. implement actions, including a periodical review of the main causes of error in financial statements, provide guidance on complex issues such as subcontracting rules, and conduct information campaigns in order to reduce the error rate for H2020;
  - c. further improve the quality of ex post audits by addressing the weaknesses in the sampling procedures at the level of cost statements and apply the corrections to the error calculation method for Horizon Europe;
  - d. continue working towards achieving a level of error below 2% in this area of expenditure;
  - e. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders; develop a digital compendium for European SMEs and mid-cap companies for regulatory information on jobs and growth opportunities support within the MFF and RRF framework similar to the Access2Markets Trade Assistant;
  - f. take a better approach to gender balance in relation to beneficiaries of the

Horizon Europe funds, and to geographical balance from underrepresented Member States and provide better support to research and cooperation in universities in all Members States; report to Parliament about the proportion of the male and female researchers participating in the programme;

- g. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;
- h. manage expectations by setting realistic and achievable objectives and targets; considers that the new reinforced EU Youth Guarantee should have more positive results on young people's access to the labour market; calls on the Commission to cooperate better with member states to develop Erasmus+ for professional training, especially for certain technical professions, the artisans, etc.; calls on the Commission to encourage the UK to rejoin the Erasmus programme; also calls for the development of student and scientific exchanges for the Eastern Partnership countries, especially Ukraine; further increase its widening activities to improve access to excellence throughout the Union and report back to the discharge authority;
- i. create a new budgetary line for tourism, to support the recovery of a sector severely hit by the COVID-19 crisis, making it resilient for the future, digitalised and sustainable;
- j. continue its action on the grouped purchase of vaccines to protect against COVID-19 which allows savings and develops the Union's sovereign autonomy in the field of health and which can be extended to other areas such as energy, semiconductor or rare earth elements;
- k. ensure that sufficient resources are available for Horizon Europe and its pillars, IPCEIs and other funding instruments and projects also in relation to job creation, ensuring synergies with the national recovery plans in order to promote research and develop a growth strategy and launch new Union partnerships in areas such as clean hydrogen, fuel cells, wind energy, electric traction, photovoltaic energy, robotics, drones, 3D printing batteries, clean aviation, rail, connected and automated mobility, zero-emission road and waterborne transport and abroad range of digital technologies, in particular for the Work Programme 2021-2022 and welcomes the progress of Horizon Europe in this sense; stresses the need to support projects that contribute, in particular, to a future-proof, sustainable, smart, competitive, affordable and climate-friendly European transport network;
- l. propose a new result-oriented mechanism including short, mid and long-term planning and technical assistance, as well as to enhance the link between funding and the achievement of project milestones, to increase the added value of Union Funds and to ensure that Member States meet the 2030 and 2050 completion targets for the core and comprehensive TEN-T networks respectively;

## **Economic, social and territorial cohesion**

93. Notes that MFF sub-heading 1b 'Economic, social and territorial cohesion' accounts for 34,3 % or EUR 59,5 billion of the Union budget: of this amount, EUR 32,4 billion (54,5 %) is spent on the European Regional Development Fund (ERDF), EUR 10,2 billion (17,1 %) on the Cohesion Fund (CF), EUR 14,7 billion (24,7 %) on the European Social Fund (ESF), and EUR 2,2 billion (3,7 %) on other actions;
94. Recalls the important role of the spending under MFF heading 1b "economic, social and territorial cohesion", which focuses on reducing development disparities between the different Member States and regions of the Union and strengthening the competitiveness of all regions;
95. Notes that the Court has examined a sample of 227 transactions, designed to be statistically representative of the full range of spending under this MFF sub-heading; notes that the Court also examined the regularity of information given in the annual activity reports of the Directorate-General for Regional and Urban Policy (DG REGIO) and the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) as well as the Commission's AMPR;
96. Notes with concern that taking account of the errors previously identified by audit authorities and corrections applied by programme authorities, the Court has estimated the level of error to be 3,5 %, well above materiality; welcomes that this nevertheless represents a reduction in the error rate when compared with the reported 4,4 % error rate in the 2019 exercise; takes note that the errors detected concern ineligible costs, public procurement, accounting and calculation errors, state aid, and missing supporting documents;
97. Notes with concern the data presented in the Single Market Scoreboard for 2020 on public procurement, which shows that the proportion of contracts awarded with just a single bidder is particularly alarming: 19 Member States reached or exceeded the threshold of 20% and six Member States (Czechia, Greece, Hungary, Poland, Romania, Slovenia) had a level of 39-51%; notes that the proportion of procurement contracts negotiated with a company without any call for bids reached or exceeded the threshold of 10% in 8 Member States with four (Bulgaria, Cyprus, Romania, Slovenia) reaching levels of 22-29%; notes that the proportion of contracts awarded after a call for tender whose name and condition were not clear was above the threshold of 3% in ten Member States with levels between 8-9% in four Member States (Belgium, Bulgaria, Malta and Slovenia);
98. Is deeply concerned by these observations as they indicate severe and systemic weaknesses in the public procurement procedures in several Member States, which are likely to also impact the management and spending of Union funds; notes in this regard the Court's observation on an early preventive system audit on the management verifications of public procurement in Hungary, which resulted in a 10% flat-rate correction to all contracts affected covering a period of four years amounting to around 770 000 000. EUR;
99. Is concerned that 72% of errors result from ineligible projects and costs and 27% from infringements of internal market rules (in particular non-compliance with state aid

rules); notes that five projects infringed the Union's state aid rules; takes note that the Court is of the opinion that two projects should have obtained no public funding from the Union and/or the Member State; highlights that these projects accounted for 1.0 percentage points of the estimated level of error;

100. Welcomes the fact that, in 2020, the 2019 multiannual call for proposals under the Connecting Europe Facility was successfully completed, selecting 125 projects with an overall contribution of more than EUR 2 billion; notes that more than 90% of the CEF contribution was allocated to projects expected to address climate-related objectives and in particular railway, inland waterways and maritime port infrastructures and deployment of alternative fuel infrastructures;
101. Takes note that DG REGIO has reported a weighted average error rate of 2,1 % and a 'maximum rate' of 2,6 %, and DG EMPL reported a weighted average error rate of 1,4 % and a 'maximum rate' of 1,9 %; points out that according to the Court, DG EMPL did not take full account of possible errors beyond those detected, in which case the maximum rate would have been 2,1%; emphasises the Court finding that the overall residual error rate reported by the Commission should be considered a minimum rate; highlights that future corrections might not be sufficient to ensure that no material level of error remains at closure;
102. Expresses its concern that the number and impact of the errors detected demonstrate that the controls in place do not yet sufficiently mitigate the high inherent risk of error in this area; is concerned that this concerns, in particular, managing authorities whose verifications are ineffective in preventing or detecting irregularities in expenditure declared by beneficiaries; notes with concern that the Court also considers that other errors are the result of decisions taken by managing authorities themselves;
103. Notes with concern that the Court has concluded that the residual error rates that audit authorities reported were not always reliable and that shortcomings remain in the way audit authorities perform and document their work; underlines the Court's finding that audit authorities need to keep better track of the risk of fraud in their audits of operations;
104. Reiterates its deep disapproval of the practice in some Member States to systematically overbook programmes and shift problematic or illegal projects over into the national budget after the Commission or OLAF have detected irregularities or misuse; condemns that the national tax payers are left with the burden of paying for projects that suffer from conflicts of interest, fraud or other shortcomings;
105. Takes note that the Court, in its Special Report 07/2020 'Implementing Cohesion policy: comparatively low costs, but insufficient information to assess simplification savings' found that overall costs reported for implementing the Cohesion Policy funds are comparatively low, but were based on insufficiently complete and incoherent data; notes with concern that the Court found that the cost information available was not adequate in order to assess the impact of simplifying Union rules;
106. Takes note that the Court found, in its Special Report 24/2021 'Performance-based financing in Cohesion policy: worthy ambitions, but obstacles remained in the 2014-2020 period' that the 2014-2020 CPR provided for an explicit 'performance framework'

for Member States' operational programmes, including milestones and targets to attain ESIF investments;

107. Underlines the performance reserve that the new performance framework has foreseen which entails 6% of the resources to be frozen and consequently allocated on the basis of a performance review after the annual implementation report in 2019, to the programmes which have achieved their set milestones, so that Member States are incentivised to optimise their use of funding; regrets that, according to recent data, the Commission and the Member States were found to be only partially successful in making the financing of Cohesion policy more performance-based; is worried that the Member States were found to show very limited interest in using some of the new performance-based funding models, i.e. 'joint action plans' and 'financing not linked to costs'; encourages wider use of the simplified cost options which the ECA considers have the potential to reduce beneficiaries' administrative burden and are considered less prone to error;
108. Recalls the contribution of cohesion policy in providing support to Member States to alleviate the negative impact of the COVID-19 pandemic and allow for a rapid re-direction of the available 2014-2020 funding to the most severely affected sectors and proposing considerable simplifications (CRII and CRII+ Initiatives for 2020); notes further that 179 Operational Programmes used these Initiatives to support healthcare, small businesses and workers which amounted to EUR 12.9 billion (EUR 6.2 billion in 2020 and EUR 6.7 billion in 2021); takes note that CRII and CRII+ Initiatives have accelerated the implementation of the ESIF funds and contributed to reducing the RAL;
109. Takes note that the Court, in its Special Report 26/2021 'Regularity of spending in EU Cohesion policy: Commission discloses annually a minimum estimated level of error that is not final' found that the new legal provisions for the programming period 2021-2027 address some limitations in the acceptance of accounts; regrets that nevertheless, the Court found that some risks remain at the time of releasing the payment retention;
110. Notes the Court's findings that the Commission's desk reviews are not designed to detect additional ineligible expenditure, which limits their contribution to confirming the regularity of the underlying transactions and the validity of the Residual Total Error Rate (RTER) reported by the audit authorities; notes further that for programmes with a confirmed track-record of low error rates, such desk reviews are an efficient tool to confirm the reported error rates and audit opinions from the audit authorities; notes with concern that both the compliance audits of the Commission and of the Court found material errors that the desk reviews could not have detected;
111. Takes note that the Court found that the Commission did not always follow its risk-based approach for selecting the riskiest audit authorities for compliance audits and that while the Commission detects irregular expenditure in its compliance audits, it often revises their final results in the follow-up phase with the Member States;
112. Is deeply concerned by reports about severe and systematic corruption and misuse of Union cohesion funds in the ITI Danube Delta instrument in Romania worth 1.1 billion EUR across 8 Romanian programmes; notes that these funds are earmarked for poverty reduction, nature conservation and environmental protection projects along the Danube



Delta in Romania, financed by 5 different ESIF; notes that the allegations of irregularities are concentrated in one programme, the regional operational programme, concerning 3 calls for projects under one priority axis supporting mostly SMEs and micro-enterprises amounting to 104 000 000 EUR funding 347 projects; notes that, in May 2021, OLAF opened an investigation related to allegations of fraud and other irregularities related to a specific project financed by the ITI Danube Delta in Romania;

113. Is concerned by media revelations that one Romanian national authority was corrupt and contributed to the authorisation of projects with politicians involved in a conflict of interest and who were not residing along the Danube delta;
114. Notes that following media reports on severe allegations of fraud, conflicts of interest and embezzlement, the Commission has issued in June 2021 an interruption of payments, blocking any Union reimbursement to the 347 risky projects pending the results of the verifications by the Romanian authorities; notes that the Romanian authorities selected 73 projects for verification leading to 35 of these projects being notified to the national anti-fraud body or prosecutor office for further investigation due to fraud suspicions; notes that the Romanian managing authorities carried out checks on an additional 22 operations to verify their regularity and whether they contribute to the development of the Danube region, resulting in one additional potential irregularity being identified;
115. Notes that the Commission agreed with the Romanian authorities that the managing authority provides the results of its verifications to the audit authority for an independent review on the adequacy of the risk-assessment method to select operations to be reviewed and checks carried out, and for confirmation of the results; notes that these conclusions will feed into the preparation of the targeted audit that the Commission plans to also carry out at the beginning of 2022 to verify on-the-spot the effectiveness of the actions undertaken by the Romanian authorities; urges the Commission to keep the discharge authority informed about any new developments and particularly about any financial corrections;
116. Is concerned that once again the information on such severe allegations was revealed by journalists and not by a Commission audit; recalls that the journalists pointed out that severe weaknesses and loopholes exist in the Romanian laws in relation to conflicts of interest; underlines that these laws urgently need to be brought in line with the requirements of the Union Financial Regulation; recalls that clear and unambiguous legislation against conflicts of interest at national level is an important precondition for the prevention, detection and fight against misuse, corruption and fraud;
117. Regrets that, as indicated in the Court's Special Report 10/2021 'Gender mainstreaming in the EU budget: time to turn words into action', the significant potential of Union structural and investment funds to contribute to gender equality is unexploited and that gender mainstreaming is not adequately implemented at all stages of the budgetary process; is of the opinion that gender mainstreaming must be addressed in a non-bureaucratic and concise manner through targeted and effective incentives;
118. Welcomes the Court's report on the performance of ESF, representing 25,9 % of all 2014-2020 cohesion policy payments made by the end of 2020; notes that the ESF

expenses increased from EUR 11,2 billion in 2019 to EUR 13,7 billion in 2020 due to increased implementation; takes note that the work done by the Court is based on the Commission's performance information, which comprised of, in particular, the 2020AMPR, the programme statements for the 2022 draft budget, and key Commission evaluations, as well as the 7th Cohesion Report;

119. Recalls the vital importance of the ESF, Erasmus+ and the Fund for European Aid to the Most Deprived (FEAD), EGF as the Union's main tools in fostering increased employment and labour mobility, education and vocational training for skills and lifelong learning and promoting social inclusion, combatting poverty and discrimination; welcomes that the Court has found that the performance framework of the ESF is well developed and that the Commission compiles an 'achievement ratio' for indicators with targets; regrets that the Court found that while the ESF's performance framework increased the availability of performance information, the focus remained on financial inputs and outputs, and focused insufficiently on results and that while evaluations cover most areas of the ESF, more methodological efforts are required to assess the impact of policies in terms of reaching people who are disconnected from the labour market;
120. Takes note that indicators show that the Member States are making good progress against targets set, that the Commission released 85 % of the performance reserve for ESF programmes, and that the 2021-2027 ESF+ proposal aims for further simplification and synergies;
121. Regrets that due to data limitations and the fact that many operations were still ongoing at the time of the Court's audit, it was not in a position to draw an overall conclusion on the actual performance of ESF expenditure during the 2014-2020 period;
122. Notes with appreciation that, by the end of 2020, 45,4 million participants were supported by the ESF and the Youth Employment Initiative (YEI) and 5,4 million people found a job (including self-employed) under both programmes as reported by the Commission;
123. Welcomes the impact of the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) as reported by the Commission in its second report; notes that SURE has been successful in cushioning the severe socio-economic impact resulting from the COVID-19 pandemic; notes that in 2020 SURE supported approximately 31 million people in the 19 beneficiary Member States, of which 22.5 million are employees and 8.5 million self-employed, as well as that around 2.5 million firms affected by the COVID-19 pandemic have benefitted from SURE, allowing them to retain workers;
124. Welcomes the increase in implementation of the financial instruments under all ESI funds in 2020 leading to EUR 10,3billion in cumulative payments to final recipients (EUR 4,7 billion in 2019);
125. Notes that the construction of the Peljesac Bridge in Croatia with cohesion funds was completed by a Chinese state-owned company, which may have benefited from support from the Chinese government and lower and inadequate labour-standards which would imply a competitive advantage over Union companies bidding for the same call; is of



the opinion that the Commission as Guardian of the Treaties must ensure a level playing field between Union and third country companies in public calls and tenders; is therefore of the opinion that strong provisions on Union-level standards of social and labour rights should feature in calls for public procurement and construction;

126. Is concerned about reports that the Hungarian government intended to nationalise the "Ferenc Liszt" airport near Budapest and declared its intention to use Union cohesion funds to develop infrastructure to decrease the value of the airport with the aim of lowering the cost of its expropriation, harming its current owners; is deeply concerned by the insecurity such threats constitute for international investors; recalls that Union cohesion funds were used to co-finance the airport, which would benefit oligarchic structures in case of a forced or involuntary sale of the airport; notes that the government has imposed extremely bureaucratic obstacles and additional requirements on the airport operator; is astonished by inferior purchase offers for the airport by oligarchs in direct and close contact with the Prime Minister;
127. Is concerned that the price hike in construction and raw materials may change the total budget for many projects and could lead to under budgeting, missed milestones, impossible implementations and could therefore undermine the completion of the TEN-T core network;

#### *Recommendations*

128. Calls on the Commission to:
- a. provide an error rate at payment and not a residual error rate in order to improve the evaluation of the scrutiny undertaken;
  - b. continue its cooperation with the Court in order to further harmonise data standards and align the interpretation of legal texts;
  - c. encourage and closely monitor the Member States using its standard scale of unit costs, as further simplification of rules and procedures can contribute to a more efficient use of funds and a reduced error rate, while ensuring that the scheme does not result in excessive imbalances in favour of Member States;
  - d. encourage audit authorities explicitly to introduce specific questions in their checklists on fraud risks and document the steps taken to address any such risks discovered in the course of an audit; pay increased attention, and allocate increased technical support, to Member States, whose management and control systems are only partially reliable, or not reliable at all, where there is an increased risk of fraud and corruption related to funds;
  - e. make the use of IT tools such as EDES and Arachne mandatory and systematic for all Union funds including shared management and ensure better use of new technology in order to increase controls and protect the Union budget against fraud and misuse of funds;
  - f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and

urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;

- g. ensure that the Member States take into account and promote the implementation of the partnership principle and of gender equality throughout the preparation, implementation, monitoring and evaluation of all programmes as laid down in Regulation (EU) 1303/2013 and Regulation (EU) 2021/1060;
- h. ensure sound financial management in the use of funds, including respect for the rule of law and fundamental rights, as essential preconditions for sound financial management and effective funding;
- i. ensure that the Member States make sufficient information available in the annual summary on conclusions and follow-up of operations for which they have withdrawn amounts from accounts that are still under an ongoing regularity assessment;
- j. put forward a legislative proposal linked to the upcoming revision of the Financial Regulation to ensure that the payment retention is adequately protected before it is released, to improve its audit work, audit documentation and review process, to strengthen the main elements of the regularity of information provided in the AARs, and to ensure that the College of Commissioners provide relevant and reliable information in the AMPR; underlines that the proposal should have a clear, limited scope, in order not to negatively affect the performance of the funds;
- k. improve the approach taken in relation to studies of administrative costs by announcing what will be examined and when, as well as to assess whether estimated administrative cost savings have materialised;
- l. in the context of performance-based financing in Cohesion policy, to make the best use of enabling conditions in the 2021-2027 period, to prepare the ground early for an effective mid-term review, and to clarify the rules and the approach for providing assurance on Union funding in the 'financing not linked to costs' funding model;
- m. simplify rules and procedures, encourage Member States and the cCommission to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;
- n. provide guidance and controls that ensure that adequate minimum standards of social and labour rights are requirements in calls for public procurement, particularly in construction tenders, to avoid putting Union companies at a competitive disadvantage compared to third country bidders; calls on the Commission to ensure that only companies from third countries that allow Union companies to participate in their public calls and tenders to participate in European public calls and tenders to ensure a level-playing field and equal access among Union and third country companies;

- o. Facilitate the adoption of the European Cross-Border Mechanism which has the potential to positively impact the pace of implementation of cross-border transport projects and ultimately increase the efficiency of transport services in these areas;

## **Natural resources**

- 129. Notes that the MFF heading 2 ‘Natural resources’ accounts for 35 % or EUR 60,6 billion of the Union budget: of this amount, EUR 41,6 billion (68,7 %) is spent on direct payments under the European Agricultural Guarantee Fund (EAGF), EUR 2,6 billion (4,3 %) on market-related expenditure under the EAGF, EUR 14,6 billion (24,1 %) on the European Agricultural Fund for Rural Development (EARDF), EUR 0,9 billion (1,4 %) on the European Maritime and Fisheries Fund (EMFF) and the rest on other areas;
- 130. Notes that the Court has examined a sample of 218 transactions, covering 19 Member States and the United Kingdom, designed to be representative of the full range of spending under this MFF heading; notes that the Court also examined the AARs of the Directorate-General for Agriculture and Rural Development (DG AGRI) and the Directorate-General for the Environment (DG ENV) of the European Commission, as well as the Commission’s AMPR;
- 131. Notes with satisfaction that the work of the Court supports the conclusion that direct payments as a whole were free from material error, accounting for 69 % of expenditure under that MFF heading; notes that direct payments to farmers are entitlement-based and that such payments carry a lower risk of error provided that the attached conditions are not complex; acknowledges that according to the Court, the main management tools for direct payments, the Integrated Administration and Control System (IACS) and the Land Parcel Identification System (LPIS), form an effective management and control system; notes that the post 2022 reform of the CAP should no longer be compliance-based but performance-based; hopes this fundamental change will have a positive impact on the error rate of the direct payments;
- 132. Notes with concern the errors detected by the Court in rural development, market measures and other ‘Natural resources’ spending areas, which represent 31% of the spending; is worried about the Court assessment that more complex eligibility conditions increase the risk of error; regrets that the level of error is considered material in this area;
- 133. Acknowledges that DG AGRI has calculated the risk at payment to be around 1,9% for CAP spending as a whole in 2020; notes that the Court estimates the level of error at 2%, which represents an increase of 0,1% compared to 2019; regrets that the level of error in spending on ‘Natural resources’ is close to materiality;
- 134. Welcomes the use of new technologies such as checks by monitoring, using automated processes based on the EU Copernicus Programme’s Sentinel satellite data to check compliance with certain CAP rules; welcomes the fact that these changes were also approved for the CAP post 2022 and encourages the Member States to use these opportunities to the maximum;
- 135. Welcomes that the Commission has committed to providing support to the Member

States in developing the new approach with regard to checks by monitoring; notes that since 2018, Member State paying agencies may perform these kinds of checks, but regrets its limited coverage in 2020; supports the Court recommendation to the Commission to promote checks by monitoring as a key control system for the post-2020 CAP;

136. Strongly regrets the fact that the Commission's failure to gather reliable data on final beneficiaries of CAP funds leaves many unresolved cases for recovery of funds by Member States; notes with concern that the use of reporting and monitoring tools, such as ARACHNE, is only being used optionally;
137. Regrets the recurrent weaknesses identified by the Court on the risk at payment affecting spending on 'Natural Resources', related to the Members States' controls, which is reflected in their control statistics;
138. Reminds the weakness identified by the Court on the CAP anti-fraud policies and procedures both by the Commission and the Member States; recalls the recommendation to the Commission in last year's annual report and takes note that DEG AGRI updated its Anti-Fraud strategy in 2020; awaits the Court's Special Report on CAP and anti-fraud measures, delayed to the second quarter of 2022, for a in-depth analysis of the current situation;
139. Notes with concern 29 OLAF cases concerning structural and agricultural funds in Bulgaria; is concerned by the findings of the study on the impact of organised crime on the Union's financial interests that most violations in Bulgaria have been identified in the area of agricultural funding, especially in the area of subsidies for agricultural crops, as well as the construction of "fake" guest houses that are in fact used as private homes; is aware that the issue of Union co-financed "fake" guest houses is not limited to Bulgaria as similar issues were identified also in Slovakia and Czechia; notes that the Commission is monitoring the situation and expects the Commission to take swift and decisive action against this kind of subsidy fraud;
140. Notes with concern that, according to the Court's Special Report 16/2021, 'Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing', the CAP has not reduced livestock emissions, that emissions from fertilisers and manure on soils are increasing, that the CAP measures did not lead to an overall increase in the carbon content stored in soils and plants, and that the 2014-2020 changes to the CAP did not reflect its new climate ambition;
141. Regrets that according to the Court's findings in its Special Report 20/2021 'Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use', CAP direct payments do not significantly encourage efficient water use, and that rural development funds and market measures do not significantly promote sustainable water use;
142. Notes with concern that, according to the Court's Special Report 13/2020 'Biodiversity on farmland: CAP contribution has not halted the decline', there are shortcomings in the design of the EU biodiversity strategy, its coordination with the CAP and its monitoring; regrets that the Court has concluded that most CAP funding has little positive impact on biodiversity;

143. Recalls the importance of a fair CAP allocation, which from one side should avoid any misuse of funds in particular by political prominent wealthy individuals, elites and big conglomerates, and on the other concentrate on active farmers; points out that the study<sup>6</sup> on the implementation of the CAP funds revealed that the disbursement of Union agriculture funds is a highly problematic issue in at least five Member States<sup>7</sup> and that there is a clear inequality between fund allocations for big and small farmers, with systemic advantages for the big farms whose beneficiaries have close ties to the ruling political parties or are themselves members of these in their countries<sup>8</sup>;
144. Notes with concern that the Court found that the Commission's performance information concentrates on inputs, outputs and financial contribution rather than results; welcomes that the economic viability of fisheries is increasing; regrets that data on aquaculture is less conclusive;
145. Takes note that the Commission reports on the EMFF spending for environmental objectives; regrets that the link between this and key environmental indicators is not well defined; regrets that the Common Fisheries Policy (CFP) conservation objective is unlikely to be met;
146. Takes note that by the end of 2020 ESI funds supported over 2 million projects in the agricultural sector and rural areas and contributed to maintaining 31 500 jobs and creating 4 000 new jobs in the maritime and fisheries sector; notes, in addition, that more than 54 000 new jobs have been created through projects supported by rural development programmes and that 131 000 young farmers benefited from the business start-up support;

#### *Recommendations*

147. Calls on the Commission to:
- a. simplify rules and procedures, encourages Member States to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for young farmers, SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;
  - b. make better use and encourage the use of AI and data from new technologies such as the EU-owned Copernicus Sentinel satellites to monitor and control the correct use of CAP funds;
  - c. make the use of the IT tools, Arachne and EDES, mandatory and systematic for paying agencies, as an important tool that can be used to identify projects, beneficiaries and contractors at risk of fraud;

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<sup>6</sup> Sabe et al 2021: WHERE DOES THE EU MONEY GO? AN ANALYSIS OF THE IMPLEMENTATION OF CAP FUNDS IN BULGARIA, THE CZECH REPUBLIC, HUNGARY, SLOVAKIA AND ROMANIA

<sup>7</sup> Bulgaria, Czech Republic, Hungary, Slovakia and Romania

<sup>8</sup> INI Report on "MFF 2021-2027: fight against oligarch structures, protection of the EU funds from fraud and conflict of interest" CONT 2020/2126 (INI)

- d. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;
- e. focus its performance information on results and establish a clear link between programme contributions and the achievements declared in order to assess the effectiveness of the programmes;
- f. promote the ‘checks by monitoring’ approach as a key control system for paying agencies; make global and systematic use of new technologies for monitoring environmental and biodiversity targets and climate requirements in the framework of the Green Deal; provide adequate financial and human resources to executive agencies such as the European Medicines Agency, the European Environment Agency and the European Chemicals Agency, that are facing an increased workload due to the COVID-19 pandemic and the Green Deal action programme;
- g. take action so that the CAP reduces emissions from agriculture, reduces emissions from cultivated drained organic soils, and reports regularly on the CAP’s contribution to climate mitigation; welcomes that in the meantime the new CAP reform, and the F2F ( Farm to Fork) communication were adopted;
- h. request justifications for exemptions to the implementation of the Water Framework Directive in agriculture, tie CAP payments to compliance with environmental standards, and use Union funds to improve the quantitative status of water bodies;
- i. improve the coordination and design of the post-2020 biodiversity strategy and track expenditure more accurately, enhance the contribution of direct payments and rural development to farmland biodiversity, and demonstrate the impact of CAP measures on such biodiversity;
- j. pursue the development of organic farms; highlight that only 8% of European agricultural land is dedicated to organic food with only 303 000 organic food farmers out of the 7 million farmers that benefit from CAP funds;
- k. ensure that accessibility of land is a priority in order to maintain the family farm model and allow young farmers to develop their activities;
- l. Increase CAP efficiency by concentrating its support to active farmers whose main activity is farming;
- m. promote investments that contribute to a more resilient and digital economic recovery in line with the Green Deal and that are fundamental to the social and economic development of rural areas;

## **Security and citizenship**

148. Notes that the MFF heading 3 ‘Security and citizenship’ accounts for 3,7% or EUR 6,3



billion of the Union budget: of this amount EUR 2,6 billion (40,5 %) is spent on the instrument for Emergency Support within the Union, EUR 1,6 billion (25,3 %) on migration and security, EUR 1,2 billion (18,5 %) on decentralised agencies, EUR 0,2 billion (3,7 %) on Food and Feed, EUR 0,2 billion (3,8 %) on Creative Europe, and the rest on other areas;

149. Takes note that the most significant area of expenditure concerns the Emergency Support Instrument (ESI), set up in April 2020 to help Member States address the COVID-19 pandemic by funding, among other things, the cross-border transfer and transport of patients, medical staff and essential medical items, research and production of vaccines and treatments and the development, purchase and distribution of testing supplies;
150. Is concerned that the Court, in its Special Report 10/21, found that the Commission has not adequately applied gender mainstreaming in the Union Budget; calls on the Commission to urgently develop gender mainstreaming methodology in order to integrate a gender equality perspective in all policy areas, including the use of gender-disaggregated data and indicators; recalls that the need for gender mainstreaming is ever more urgent in the light of the gendered impact of the COVID-19 pandemic;
151. Regrets that the cultural and creative sectors were among the hardest hit by the COVID-19 pandemic in 2020; notes that even though flexible measures were introduced and the media subprogramme provided additional support for Europa Cinemas' members suffering from forced closures (amounting to EUR 16 million), the subprogramme underperformed in relation to some indicators, in particular in terms of the size of in-person audiences at events;
152. Notes that the Court examined a sample of 27 transactions, designed to contribute to the overall statement of assurance rather than to be representative of spending under this MFF heading; takes note that the Court examined the annual activity reports of the Directorate-General for Migration and Home Affairs (DG HOME) and the Directorate-General for Communications Networks, Content and Technology (DG CONNECT) and included in the Commission's AMPR;
153. Notes that the Court was unable to estimate the error rate; notes with concern that of the 27 transactions examined by the Court, 8 (30 %) were affected by errors; highlights that the Court also found cases of non-compliance with legal and financial provisions, but without a financial impact on the Union budget; notes that the errors concern the selection of projects and the application of procurement rules, the submission of incomplete documentation in support of cost claims, and the defective functioning of an IT system;
154. Regrets that the limited sample of 27 transactions for 2020 made it impossible for the Court to compare its audit results with the information reported by DG HOME and DG CONNECT on the regularity of spending; invites the Court to extend its sample and make it more representative of this spending area, in order to have a deeper evaluation of this heading;
155. Welcomes the Court's report on the performance of the Internal Security Fund - Borders and Visa (ISF-Borders and Visa), which represents 8,1 % of the total payments made

until the end of 2020 for this MFF heading, based on the 2020 AMPR, the programme statements for the 2022 draft budget, key evaluations and other reports;

156. Notes with concern that the Court found marked differences in the implementation of national programmes and that there are gaps in ISF-Borders and Visa's performance information; highlights that the ISF-Borders and Visa contribution to effective border management is dependent on Member States entering reliable, relevant and up-to-date information in IT systems; is concerned that effective border management is hampered by insufficient quality of data and training of border guards; notes that performance indicators published in the AMPR give an optimistic picture of ISF-Borders and Visa performance;
157. Notes the Court's conclusion that the programme has contributed insufficiently to the consistent application of the *acquis* through training; notes the Court's findings that ISF-Borders and Visa has contributed to efficient visa-processing by funding the upgrading of 2 680 consulates (290% of the 2020 target); notes however that 4322 staff (38% of the 2020 target) have been trained in the common visa policy to date, which, according to the Court ,could increase the risk that Schengen visa applications will not be processed in a harmonised manner;
158. Welcomes the success under the effective integration and legal migration' strand of the Asylum, Migration and Integration Fund and notes with appreciation that the target of 2.6 million persons for the 2014-2020 period have been considerably surpassed as almost 6 million persons in the target group have received integration assistance;
159. Underlines that particularly in the area of security and citizenship, NGOs are important and valuable implementing partners of the Commission; notes that funds may be paid out to umbrella organisations that distribute and pass on the funding to member organisations or partner NGOs on the ground; is concerned that the Commission only has a limited overview of the final recipients of the funding; is deeply concerned that Union funds may unintentionally end up benefitting organisations that incite terrorism or extremism; is of the opinion that rules are needed for umbrella organisations that pass on Union funding to their member organisations or partner NGOs that are similar to the provisions on the transparency of final beneficiaries, beneficial owners and sub-contractors as agreed in Annex XVII to the new CPR ;

### *Recommendations*

160. Calls on the Commission to:
  - a. develop better cooperation with all Member States, recalling that the challenges related to security and migration management are a priority for the Union; recognises the efforts of the Commission in this respect;
  - b. Issue a clear legal guidance to ensure transparent, accurate and complete information provided by the Member States on border management; recalls the need to set out binding rules and issue more guidance on the border management IT systems to ensure fast and effective border management; report to the discharge authority, at regular intervals, about improvements in terms of up-to-date data quality and sufficient training in each of the respective



Member States;

- c. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants and improve the assistance and guidelines for all the stakeholders, administration and payment agencies;
- d. carefully check the eligibility of the costs submitted by the beneficiaries of ESI actions and, in particular, the regularity of procurement procedures;
- e. provide guidance to the Member State authorities responsible for implementing DG HOME funds, in both the 2014-2020 and 2021-2027 MFFs, on documenting the completeness and quality of services when funding is based on standard unit costs;
- f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;
- g. propose rules on the transparency of umbrella organisations or partner NGOs that pass on Union funding to their member organisations that are similar to the provisions concerning final beneficiaries, beneficial owners and sub-contractors in Annex XVII of the Common Provisions Regulation;
- h. increase resources dedicated to preventing and combating gender-based violence in relation to citizens, equality, rights and values, especially in light of the escalation of violence against women;
- i. support Parliament's pilot projects that address young people's needs and that ensure intergenerational justice;
- j. encourage Member States to develop special initiatives that enable and simplify access to culture and mobility for Europe's youth, and to seek innovative solutions to make travelling by environmentally friendly transport across the Union more affordable;
- k. investigate where exactly the Union funds have been invested in the AMIF programmes and which specific improvements they brought about; requests a corresponding report from the Commission for each of the Member States concerned;
- l. implement measures to ensure complementarity and better coordination between AMIF and EASO/Frontex (e.g. in the area of forced returns or support to asylum authorities);
- m. use development aid as a tool to facilitate better cooperation with migrants' countries of origin;
- n. thoroughly verify the use of Union funds by third entities, their affiliates,

and/or natural persons to ensure that no funds are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation; make sure that individuals or groups affiliated, linked to or supporting terrorist organisations are excluded from Union funding; ensure that those Union funds are proactively recovered, and recipients involved are excluded from future Union funding;

- o. immediately freeze and place part of the Union funds in a reserve in the event that an irregularity is discovered by the Union with regard to any eligible entity, affiliate and/or natural person being linked to any cause or form of terrorism and/or religious and political radicalization, and only release these Union funds from the reserve when sufficient evidence has been gathered by the Union to ensure compliance with Union regulations;
- p. provide increased disclosure and transparency on any investigations it or its entities like the European Anti-fraud Office (OLAF) conducts following irregularities with regard to Union funding, in particular when such investigation concerns Union funding being linked to any cause or form of terrorism and/or religious and political radicalisation;

## **Global Europe**

- 161. Notes that the MFF heading 4 ‘Global Europe’ accounts for 6,6% or EUR 11,4 billion of the Union budget: of this amount, EUR 3 billion (26,7 %) is spent on the Development Cooperation Instrument (DCI), EUR 2,7 billion (23,2 %) on the European Neighbourhood Instrument (ENI), EUR 1,9 billion (16,9 %) on the Instrument for Pre-Accession Assistance (IPA), EUR 1,9 billion (16,8 %) on Humanitarian Aid, and the rest on other actions and programmes;
- 162. Notes that the Court examined a sample of 75 transactions, designed to contribute to the overall statement of assurance rather than to be representative of spending under this MFF heading; notes that the Court also examined the regularity of information in the AARs of the Directorate-General for International Partnerships (DG INTPA) and the Directorate-General for Neighbourhood Policy and Enlargement Negotiations (DG NEAR), as well as the Commission’s AMPR;
- 163. Takes note that the Court did not audit sufficient transactions to estimate the level of error for this MFF heading; is worried that of the 75 transactions examined, 28 (37,3 %) were affected by errors; notes with concern that some international organisations (UNRWA, UNICEF and IBRD) provided only limited access to documents, and some questioned the Court’s mandate;
- 164. Notes with concern that the general categories of findings for ‘Global Europe’ are ineligible costs, costs not incurred, public procurement errors and absence of supporting documents; is worried that the Court has again detected several major factors that distorted DG NEAR’s residual error rate (RER) study; criticises that the regulatory framework governing the RER study and the contract between DG NEAR and the RER contractor do not address or mention the risk of fraud; notes with concern that there is no procedure requiring the contractor to report to the Commission cases of suspected fraud against the Union budget detected during its RER work;

165. Welcomes the Court's report on the performance of the Instrument for Pre-accession Assistance II (IPA II), representing 12,6 % (EUR 5,6 billion) of the total payments made up until the end of 2020 for this MFF heading; based on the Commission's performance information, including the 2020 AMPR, programme statements for the 2022 draft budget, and the 2020 AAR of DG NEAR; and key evaluations and other reports;
166. Notes with great concern that most indicators are either not on track or their progress is unclear; underlines that the sector approach was a strategic choice in order to improve IPA II's performance; regrets that it could not be applied consistently; regrets that indirect management by beneficiary countries sometimes had an adverse effect on operational efficiency;
167. Welcomes that IPA II has responded flexibly to help mitigate crises; notes with concern that there are some gaps in IPA II's performance information; notes the Court's observation that the implementation of political reforms is generally slow, as well as its conclusion that their progress depends not only on IPA II support, but also on other contextual factors such as the political will of the IPA II beneficiary concerned; notes with concern that the Court has found that Union support has been more effective in promoting fundamental reforms than in securing their implementation;
168. Recalls that development and cooperation policy aim to eradicate poverty and reduce inequality and that funds should reach only their intended beneficiaries;
169. Insists on the importance of Parliament's active participation in the development of partnership and cooperation agreements with third countries; stresses that future partnership agreements should be subject to parliamentary scrutiny and based on the principles of solidarity, shared responsibility, respect for human rights, the rule of law and international humanitarian law;
170. Deplores that problematic and hateful material in Palestinian school textbooks has still not been removed and is concerned about the continued failure to act effectively against hate speech and violence in school textbooks and especially in the newly created study cards; reiterates its position that all text books and materials supported by Union Funds which are used in schools must be in line with UNESCO standards of peace, tolerance, co-existence and non-violence; moreover, insists that salaries of teachers and education sector civil servants that are financed from Union funds such as PEGASE be used for drafting and teaching curricula which reflect the UNESCO standards of peace, tolerance, coexistence, and non-violence, as was decided upon by Union education ministers in Paris on 17 March 2015; and Parliament decisions on discharge in respect of the implementation of the general budget of the European Union for the financial years 2016, 2018 and 2019; requests therefore the Commission to closely scrutinise that the Palestinian Authority (PA) and relevant experts to modify the curriculum expeditiously;

#### *Recommendations*

171. Calls on the Commission to:

- a. take steps so that international organisations provide the Court with complete, unlimited and timely access to documents necessary to carry out its task in accordance with the TFEU;
- b. establish a procedure to ensure that partner organisations base their allocation of shared costs on expenditure actually incurred;
- c. develop the ex post controls by a better implementation of new technologies and IT tools as well as increasing the on-the-spot missions;
- d. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;
- e. establish obligations for the RER study contractor to report to the Commission any suspected fraud against the Union budget detected during its work on the RER study;
- f. encourages the further development of balanced trade agreements and to remain attentive to investments made by foreign powers;
- g. pay close attention to the complicated situation in Belarus; underlines the importance of reviewing Union funding and ensuring that it is not directed to the Lukashenko regime, but towards supporting civil society in Belarus;
- h. fully introduce the principle of conditionality and regular ex-ante and ex-post checks on the regularity and performance of the Union's funds supporting third countries and ensure a legal framework that provides for these support instruments to allow for full recovery of funds in case any irregularities are discovered;
- i. continue to support the COVAX programme in order to speed up vaccination against COVID-19 in developing countries;
- j. ensure that the delivery of external aid is subject to the rule of law and respect for human rights in recipient countries;
- k. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, universities, NGOs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;
- l. ensure that the applicable provisions of the Rule of Law Conditionality Regulation are strictly applied to the new IPA III funds and Economic and Investment Plan for the Western Balkans, as an indispensable part for distribution of funds in the 2021-2027 period;
- m. draw up a financial support plan for Ukraine to enable it to recover from the illegal aggression by Vladimir Putin's regime;

## Administration

172. Notes that payments under MFF heading 5 on ‘administration’ amounted to EUR 10,3 billion in 2020 (6,0 % of the MFF). The Commission represents EUR 6,3 billion (60,0 % of the payments under this heading) with expenditure on human resources representing 68 % of this amount;
173. Notes that the Court examined 48 transactions under this heading spread over a number of institutions and also examined a selection of supervisory and control systems of the European Ombudsman and the Council;
174. Notes that the Court also examines the regularity of the information in the annual activity reports of the Commission, including those of its directorates-general and offices primarily responsible for administrative expenditure; notes with satisfaction that the Court estimates that the level of error in spending on ‘administration’ was not material;
175. Notes that the Court found five errors in their sample for the Commission, out of which four related to allowances to staff and one concerned a minor overpayment for software licences;
176. Recalls that the Paymaster Office (PMO) of the Commission is responsible on the basis of a service-level agreement for the verification of the legal conditions for the installation allowance and the payment authorisation of both installation and residence allowance of EU high-level public office holders provided for in the Council Regulation (EU) 2016/300 of 29 February 2016 determining the emoluments of EU high-level public office holders;
177. Expresses its concern over the very high approval rate of transfer requests into private sector positions for former Commission staff, as this increases the likelihood of the occurrence of conflicts of interest; urges the Commission to review its policy in this regard;
178. Notes that in 2020 the Commission received 8.001 initial and 309 confirmatory applications for access to documents, as well as that fully or partially access was granted in 81% of the initial cases, and wider or even full access was further granted in more than 37% of the cases reviewed at confirmatory stage;
179. Notes that the Union institutions have different rules for the use of official vehicles; is of the opinion that these rules should be harmonised and the own contribution of the users should be adequately increased in relation to the costs and to properly reflect the monetary advantage of such use;
180. Invites the Commission to take appropriate measures to implement all of the Court’s recommendations and to report to Parliament on the developments by 30 June.;
181. Notes with concern the lack of understanding within the decision-making and approval forums at the health insurance scheme JSIS when it comes to new treatments, medical trends and not yet approved drugs particularly linked to novel appearances of nervous system diseases, autoimmune disorders as well cancer diseases; requests that the

relevant bodies within JSIS duly and regularly take into account recent medical developments and knowledge gains when updating the list of eligible treatments and drugs; requests JSIS to show more flexibility when assessing clinical pictures as well as subsequent treatment and therapies that might help a patient; recommends the introduction of expert groups, which can assess and approve not-yet approved treatments, drugs, and medications to improve the treatment quality of applicants, decrease bureaucratic burden, and accommodate the most recent medical information when handling reimbursement claims; underlines that the Union is at the forefront of medical innovation and technology and is therefore of the opinion that this standard should also be applied for the medical treatment of persons under JSIS;

182. Is concerned, however, about the serious lack of transparency from the Commission regarding buying and distributing of vaccines in the Union during the COVID-19 crisis in 2020; notes with regret the case of the Commission refusal of public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID-19 vaccine; draws attention that based on its findings during the inquiry on this case, the Ombudsman considers that it constituted maladministration;
183. Takes note that as a consequence of the COVID-19 pandemic the Commission spent less budget amounts on missions, conferences and meetings as well as training in 2020 than the amounts budgeted for in the 2020 budget; takes note that part of the savings as well as appropriations from other areas of administrative expenditure were redirected to pandemic-related needs such as ICT equipment, including for the provision of home office equipment to all staff, and expenditure of the medical service for the COVID-vaccination campaign, including sanitary measures in the childcare centres;
184. Stresses that all Union institutions, and especially the Commission, must respect the highest data protection criteria both in the processing of public tenders and in the good or service to be procured, which requires specialised knowledge on the part of the officials in charge;

#### *European Schools*

185. Notes with satisfaction that the Court did not find material errors in the final consolidated annual accounts for 2020; notes furthermore with satisfaction that the Court notes that the quality of the schools' accounts has improved compared to previous years even if the external auditor continues to find issues;
186. Is however concerned, that the Court still finds weaknesses in the internal control systems, both in the area of recruitment and in the area of procurement;
187. Urges the European Schools to swiftly follow up on the recommendations of the Court concerning the specific weakness found in procurement and recruitment;
188. Emphasises, with regard to the European schools, the importance of respecting the annuality principle and of respecting payment deadlines, procurement rules and transparency in recruitment procedures;

#### *Human resources*



189. Welcomes the initiatives taken by the Commission to ensure gender equality and recalls the Commission President's commitment to reach gender equality at all levels of management by the end of the current Commission mandate, which is fully supported by Parliament;
190. Underlines its request for the Commission to ensure a fair geographical balance of its members of staff at all levels, especially at middle and senior management levels where strong imbalances persist, while at the same time fulfilling the requirements in the staff regulation in relation to competences and merits of candidates;
191. Echoes the difficulties encountered by the Union institutions installed in Luxembourg to recruit staff according to their needs and recalls the Eurostat study showing that the disparity in purchasing power between Luxembourg and Brussels (25,4%) exceeded the 5% threshold even when housing was excluded from the calculations;
192. Insists that Commission implements a more transparent appointment procedure for all posts especially management related posts, particularly in the context of the new HR Strategy;
193. Acknowledges that, during 2020, the COVID-19 pandemic had an impact on the internal functioning and the management of the Commission's budget;
194. Echoes the Court's conclusion that "any unethical behaviour by staff and members of EU institutions and bodies is unacceptable. Such behaviour – even if it is only alleged – attracts high levels of public interest and reduces trust in the EU. Unethical behaviour is also linked to the risk of corruption and fraud";
195. Reiterates Parliament's concern regarding the termination of the contract with the restaurant service provider, which led to the layoff of 400 workers; once again invites the Commission to consider, in terms of sound financial management, the possibility of internalisation of the catering staff in-house;
196. Recall Parliament's concerns about the increasing number of contract staff hired in the Commission, and the risks related to the transfer and then loss of knowledge when their contracts expire, without forgetting the perspective and job security of the contract agents;

#### *Recommendations*

197. Calls on the Commission to:
  - a. follow up on the Courts recommendation to improve its system for managing statutory family allowances, including through reinforced consistency checks on staff declarations of allowances received from other sources;
  - b. review the mechanism for verifying the legal conditions of the installation allowance to request other documents as evidence to the greatest extent possible with respect to proportionality and privacy, based on the opinion that a rental contract for or a purchase contract of a property shall not be considered sufficient evidence in the sense of Article 4 of Council Regulation (EU)

2016/300, as such property may be destined for other uses than primary residence;

- c. continue its work in order to ensure gender equality at all levels of management by the end of the current Commission mandate and to report gender-disaggregated data;
- d. continue its work to ensure a fair geographical balance of its staff at all levels while at the same time fulfilling the requirements in the staff regulation regarding competences and merits of candidates;
- e. continue to build a more diverse and inclusive work environment and culture by taking actions in favour of people with disabilities and to assess the possibilities of further strengthening and integrating the principle of equal opportunity in recruitment, training, career development and working conditions as well as raising staff awareness of these aspects;
- f. follow up on the possible reasonable improvements and modifications that could be made to institutions' buildings (access, adequate office equipment) for people with reduced mobility or other disabilities;
- g. propose a harmonised set of rules for the use of official vehicles for all Union institutions, bodies and organs including an adequate increase of the own contribution of the users in relation to the costs, which properly reflects the monetary advantage of such use;
- h. implement the Ombudsman's recommendation in the case of the Commission's refusal to allow public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID19 vaccine(case 1316/2021/MIG);
- i. address the long-standing and serious problem of salary indexation in Luxembourg by adopting a delegated act to correct the relevant provision of the staff regulation;
- j. ensure that JSIS shall provide a coherent and individual explanation for declining a reimbursement request; regrets the culture of declining a reimbursement request by PDF without the possibility of challenging the decision in person; calls on the PMO to introduce the possibility for doctors in charge of a treatment of an applicant to talk to the responsible JSIS unit or expert group to explain the treatment and medical benefits; further expresses its wish to improve the user-friendliness of the application enabling a quicker and more direct follow-up of individual requests;
- k. integrate in the internal management strategy the lessons drawn from the outbreak of the COVID-19 pandemic, in terms of business continuity and crisis management approaches, IT responsiveness, resiliency of the organisation, duty of care towards its staff, effectiveness of internal communication and flexibility of working processes;



- l. be at the forefront of protecting whistle-blowers, paving the way for a more uniform regulation among all institutions, based on best practices and on higher standards;
  - m. strongly recommends a review of the nomination and appointment procedures for the Union institutions and bodies with a view to strengthening and respecting both the opinions expressed by the Commission and Parliament, and the democratic participation of relevant stakeholders;
  - n. strengthen and optimise the collaboration with the European Data Protection Supervisor in the area of public procurement, particularly in the training of public procurement officers;
198. Calls on the central office of the European Schools to follow up on the recommendations from the Court;

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 - Section III European Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Michael Gahler

### **SUGGESTIONS**

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

1. Recalls that 2020 was highly affected by the COVID-19 outbreak, which required swift and significant modifications of the Union budget in responding to the pandemic and had a substantial impact on the Union's finances; notes furthermore that 2020 was the last year of the 2014-2020 multiannual financial framework;
2. Underlines that expenditures in heading 4 'Global Europe' are considered high-risk, except for budget support payment; notes that most errors found by the European Court of Auditors (ECA) in this area concern absence of essential supporting documents, non-compliance with public procurement rules, costs not incurred and ineligible costs and calls on the Commission to improve this track record; fully supports the recommendations formulated by the ECA and calls on the Commission to take the necessary steps so that international organisations provide the ECA with complete, unlimited and timely access to documents necessary to carry out their task in accordance with the TFEU;
3. Stresses that the Union in its response to the COVID-19 pandemic secured financial support for partner countries and fragile populations amounting to more than EUR 40 billion; stresses the need to improve visibility and communication concerning the substantial support the Union has provided in partner countries during the COVID-pandemics; welcomes Team Europe efforts in addressing the immediate effects of the health crisis and the resulting humanitarian needs in the partner countries, as well as its contribution to the COVAX Facility which provides fair and equitable access to COVID-19 vaccines in low- and middle-income countries;
4. Strongly commends the efforts of civil society worldwide in promoting and defending human rights, especially at a time of shrinking civil society space and the questioning of the universality of human rights;
5. Notes the Court's Special Report "Reducing grand corruption in Ukraine" focused on

the Union's contributions to anti-corruption and judicial reforms between 2016-2019; is concerned that grand corruption is still prevalent in Ukraine and has negative effects on the rule of law and economic development in the country; notes, however, that in comparison to the period before 2014 the country has clearly developed positively through huge efforts of real political reformers, civil society activities and comprehensive Union support and cooperation to this end; calls for implementing ECA's recommendations to the Commission, the EEAS and the European Advisory Mission in Ukraine;

6. Is concerned about continued destruction and confiscation of Union-funded projects in the West Bank; reminds of the position of the Council, which expressed its commitment to ensure that all agreements between Israel and the EU must unequivocally and explicitly indicate the inapplicability to the territories occupied by Israel since 1967, as well as to continued implementation of existing Union legislation and bilateral arrangements applicable to settlement products; calls on the Commission to establish the necessary legal and technical arrangements to guarantee that the geographical scope of the EU-Israel agreement under Horizon Europe for the 2021-2027 period will be limited to the territory of Israel as defined by international law in 1967 and to secure compensation from the Israeli authorities for the destruction and confiscation of EU-funded projects in the West Bank, as requested by the European Parliament in its resolution of September 2018;
7. Notes with concern the continuous complicated situation in Belarus and that it is important to review Union funding and ensure that it is not directed to Lukashenko regime, but towards support of civil society in Belarus; notes that Frontex needs to be sufficiently funded to secure Union's outside border with Belarus;
8. Recognises the key role performed by UNRWA in providing Palestine refugees with vital services, including health and education, in the Middle East; commends the results of the study on Palestinian school books performed by the Georg Eckert Institute, which confirms that they adhere to UNESCO standards and adopt criteria which are prominent in international education discourse;
9. Considers that, in comparison to 2020, the budget line structure of the European Neighbourhood for the 2021-2027 Multiannual Financial Framework is oversimplified, since it only includes two lines, respectively for the Southern Neighbourhood and the Eastern Partnership; regrets that such a simplified structure does not allow the budgetary authority to properly perform its scrutiny role in the annual discharge procedure; believes that the financial needs of each of the two geographical areas should be addressed at least by three budget lines, respectively targeting political, development and security related matters.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	25.1.2022
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>57</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>12</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>9</div> </div>
<b>Members present for the final vote</b>	<p>Alviina Alametsä, Alexander Alexandrov Yordanov, François Alfonsi, Maria Arena, Petras Auštrevičius, Traian Băsescu, Anna Bonfrisco, Reinhard Bütikofer, Fabio Massimo Castaldo, Susanna Ceccardi, Włodzimierz Cimoszewicz, Katalin Cseh, Tanja Fajon, Anna Fotyga, Michael Gahler, Kinga Gál, Sunčana Glavak, Raphaël Glucksmann, Klemen Grošelj, Bernard Guetta, Márton Gyöngyösi, Balázs Hidvéghi, Sandra Kalniete, Peter Kofod, Stelios Kouloglou, Andrius Kubilius, Ilhan Kyuchyuk, David Lega, Miriam Lexmann, Nathalie Loiseau, Leopoldo López Gil, Antonio López-Istúriz White, Jaak Madison, Claudiu Manda, Lukas Mandl, Thierry Mariani, Pedro Marques, David McAllister, Vangelis Meimarakis, Jörg Meuthen, Sven Mikser, Francisco José Millán Mon, Javier Nart, Gheorghe-Vlad Nistor, Urmas Paet, Demetris Papadakis, Kostas Papadakis, Tonino Picula, Manu Pineda, Giuliano Pisapia, Thijs Reuten, María Soraya Rodríguez Ramos, Nacho Sánchez Amor, Isabel Santos, Jacek Saryusz-Wolski, Andreas Schieder, Radosław Sikorski, Jordi Solé, Sergei Stanishev, Tineke Strik, Hermann Tertsch, Dragoș Tudorache, Harald Vilimsky, Idoia Villanueva Ruiz, Viola Von Cramon-Taubadel, Thomas Waitz, Witold Jan Waszczykowski, Charlie Weimers, Isabel Wiseler-Lima, Salima Yenbou, Željana Zovko</p>
<b>Substitutes present for the final vote</b>	Özlem Demirel, Assita Kanko, Karsten Lucke, Bert-Jan Ruissen, Mick Wallace
<b>Substitutes under Rule 209(7) present for the final vote</b>	Karin Karlsbro, Ivan Štefanec

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

57	+
NI	Fabio Massimo Castaldo, Márton Gyöngyösi
PPE	Alexander Alexandrov Yordanov, Traian Băsescu, Michael Gahler, Sunčana Glavak, Sandra Kalniete, Andrius Kubilius, David Lega, Miriam Lexmann, Leopoldo López Gil, Antonio López-Istúriz White, David McAllister, Lukas Mandl, Vangelis Meimarakis, Francisco José Millán Mon, Gheorghe-Vlad Nistor, Radosław Sikorski, Ivan Štefanec, Isabel Wiseler-Lima, Željana Zovko
Renew	Petras Auštrevičius, Katalin Cseh, Klemen Grošelj, Bernard Guetta, Karin Karlsbro, Ilhan Kyuchyuk, Nathalie Loiseau, Javier Nart, Urmas Paet, María Soraya Rodríguez Ramos, Dragoș Tudorache
S&D	Maria Arena, Włodzimierz Cimoszewicz, Tanja Fajon, Raphaël Glucksmann, Karsten Lucke, Claudiu Manda, Pedro Marques, Sven Mikser, Demetris Papadakis, Tonino Picula, Giuliano Pisapia, Thijs Reuten, Nacho Sánchez Amor, Isabel Santos, Andreas Schieder, Sergei Stanishev
The Left	Mick Wallace
Verts/ALE	Alviina Alametsä, François Alfonsi, Reinhard Bütikofer, Jordi Solé, Tineke Strik, Viola Von Cramon-Taubadel, Thomas Waitz, Salima Yenbou

12	-
ECR	Anna Fotyga, Bert-Jan Ruissen, Jacek Saryusz-Wolski, Hermann Tertsch, Witold Jan Waszczykowski, Charlie Weimers
ID	Peter Kofod, Jaak Madison, Thierry Mariani, Jörg Meuthen, Harald Vilimsky
NI	Kostas Papadakis

9	0
ECR	Assita Kanko
ID	Anna Bonfrisco, Susanna Ceccardi
NI	Kinga Gál, Balázs Hidvéghi
The Left	Özlem Demirel, Stelios Kouloglou, Manu Pineda, Idoia Villanueva Ruiz

Key to symbols:

+ : in favour

- : against

0 : abstention

## **OPINION OF THE COMMITTEE ON DEVELOPMENT**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 – Section III, Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Charles Goerens

### **SUGGESTIONS**

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

1. Notes that the replacement of the Development Cooperation Instrument with the Global Europe Instrument coincides with a dramatic reversal of the progress towards the Sustainable Development Goals and with rapid aggravation of the global climate and biodiversity crises; insists that in the implementation of the Global Europe Instrument, maximum efficiency and effectiveness in the response to these incomparably important challenges must be sought; reiterates the importance of properly implementing the horizontal targets set in the Global Europe Regulation; expects to see the program-level targets published together with the draft budget 2023 as well as any legislative changes required in the programs effected to ensure the targets will be met; calls on the Commission to increase efforts in climate change mitigation that allows to reduce the impact on vulnerable people;
2. Recalls the need to define a strategy for “building back better and greener” to link the COVID-19 response to the ecological transformation required by the Green Deal;
3. Recalls the Global Europe-NDICI's spending target for climate change and protection of biodiversity of 30% and its spending target of 20% for human development and social inclusion are minimum targets; calls for increasing the fiscal space in order to protect and substantially increase human development investments, given the crucial importance of health, education, social protection, nutrition, water, sanitation and hygiene for poverty reduction, for the realisation of human rights and a life in dignity for all, for the addressing of inequalities, with special attention to women and children, for the addressing of the devastating impacts of the COVID pandemic and for the implementation of the human rights-based approach laid down in the Global Europe - NDICI regulation, which Parliament will scrutinise;
4. Expects the Commission to adopt an effective, transparent and comprehensive methodology for biodiversity tracking as soon as possible, bearing in mind the MFF biodiversity target set for 2024 as well as how the target of 10% will be reached by

2026; stresses on the importance of such methodology for the screening of the biodiversity related target in Global Europe which is not a stand-alone target in the regulation, but concerns contributing to the overall MFF biodiversity target; calls for the full involvement of the European Parliament in the development of the methodologies as laid down in the MFF Interinstitutional Agreement<sup>1</sup> (IIA); expects the Commission to consult the Parliament on biodiversity methodology before the publication of the draft budget 2023;

5. Notes that the possibilities of mainstreaming migration policy in Union external policy are significantly broadened by the inclusion of migration in the thematic, geographical and rapid response component and the migration budgetary target of the Global Europe Regulation; notes with concern, however, that through the ‘rapid response’ component, cooperation with third countries on migration management can be funded without the need for the Commission to publish any programming documents or consult civil society actors, and without the involvement of Parliament; insists in this regard on the need to ensure that the 2021-2027 Multiannual Financial Framework and related financial instruments including Global Europe, is accompanied by a robust human rights framework for the identification, implementation and monitoring of future migration cooperation programmes;
6. Recalls that Parliament resolutions shall help guide Union cooperation and intends to follow the Commission’s application of this; welcomes the success of Team Europe to contribute to positive attitudes concerning joint action; calls on the Commission to extend its ambition for a better coordinated approach to the multilateral system;
7. Acknowledges the quality of ECHO’s implementation of humanitarian aid for education, as found by the Court in its Special Report 2/2021<sup>2</sup>; insists that education must be a priority in contexts of disasters, and that the Union shall keep financing it, integrating education in emergency situations to avoid school abandonment, especially in conflicts prolonged in time; Recalls that in these contexts, the Union shall keep financing and providing text books and materials in line with UNESCO's recommendations;
8. Urges to ensure that Union budget support, which has proven its efficiency in the field of education<sup>3</sup>, remains the favoured modality to allow access to inclusive and quality education to all in developing countries;
9. Underlines the crucial importance of promoting and reinforcing the establishment of social protection mechanisms in developing countries;
10. Stresses that choices of aid modalities should always be based on realistic and independent assessments of the likely efficiency of possible options, supported by

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.LI.2020.433.01.0028.01.ENG&toc=OJ%3AL%3A2020%3A433I%3ATOC>

<sup>2</sup> <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=57652>

<sup>3</sup> European Commission, Budget Support -Trends and Results 2020: [https://ec.europa.eu/international-partnerships/system/files/budget-support-trends-and-results\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/budget-support-trends-and-results_en.pdf)

evidence and made public; points to the salience of this in the rapidly expanding area of private sector cooperation, where the evidence base is limited and should carefully be broadened and deepened in order to facilitate optimal use of official development assistance (ODA); calls on the Commission to consider countries' debt situations when implementing projects in developing countries;

11. Recalls that the Union and the Member States committed under Article 2.1(c) of the Paris Agreement to align both public and private financial flows to a pathway compatible with the objective of limiting global warming to 1.5°C; stresses that this requires a phase out of all direct and indirect fossil fuel subsidies as soon as possible and by 2025 at the very latest;
12. Supports the recommendations of the European Court of Auditors in its annual report, in particular that international organisations must grant the Court complete, unlimited and timely access to documents, and not just in read-only format; calls on the Commission to take action on this matter;
13. Insists that the newly established Geopolitical Dialogue's impacts on programming and budget decisions and that international initiatives of relevance to the EU, e.g. in the framework of the G7 and International Climate Conferences, should be properly discussed and implemented according to existing legislative procedures and with full respect for Parliament's role as one of the two arms of the EU's budgetary authority;
14. Notes that at the end of 2020, the Global Europe heading had 29 billion euros of pending payments;
15. Stresses the shortcomings recently reported on blending and guarantee mechanisms to facilitate optimal use of ODA, contribute to SDGs and the Paris Climate Agreement and to demonstrate development additionality; insists on the importance of the scrutiny by the European Parliament on the implementation of EFSD+, including its deployment through the Global Gateway and urges the Commission to provide all the necessary means to ensure the Global Gateway Strategy is aligned with the programming exercise;
16. Recalls the importance of rising humanitarian aid efforts and funding given the growing financial gap due to the increasing number of humanitarian crises, partly due to climate change, and that vulnerable people are the ones who suffer more from these crises; calls for more and more specific measures for vulnerable persons, especially for persons with disabilities;
17. Welcomes the joint coordination of European aid as part of the Team Europe approach and insists that that become the standard method, as it has the potential to address the problem of a lack of visibility of European action and lack of coordination with Member States;
18. Reiterates its request of 2013<sup>4</sup> and 2017<sup>5</sup> and asks the Commission to submit, on the basis of Articles 209 and 210 TFEU, a proposal for an act concerning regulatory aspects

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<sup>4</sup> P7\_TA(2013)0558

<sup>5</sup> P8\_TA(2017)0026



on Union donor coordination on development aid;

19. Recalls that the EIB intends to strengthen its role in the implementation of European external policies and development role by creating a dedicated branch ('EIB Global') for this purpose, reiterates longstanding EP demands that the European Court of Auditors be empowered to audit all EIB operations, and that these audits be made public;
20. Stresses that in the upcoming years, Member States shall keep investing in Covid-19 and other vaccines for developing countries, as well as to help improving distribution chains;
21. Calls on the Commission to coordinate a Europe-wide standardisation of impact indicators in order to compare the effectiveness and efficiency of projects between the Member States;
22. Calls on the Commission to inform the European Parliament of the countries and respective sectors in which the Union is the largest donor and whether this is in line with the Union's geopolitical strategy.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	28.2.2022
<b>Result of final vote</b>	+ : 23 - : 2 0 : 1
<b>Members present for the final vote</b>	Barry Andrews, Eric Andrieu, Anna-Michelle Asimakopoulou, Hildegard Bentele, Dominique Bilde, Udo Bullmann, Catherine Chabaud, Antoni Comín i Oliveres, Ryszard Czarnecki, Gianna Gancia, Charles Goerens, Mónica Silvana González, Pierrette Herzberger-Fofana, György Hölvényi, Rasa Juknevičienė, Beata Kempa, Karsten Lucke, Pierfrancesco Majorino, Erik Marquardt, Janina Ochojska, Christian Sagartz, Tomas Tobé, Miguel Urbán Crespo, Bernhard Zimniok
<b>Substitutes present for the final vote</b>	María Soraya Rodríguez Ramos, Caroline Roose

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

23	+
ECR	Ryszard Czarnecki,
ID	Gianna Gancia
NI	Antoni Comín i Oliveres
PPE	Anna-Michelle Asimakopoulou, Hildegard Bentele, György Hölvényi, Rasa Juknevičienė, Janina Ochojska, Christian Sagartz, Tomas Tobé
Renew	Barry Andrews, Catherine Chabaud, Charles Goerens, María Soraya Rodríguez Ramos
S&D	Eric Andrieu, Udo Bullmann, Mónica Silvana González, Karsten Lucke, Pierfrancesco Majorino
The Left	Miguel Urbán Crespo
Verts/ALE	Pierette Herzberger-Fofana, Erik Marquardt, Caroline Roose

2	-
ID	Dominique Bilde, Bernhard Zimniok

1	0
ECR	Beata Kempa

Key to symbols:

+ : in favour

- : against

0 : abstention

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 – Section III, Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Romana Tomc

### **SUGGESTIONS**

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

1. Recalls that 2020 was the final year of implementation of the Multiannual Financial Framework (MFF) for 2014-2020 and that all the financial programmes are fully operational at this stage;
2. Takes note that by the end of 2020, outstanding commitments continued to rise, reaching EUR 303.2 billion; highlights that this increase was smaller than in previous years, partly due to the additional payment appropriations being made available for combating the COVID-19 pandemic; notes that according to the Commission's long-term forecasting, which does not include the Next Generation EU (NGEU) instrument, the amount of outstanding commitments should remain fairly stable at this high level until 2027; notes that despite the fact that the absorption of European Structural and Investment (ESI) funds has accelerated at the end of 2020 (55%), it is still slower than at the same time under the previous MFFs (2000-2006: 68 %; 2007-2013: 62 %); calls, therefore, on the Commission to analyse the reasons for the low absorption level and to simplify the new rules for the post-2020 period in order to avoid unnecessarily complex and/or burdensome rules with no added value;
3. Expresses satisfaction that the biggest part of the Union budget went to boost sustainable growth and enhance competitiveness by reducing the economic gaps between regions, stimulate the creation of quality jobs, fight climate change, and address the socio-economic impact of the COVID-19 pandemic in the EU, as well as provide assistance to third countries; welcomes in this regard the increased flexibility and the simplification of administrative requirements for the use of existing ESI funds to help Member States in their efforts to deal with the negative effects of the COVID-19 pandemic;
4. Welcomes that Commission activated business continuity plans in good time to ensure the continuation of key governance processes and the well-being of staff during the COVID-19 pandemic; expresses satisfaction that Commission rapidly adapted its work to the pandemic through accelerated digitalisation measures, collaborated better, and

improved the way they exchanged information to remain operational;

## **Comments on MFF subheading 1a ‘Competitiveness for growth and jobs’**

### **General comments**

5. Recalls the total planned expenditure under this sub-heading of the 2014-2020 MFF was EUR 142 billion, of which EUR 25.3 billion had been allocated in 2020; recalls that EUR 104.6 billion had been paid out by the end of 2020; expresses satisfaction that EUR 3.1 billion (12.8%) of the spending under the MFF subheading 1a is dedicated to Education, training, youth and sport;
6. Recalls that most spending on the programmes under the MFF subheading 1a is directly managed by the Commission;
7. Recalls that DG EMPL should take full account to decrease possible errors beyond those detected;

### **Specific comments on EaSI**

8. Notes that EUR 33.2 million was transferred to the European Investment Fund in relation to the EaSI guarantee financial instrument and the EaSI Capacity building;

## **Comments on MFF subheading 1b ‘Economic, social and territorial cohesion’**

9. Notes that in 2020, EUR 59.5 billion was allocated to programmes under subheading 1b, of which EUR 14.7 billion (24,7 %) to the European Social Fund (ESF) and EUR 10.2 billion (17.1 %) to the Cohesion Fund;
10. Stresses the importance of the ESF and the Youth Employment Initiative (YEI) to encourage high level of employment, the creation of quality jobs and fight against poverty and social exclusion; expresses the need to provide them with the continued financial and political support of the Union, national and regional institutions in the delivery of their targets in the years to come;
11. Notes that, on average, more than one out of five persons and one out of four children are still at risk of poverty or social exclusion in the European Union; recalls the Union commitment to the support for the most deprived through FEAD, alleviating the worst forms of poverty in the Union, such as food deprivation, homelessness, and child poverty; notes that about 13 million people, including approximately 4 million children under the age of 15 are supported by FEAD annually;
12. Takes note of the Court’s Special Report 26/2021 ‘Regularity of spending in EU Cohesion policy: Commission discloses annually a minimum estimated level of error that is not final’;
13. Notes with concern that the estimated overall level of error in subheading 1b ‘Economic, social and territorial cohesion’ stood at 3.5 % in 2020 (2019:4.4 %, 2018: 5 %); underlines that despite the slight decrease in comparison with the previous years, this figure is still largely above the 2 % materiality threshold and the estimated level of error in expenditure

for the Union budget as a whole (2.7 %); stresses that the new control and assurance framework was designed to ensure that annual residual error rates are below 2 %; agrees with the Court's conclusions that further improvements are necessary in terms of the implementation of the framework by the Member States' programme authorities and by the Commission in order to reduce the high level of error;

14. Calls, therefore, for urgent action to decrease the error rate in the future, and especially for the next funding period;
15. Is worried about the fact that for 2020 financial year, the Court of Auditors (the "Court") concluded that the weaknesses detected in some audit authorities' sampling methods have limited the reliance that can be placed on that work; recalls the crucial role of audit authorities in the Member States in the assurance and control framework in Cohesion;
16. Takes note that the Court is in the process of finalising a special report in which it will provide more detail on the relevance, reliability and consistency of the annual level of error reported in the annual activity reports (AARs) and Annual Management and Performance Report (AMPR) for Cohesion expenditure;

#### **Specific comments on ESF**

17. Recalls the vital importance of the ESF as the Union's main tool in fostering increased employment and voluntary labour mobility, education and vocational training for skills and lifelong learning and promoting social inclusion, combatting poverty and discrimination;
18. Notes that the ESF expenses increased from EUR 11.2 billion in 2019 to EUR 13.7 billion in 2020 due to increased implementation;
19. Notes the Court's report on 'the performance of the EU budget – Status at the end of 2020' which found that while the ESF's performance framework increased the availability of performance information, the focus remained on financial inputs and outputs, rather than on results and that ESF-funded activities continue to face difficulties in reaching people who are disconnected from the labour market, such as NEETs;
20. Furthermore, believes that regional actors must be involved more closely and the Member States contributions should be reduced in order to reach the weakest regions;

#### **Instrument for temporary Support to mitigate Unemployment Risks in Emergency (SURE)**

21. Expresses satisfaction that SURE reached a total volume of EUR 94.3 billion and a total level of disbursements of EUR 89.6 billion (as of May 2021) on a budget of EUR 100 billion; welcomes that SURE have supported approximately 31 million people and 2.5 million firms in 2020; calls in this context on the Commission to put forward a permanent European Unemployment Reinsurance Scheme without farther delay taking into account the fact that job layoffs will most probably increase;
22. Notes that the SURE Instrument increased the Union budget's exposure to financial risk by adding EUR 39.5 billion of Member States' borrowing to the exposure figure by the

end of 2020; welcomes that the associated risks are reduced by safeguards built into the instrument, in particular by means of a guarantee system;

23. Urgently calls on the Commission to take the catering staff in-house in order to ensure good working conditions and avoid layoffs;

## **Conclusion**

24. Calls on the Commission to follow up all errors found by the Court and to request additional financial corrections, where deemed necessary;
25. Notes that, in its report for the 2019 financial audit, the Court for the first time also issued an overall assessment of the conditions put in place by the Union to enable the agencies to deliver its policies for the public good and recommended to the Commission to ensure the relevance, coherence and flexibility of the set-up of agencies, allocate resources in a more flexible manner, improve governance, accountability and reporting on performance;
26. Recognises that the five decentralised agencies (Eurofound, Cedefop, ETF, EU-OSHA and ELA) under the remit of DG EMPL provide significant contributions and each have an important added value to the implementation of the specific objectives of DG EMPL's policy areas; expresses its satisfaction that the assessment confirms a positive evaluation report on the relevance, effectiveness, efficiency, coherence and added value of the agencies, as well as the need to reinforce cooperation in order to achieve synergies and strengthen the role of agencies as centres of expertise and networking;
27. Takes note of the Commission's commitment to continue its close work with the audit authorities in order to strengthen their capacity to prevent and correct errors, to better document their audit work and therefore to contribute to the assurance process;
28. Asks the Commission to implement as soon as possible all outstanding Court's recommendations.



## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	1.2.2022
<b>Result of final vote</b>	+: 47 -: 5 0: 2
<b>Members present for the final vote</b>	Atidzhe Alieva-Veli, Marc Angel, Dominique Bilde, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, Sylvie Brunet, Jordi Cañas, David Casa, Ilan De Basso, Margarita de la Pisa Carrión, Özlem Demirel, Klára Dobrev, Jarosław Duda, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Rosa Estaràs Ferragut, Nicolaus Fest, Loucas Fourlas, Cindy Franssen, Helmut Geuking, Elisabetta Gualmini, Alicia Homs Ginel, France Jamet, Agnes Jongerius, Radan Kanev, Ádám Kósa, Stelios Kympouropoulos, Katrin Langensiepen, Miriam Lexmann, Elena Lizzi, Giuseppe Milazzo, Dragoş Pîslaru, Manuel Pizarro, Dennis Radtke, Elżbieta Rafalska, Daniela Rondinelli, Mounir Satouri, Monica Semedo, Michal Šimečka, Beata Szydło, Eugen Tomac, Romana Tomc, Nikolaj Villumsen, Marianne Vind, Maria Walsh, Stefania Zambelli, Tatjana Ždanoka, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Marc Botenga, Peter Lundgren, Eugenia Rodríguez Palop, Véronique Trillet-Lenoir, Kim Van Sparrentak

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

47	+
ECR	Giuseppe Milazzo, Elżbieta Rafalska, Beata Szydło
NI	Ádám Kósa, Daniela Rondinelli
PPE	David Casa, Jarosław Duda, Rosa Estaràs Ferragut, Loucas Fourlas, Cindy Franssen, Helmut Geuking, Radan Kanev, Stelios Kypourouopoulos, Miriam Lexmann, Dennis Radtke, Eugen Tomac, Romana Tomc, Maria Walsh, Tomáš Zdechovský
Renew	Atidzhe Alieva-Veli, Sylvie Brunet, Jordi Cañas, Dragoş Pîslaru, Monica Semedo, Véronique Trillet-Lenoir, Lucia Ďuriš Nicholsonová, Michal Šimečka
S&D	Marc Angel, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, Ilan De Basso, Klára Dobrev, Estrella Durá Ferrandis, Elisabetta Gualmini, Alicia Homs Ginell, Agnes Jongerius, Manuel Pizarro, Marianne Vind
The Left	Marc Botenga, Özlem Demirel, Eugenia Rodríguez Palop, Nikolaj Villumsen
Verts/ALE	Katrin Langensiepen, Mounir Satouri, Kim Van Sparrentak, Tatjana Ždanoka

5	-
ECR	Peter Lundgren, Margarita de la Pisa Carrión
ID	Dominique Bilde, Nicolaus Fest, France Jamet

2	0
ID	Elena Lizzi, Stefania Zambelli

Key to symbols:

+ : in favour

- : against

0 : abstention

17.1.2022

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

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 – Section III, Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Pascal Canfin

### **SUGGESTIONS**

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

1. Is satisfied with the Commission's overall implementation of the budgetary headings for environment, climate action, public health and food safety in 2020;
2. Is satisfied with the work carried out by most of the five decentralised agencies which are under its remit, which carry out technical, scientific or managerial tasks that help the Union institutions elaborate and implement policies in the area of environment, climate action, public health and food safety, as well as with the way in which those agencies' budgets are implemented; stresses that, given the scale of current and upcoming challenges, sufficient and stable funding must be guaranteed for the agencies and the Commission Directorates-General ('DG') working in the areas of environment, climate action, public health, food safety and animal health and welfare;
3. Notes that the Court of Auditors (the 'Court'), in its annual report on the implementation of the budget concerning the financial year 2020, continued to find a material level of error in the spending area 'rural development, market measures, fisheries, the environment and climate action', also noting that expenditure in those areas is subject to complex eligibility conditions and drawing attention to the type of errors that may occur, such as ineligible beneficiaries, activities or declared costs;

#### ***Environment and Climate Action***

4. Notes that in 2020, DG Environment's budget reached EUR 518,30 million and had 476 members of staff; reiterates its call that the staffing level needs to be increased imminently in order to meet the objectives of the European Green Deal and its subsequent strategies; points out that the implementation rates of commitment and payment appropriations were both above 99 % at year-end;
5. Welcomes the fact that the share of payments executed by DG Environment that

exceeded legal deadlines continued to be low in 2020 (3,26 % compared to 3,23 % in 2019);

6. Notes that DG Environment's 2020 annual activity report (AAR) shows an average residual error rate of 0,74 %, which is below the materiality threshold of 2 %;
7. Notes that in 2020, DG Climate Action managed EUR 1 379,3 million under the title "Climate action" of the Union budget, and had around 250 members of staff;
8. Welcomes the fact that 99 % of all DG Climate Action's payments in 2020 were made on time;
9. Notes that DG Climate Action and DG Budget monitor the 20 % climate mainstreaming target in the multiannual financial framework for the years 2014-2020, and that DG Climate Action supports other DGs in integrating climate in their activities; notes the fact that, according to the Commission, 21 % of the 2020 Union budget was spent on climate-related activities; highlights that this is an overestimation according to the Court, especially concerning the contribution of certain Common agricultural policy schemes to tackle climate change; points out that the Court has flagged up the risk that some expenditure in agriculture and cohesion policies could speed up climate change;
10. Notes the Court's finding in Review No 01/2020: "Tracking climate spending in the EU budget" that the Commission's climate tracking methodology needs to be reconsidered to render it more reliable and that there are indications that it will be challenging to reliably step up climate-related spending to 25 % of the Union budget;
11. Notes with concern the Court's findings in Special Report 18/2020: "The EU's Emissions Trading System: free allocation of allowances needed better targeting" that free allowances are not well targeted, tended to slow decarbonisation and that the Commission needs to update its procedure for targeting free allowances to reflect the Paris Agreement;
12. Calls on the Commission to provide Parliament with an annual report setting out in detail the contribution of each budget item to the climate mainstreaming (at least 30 %) and the biodiversity (7,5 % as of 2024 and 10% in 2026 and in 2027) targets, in order to facilitate their monitoring; calls further on the Commission to report whether any budget item fails to respect the "do no significant harm" criterion as referred to in the Taxonomy Regulation;
13. Reiterates its strong concern that the reservation on reputational, legal, financial and institutional grounds related to significant security risks identified in the maintenance and the operation of the Union Registry system of the EU Emissions Trading System, as reported in AARs since 2010 and as confirmed by the latest risk assessment exercise, is repeated in DG Climate Action's 2020 AAR; notes that the most recent evaluation in 2019 continued to reveal residual risk levels which, combined with the rapid rise in the carbon price, has lead to threats outpacing the implementation rate of the security measures that DG Climate Action and DG Informatics can sustain given their operating constraints and resource allocations; awaits the study on potential alternative and security-sustainable operating models for the Union Registry, expected in 2021, which will provide options to be considered to prevent future cyber-attacks;

***Public health, food safety, animal health and welfare, and plant health***

14. Highlights the role DG Health and Food Safety has played in securing a coordinated response to the COVID-19 pandemic across the Member States; in authorising and procuring the vaccines against COVID-19 and delivering other essential medical countermeasures; and in supporting Member States in deploying public health measures; is concerned about the continued lack of transparency into the advanced purchase agreements of vaccines; expects that the Commission will promote the highest standards of transparency in negotiations with pharmaceutical companies; calls on the Commission to encourage pharmaceutical companies to set a higher standard of transparency to the public with regards to the costs, prices, liabilities and indemnities stipulated in the advanced purchase agreements (APA); reiterates that future negotiations between the Member States, the Commission and the pharmaceutical companies should have improved transparency standards, especially in view of reports of increasing costs of vaccines;
15. Notes that, in 2020, DG Health and Food Safety 's expenditure in the field of health increased sevenfold compared to previous years, mainly to manage large parts of the Commission's health response to the COVID-19 pandemic: EUR 2,5 billion from the Emergency Support Instrument (ESI) were paid for the six APAs for the COVID-19 vaccines; regrets that, despite its strong links to the Union budget, the activation of the ESI was done without full respect and observance of the European Parliament's prerogatives as budgetary authority and final supervisor of the Union budget; regrets that, despite several attempts to get a clear overview, the competent committees (Budgets, Budgetary Control and Environment, Public Health and Food Safety) are still not given access to relevant data on the Union funds spent under the ESI to finance the APA contracts;
16. Regrets that the new European Health Emergency Preparedness and Response Authority is ultimately just an agency of the Commission; calls on the Commission to be as transparent as possible in its management of this new authority and to allow the Parliament full exercise of its budgetary control powers;
17. Urges the Commission to apply a high degree of transparency to all joint procurement activities and related purchase agreements in the field of health; insists that its relevant DGs should put in place a solid and transparent Union public procurement framework, when funds from the Union budget are fully or partially involved, that would allow for comprehensive scrutiny by the Parliament, especially concerning major health crisis-related spending areas;
18. Notes that, in 2020, DG Health and Food Safety's budget in its policy areas amounted to EUR 3 699,67 million and it had 770 members of staff; points out that the implementation rates of commitments and payments reached 88,59 % and 83,44 %, respectively;
19. Notes that, in 2020, DG Health and Food Safety presented an average residual error rate of 0,8 %, which is below the materiality threshold of 2 %;
20. Welcomes the fact that 100 % of payments in amount related to grant management were made on time by DG Health and Food Safety in 2020;

21. Notes with concern that, in its Special Report 15/2020 "Protection of wild pollinators in the EU —Commission initiatives have not borne fruit", the Court found that Union measures did not ensure the protection of wild pollinators, including by not establishing a legal framework for the protection and restoration of the species by the EU Pollinators Initiative, and that Union pesticides legislation was a major cause of wild pollinator loss; underlines that the new expected Union pollinators strategy must allocate specific financial resources for its successful implementation and assign clear roles to an adequate number of officials implementing the actions across different Union policy instruments and representing all relevant DGs; calls on the Commission to swiftly follow up on the recommendations of the Court to assess whether actions should be added to address threats currently not considered in the EU Pollinators Initiative in the follow-up actions and measures for the Union biodiversity strategy to 2030, accompanied by appropriate governance and monitoring mechanisms;
22. Is of the opinion, on the basis of the data available and the implementation report, that discharge can be granted to the Commission in respect of expenditure in the areas of environmental and climate policy, public health and food safety for the financial year 2020.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	13.1.2022
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>62</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>10</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>6</div> </div>
<b>Members present for the final vote</b>	<p>Bartosz Arłukowicz, Margrete Auken, Simona Baldassarre, Marek Paweł Balt, Traian Băsescu, Aurélia Beigneux, Monika Beňová, Sergio Berlato, Alexander Bernhuber, Malin Björk, Simona Bonafè, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Esther de Lange, Christian Doleschal, Bas Eickhout, Cyrus Engerer, Eleonora Evi, Agnès Evren, Pietro Fiocchi, Andreas Glück, Catherine Griset, Jytte Guteland, Teuvo Hakkarainen, Anja Hazekamp, Martin Hojsík, Pär Holmgren, Jan Huitema, Yannick Jadot, Adam Jarubas, Petros Kokkalis, Athanasios Konstantinou, Ewa Kopacz, Joanna Kopcińska, Peter Liese, Sylvia Limmer, Javi López, César Luena, Fulvio Martusciello, Liudas Mažylis, Joëlle Mélin, Tilly Metz, Giuseppe Milazzo, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Dan-Ștefan Motreanu, Ville Niinistö, Ljudmila Novak, Grace O’Sullivan, Jutta Paulus, Stanislav Polčák, Jessica Polfjård, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Sándor Rónai, Rob Rooken, Silvia Sardone, Christine Schneider, Günther Sidl, Ivan Vilibor Sinčić, Linea Søgaa-Lidell, Maria Spyraiki, Nicolae Ștefănuță, Nils Torvalds, Edina Tóth, Véronique Trillet-Lenoir, Petar Vitanov, Alexandr Vondra, Mick Wallace, Pernille Weiss, Emma Wiesner, Tiemo Wölken, Anna Zalewska</p>
<b>Substitutes present for the final vote</b>	Danilo Oscar Lancini, Demetris Papadakis



## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

62	+
NI	Edina Tóth
PPE	Bartosz Arłukowicz, Traian Băsescu, Alexander Bernhuber, Nathalie Colin-Oesterlé, Christian Doleschal, Agnès Evren, Adam Jarubas, Ewa Kopacz, Esther de Lange, Peter Liese, Fulvio Martusciello, Liudas Mažylis, Dolors Montserrat, Dan-Ștefan Motreanu, Ljudmila Novak, Stanislav Polčák, Jessica Polfjård, Luisa Regimenti, Christine Schneider, Pernille Weiss
Renew	Pascal Canfin, Andreas Gluck, Martin Hojsík, Jan Huitema, Frédérique Ries, María Soraya Rodríguez Ramos, Nicolae Ștefănuță, Linea Sogaard-Lidell, Nils Torvalds, Emma Wiesner
S&D	Marek Paweł Balt, Monika Beňová, Simona Bonafè, Delara Burkhardt, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Cyrus Engerer, Jytte Guteland, Javi López, César Luena, Alessandra Moretti, Demetris Papadakis, Sándor Rónai, Günther Sidl, Petar Vitanov, Tiemo Wölken
The Left	Malin Björk, Anja Hazekamp, Petros Kokkalis, Silvia Modig, Mick Wallace
Verts/ALE	Margrete Auken, Bas Eickhout, Eleonora Evi, Pär Holmgren, Yannick Jadot, Tilly Metz, Ville Niinistö, Grace O'Sullivan, Jutta Paulus

10	-
ECR	Rob Rooken
ID	Simona Baldassarre, Aurélia Beigneux, Catherine Griset, Teuvo Hakkarainen, Danilo Oscar Lancini, Sylvia Limmer, Joëlle Mélin, Silvia Sardone
NI	Ivan Vilibor Sinčić

6	0
ECR	Sergio Berlato, Pietro Fiocchi, Joanna Kopcińska, Giuseppe Milazzo, Alexandr Vondra, Anna Zalewska

Key to symbols:

+ : in favour

- : against

0 : abstention

## **OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Union for the financial year 2020, Section III – Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Andrey Novakov

### **SUGGESTIONS**

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

1. Welcomes the findings of the European Court of Auditors ('the Court') that the consolidated accounts of the Union for 2020 present fairly, in all material respects, the Union's financial position; notes that the estimated level of error in expenditure remained material and pervasive at 2,7 %;
2. Commends the fact that, in 2020, 99 % of the EUR 5 028 million in commitment appropriations available for mobility and transport policies were implemented and 96 % of the EUR 3 366 million payment appropriations available;
3. Stresses that in 2020 the Commission and agencies directly managed EUR 3,9 billion dedicated to Transport Infrastructure Policy;
4. Notes that, at the end of 2020, the Innovation and Networks Executive Agency under Horizon 2020 Transport had a portfolio of 291 ongoing Research and Innovation (R&I) implementation activities in the transport area with a contribution of EUR 1,9 billion to contribute to the achievement of a resilient, environmentally friendly and affordable European transport system; calls for the creation of incentives for greater investments in technological development in order for the Union to become a technological leader in green and digital innovations in energy and related sectors, and a leader in propulsion technologies in transport; calls on the Commission to establish governance at Union level to provide for faster standardisation, harmonisation and investment in technological measures;
5. Welcomes the progress of Horizon Europe in preparing for the launch of new Union partnerships in areas such as clean hydrogen, batteries, clean aviation, rail, connected and automated mobility, zero-emission road and waterborne transport, in particular for the Work Programme 2021-2022; stresses the need to support projects that contribute in particular to a future-proof, sustainable, smart and climate-friendly European transport network;

6. Notes that in 2020, several R&I activities under Horizon 2020 took place to support innovation in smart and sustainable mobility and to advance the progress in digitalisation and automation of aviation and rail through the SESAR and Shift2Rail Joint Undertakings;
7. Notes with regret that the current modal split of inland freight transport in the Union is highly disproportionate, e.g. 76.3 % for road freight transport, followed by rail and inland waterway transport (17.6 % and 6.1 % respectively); calls for further actions to create incentives and intensify investments in railway and inland waterway transport and in the harmonisation and standardisation thereof in order to achieve a more competitive, climate-resilient and affordable transport system;
8. Welcomes the fact that, in 2020, the 2019 multi-annual call for proposals under the Connecting Europe Facility (CEF) was successfully completed, selecting 125 projects with an overall contribution of more than EUR 2 billion; underlines the importance of investing in sustainable transport networks to enable the necessary shift towards more sustainable modes of transport; notes that more than 90% of the CEF contribution was allocated to projects expected to address climate related objectives, in particular railway, inland waterways and maritime port infrastructures and deployment of alternative fuel infrastructure; encourages CEF 2021-2027 to strive to emulate the great results achieved by CEF; notes the need to improve the level of awareness of the CEF eligibility rules among the beneficiaries;
9. Welcomes the fact that in the 2014-2020 period, CEF Transport co-funding amounting to EUR 23,03 billion was allocated to 959 actions; while addressing infrastructure along both the core and the comprehensive network of the Trans-European Transport Network (TEN-T), the programme focused its support on the core network, with more than 170 sections concerned;
10. Is convinced that the work on the modernisation of the railway sector is contributing both to the objectives of A Europe fit for the digital age and of the European Green Deal; welcomes in this regard the fact that in 2020 twelve actions related to the European Rail Traffic Management System (ERTMS) were supported, under both the 2019 MAP call and the CEF Transport Blending Facility in order to improve the interoperability, sustainability and security of railway transport; regrets however that currently approximately 30 national signalling systems exist across the Union; it is therefore necessary to foster cooperation between the Commission, Member States, Infrastructure Managers and Railway Undertakings while improving funding opportunities to incentivise investments in ERTMS;
11. Regrets the low implementation rate of CEF during the 2014-2020 for the CEF Transport projects expected to be completed by the end of 2024; calls on Member States to significantly accelerate investments, and on the Commission to step up its monitoring in view of the urgent need for infrastructure investment in order to facilitate a swift recovery from the Covid-19 crisis and to lay the groundwork for a transition to more sustainable transport; calls on the Commission and Member States to accelerate the execution of payments for transport infrastructure financed by the Cohesion Fund contribution to CEF 2021-2027 to prevent implementation delays, and decommitment of funds; calls on the Commission to ensure the long-term and coherent planning of

commitments and to enhance the link between funding and the achievement of project milestones in order to ensure the timely completion of the core TEN-T networks;

12. Welcomes that under CEF Transport, the roll-out of the CEF debt instrument to support sustainable mobility projects continued, and the pipeline of operations grew further; underlines that despite the delays in investment decisions due to COVID-19, four new operations were signed under the high-risk 'Future mobility' product, leveraging total investments of EUR 266 million;
13. Welcomes the positive evaluation of the TEN-T policy progress and the agreement on the Streamlining Directive, which will play a key role in accelerating pre-identified cross-border projects on the core network; notes however that there are bottlenecks along the corridors where more focus is needed to guarantee connectivity and cohesion across the Union and the timely completion of the core network by 2030; is concerned that phased and new projects along the TEN-T network are at risk due to delays in the implementation of the 2014-2020 period and the adoption of partnership agreements and cohesion programmes for the 2021-2027 period; draws attention to the Court of Auditors Special Report 10/2020 which identified that there is a risk that the Union co-funded cross-border Transport Flagship Infrastructure (TFIs) may not deliver the 2030 core network target on time mainly due to delays, some inefficient planning or improper use of cost-benefit analysis as a decision tool was also identified in relation to those projects; therefore, invites the European TEN-T Coordinators to conduct a thorough assessment of the projects completed and the improvements achieved along the TEN-T corridors under the current programming period, and to present it to the Commission and the Parliament; furthermore, asks the Commission to propose a new result-oriented mechanism including short, mid and long-term planning and technical assistance, to increase the added value of European Funds and to ensure that Member States meet the 2030 and 2050 completion targets, respectively for the core and comprehensive networks; recommends further that the Commission, together with the Court, closely monitors Union transport projects to ensure transparency, safety standards and to prevent corruption;
14. Commends the progress achieved by the Commission implementing the Action Plan on military mobility and defining the dual - military and the TEN-T - uses requirements, following the modification of the military requirements, agreed by the Member States;
15. Regrets that poor planning, diverging priorities and procedures of the Member States impact the pace of implementation of cross-border transport projects; therefore calls for the fast adoption of the European Cross-Border Mechanism; calls also for the initiation of legislation to further reduce the administrative burden and to increase efficiency in transport services;
16. Is concerned that the price increase in construction and raw materials changes the total budget for many projects and could lead to underbudgeting, missed milestones, impossible implementation and therefore undermines the completion TEN-T core network;
17. Welcomes the fact that the Union reaffirms road safety policy as a long-term strategic goal of the Union and welcomes the adoption of the Stockholm Declaration on Road

Safety in February 2020; points out that investments in existing infrastructure and the construction of new infrastructure are essential elements in improving road safety in different regions of the Union and therefore contributes to the goal of reducing deaths and serious injuries by 50% by 2030;

18. Stresses that investments in good quality public transport infrastructure is crucial for building trust in public and active transport and for making sustainable modes of transport more attractive and safer, especially in the aftermath of the COVID-19 crisis;
19. Stresses that the COVID-19 crisis placed transport and tourism in the Union under unprecedented pressure and welcomes the Commission's efforts to provide financial relief to the sectors concerned through the Coronavirus Response Investment Initiatives (CRII and CRII+), CEF, RRF, Cohesion Fund, InvestEU, ERDF; welcomes in this regard the Commission's initiatives such as green lanes to ensure that freight vehicles can move freely across the Union, the temporary relief on airport slots and the platform Re-open EU; regrets however that the lack of coordination between the Member States and the individual measures to prevent the spread of COVID-19 do not facilitate the recovery of the transport and tourism sectors; stresses that these funds should be used to rebuild the sectors in a way that is adapted to the forward-looking, sustainable, smart and climate-friendly European economy;
20. Looks forward to the conclusions of the audit launched by the Court in November 2020 and analysing whether Union funding for public investments in tourism was effective and whether it provided suitable support for the sector prior to the pandemic, and what the Union is doing to limit the negative impact of the COVID-19 crisis; calls on the Commission to further develop its mechanism and tools providing awareness and information to citizens and stakeholders in the tourism and transport projects it funds under the European Regional Development Fund and cohesion funds;
21. Reiterates the Parliament's request for the creation of a new budgetary line for sustainable tourism, to support the recovery of a sector severely hit by the Covid-19 crisis, making it digitalised, sustainable and resilient for the future,.
22. Proposes to grant the Commission and its Executive Agencies discharge in respect of the implementation of the Union general budget for the financial year 2020 in the fields of Transport and Tourism.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	13.1.2022
<b>Result of final vote</b>	+: 40 -: 3 0: 6
<b>Members present for the final vote</b>	Magdalena Adamowicz, Andris Ameriks, José Ramón Bauzá Díaz, Lars Patrick Berg, Izaskun Bilbao Barandica, Paolo Borchia, Karolin Braunsberger-Reinhold, Marco Campomenosi, Ciarán Cuffe, Jakop G. Dalunde, Karima Delli, Anna Deparnay-Grunenberg, Gheorghe Falcă, Giuseppe Ferrandino, Mario Furore, Søren Gade, Isabel García Muñoz, Jens Gieseke, Elsi Katainen, Kateřina Konečná, Elena Kountoura, Julie Lechanteux, Bogusław Liberadzki, Peter Lundgren, Benoît Lutgen, Elżbieta Katarzyna Łukacijewska, Marian-Jean Marinescu, Tilly Metz, Cláudia Monteiro de Aguiar, Caroline Nagtegaal, Jan-Christoph Oetjen, Philippe Olivier, João Pimenta Lopes, Rovana Plumb, Tomasz Piotr Poręba, Dominique Riquet, Massimiliano Salini, Vera Tax, Barbara Thaler, István Ujhelyi, Henna Virkkunen, Petar Vitanov, Elissavet Vozemberg-Vrionidi, Lucia Vuolo, Roberts Zīle, Kosma Złotowski
<b>Substitutes present for the final vote</b>	Clare Daly, Maria Grapini, Roman Haider, Kathleen Van Brempt

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

40	+
ECR	Lars Patrick Berg, Tomasz Piotr Poręba, Roberts Zīle, Kosma Złotowski
NI	Mario Furore
PPE	Magdalena Adamowicz, Karolin Braunsberger-Reinhold, Gheorghe Falcă, Jens Gieseke, Elżbieta Katarzyna Łukacijewska, Benoît Lutgen, Marian-Jean Marinescu, Cláudia Monteiro de Aguiar, Massimiliano Salini, Barbara Thaler, Henna Virkkunen, Elissavet Vozemberg-Vrionidi, Lucia Vuolo
Renew	José Ramón Bauzá Díaz, Izaskun Bilbao Barandica, Søren Gade, Elsi Katainen, Caroline Nagtegaal, Jan-Christoph Oetjen, Dominique Riquet
S&D	Andris Ameriks, Giuseppe Ferrandino, Isabel García Muñoz, Maria Grapini, Bogusław Liberadzki, Rovana Plumb, Vera Tax, István Ujhelyi, Kathleen Van Brempt, Petar Vitanov
Verts/ALE	Ciarán Cuffe, Jakop G. Dalunde, Karima Delli, Anna Deparnay-Grunenberg, Tilly Metz

3	-
ECR	Peter Lundgren
The Left	Clare Daly, Kateřina Konečná

6	0
ID	Paolo Borchia, Marco Campomenosi, Roman Haider, Julie Lechanteux, Philippe Olivier
The Left	Elena Kountoura

Key to symbols:

+ : in favour

- : against

0 : abstention



## **OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT**

Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 (Section III) – European Commission (2021/2106 (DEC))

Rapporteur for opinion: Irène Tolleret

### **SUGGESTIONS**

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

1. Notes that, as indicated in the Annual Report of the European Court of Auditors (ECA) for the financial year 2020, the estimated level of error in spending on ‘Economic, social and territorial cohesion’ decreased from 4,4% in 2019 to 3,5% in 2020; welcomes the continuous improvement of cohesion policy investments, but is disappointed that it has not proven possible to decrease the error rate below 2%; notes that the effects of error are therefore material and pervasive; stresses that most of the irregularities identified by audit authorities and the Commission concern ineligibility of projects and costs, infringement of internal market rules mainly related to state aid and public procurement, and absence of essential supporting documents; underlines in this regard that an error rate is not identical with fraud;
2. Acknowledges that high-risk expenditures are often subject to complex rules and eligibility conditions, leading to an increased risk of errors; notes that the estimated level of error decreased from 4,9% in 2019 to 4,0% in 2020; recalls that the way funds are disbursed has an impact on the risk of errors and welcomes efforts to simplify requirements for project managers and management authorities under the 2021-2027 programming period as further simplification of rules and procedures can contribute to a more efficient use of funds and a reduced error rate; encourages wider use of the simplified cost options which the ECA considers have the potential to reduce beneficiaries’ administrative burden and are considered less prone to error, while at the same time ensuring that the scheme does not result in excessive imbalances in favour of Member States; shares the ECA's conclusion that the change in the rules for the implementation of European Structural and Investment Funds should further accelerate the implementation process;
3. Notes that in 2020 six possible fraud cases were reported to the EU’s Anti-Fraud Office (OLAF) in comparison to 2019’s nine, and most frequently concerned suspicions of artificial creation of the necessary conditions for EU financing, declaration of costs not

meeting the eligibility criteria, use of the grant for purposes other than allowed or procurement irregularities; reiterates the need to step up the efforts in the fight against fraud both at EU and Member States level, in close cooperation with the European Public Prosecutor's Office (EPPO) and OLAF; stresses the role of the EPPO in the investigation and prosecution of fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371<sup>1</sup>; regrets that five Member States are not currently participating in this enhanced cooperation and calls on the participating countries to establish transparent procedures regulating the appointment of prosecutors in order to ensure that no future irregularities can take place;

4. Points out that the work of audit authorities in the Member States plays a critical role in limiting residual error rates and is worried about the weaknesses found in the work of several audit authorities which continue to limit the reliance that can be placed in their work; urges the Commission to offer support and technical assistance to audit authorities in order to eliminate inefficiencies and disseminate good practices; recognises the Commission's capacity to detect errors and its commitment to correct them in due time, and welcomes that in 2020 the Commission increased the number of its compliance audits which reduced the estimated level of error by 0,7 percentage points; regrets, however, the worrying conclusions of the "European Court of Auditors' Special Report 26/2021: Regularity of spending in EU Cohesion policy", which highlights that the European Commission's own control system does not sufficiently compensate for the weaknesses in the work of Member state audit authorities when they check Cohesion spending and calls on the Commission to further improve its audit work, audit documentation and review process, as well as to strengthen the main elements of the regularity of information provided in the Annual Activity Reports by its Directorates-General;
5. Notes that, in order to react to the Covid-19 pandemic, the EU co-legislators introduced the relaxation of applicable rules to facilitate the use of ESI funds to provide liquidity, flexibility and simplification; welcomes the timely adoption of such measures allowing managing authorities to accelerate the deployment of Financial Instruments (FIs) to support 365.000 SMEs across Europe during 2020 and achieve the target set out in the Investment Plan for Europe to double the use of the European Structural and Investment Funds (ESIF) FIs in the programming period 2014-2020; calls on the Commission to provide support to the Member States to minimise the risk that these exceptional measures could weaken the control systems and increase the risk of errors and irregularities;
6. Regrets however that in spite of the change in ESIF eligibility rules for COVID-19-related expenditure, and of the introduction of the possibility of 100 % EU financing (Coronavirus Response Investment Initiative (CRII) and CRII+), the absorption rate of European Structural and Investment Funds, which increased from 12% in 2019 to 15% in 2020, is slower than expected with 45 % (EUR 209 billion) remaining to be absorbed, which constitutes the main part of the €303 billion of outstanding commitments at the end of 2020, and presents considerable disparities between Member States; calls on the

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<sup>1</sup> [Directive \(EU\) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law, \(OJ L 198, 28.7.2017, p. 29\)](#)

Commission to step up its action to address absorption difficulties and help Member States increase their absorption rates;

7. Regrets that, as indicated in the special report 10/2021 of the ECA “Gender mainstreaming in the EU budget: time to turn words into action”, the significant potential of European structural and investment funds to contribute to gender equality is unexploited; points out the Court’s assessment that the EU’s budget cycle did not take gender equality adequately into account and the Commission had not yet lived up to its commitment to implement gender mainstreaming in the EU budget, at all stages of the budgetary process; calls on Member States to take into account and promote gender equality throughout the preparation, implementation, monitoring and evaluation of all programmes as laid down in Regulation (EU) 1303/2013<sup>2</sup> and Regulation (EU) 2021/1060<sup>3</sup>
8. Deplores that complete, coherent and consistent data on costs were not collected by the Commission and therefore could not be made publicly available to demonstrate the efficient implementation of cohesion policy to European citizens; calls on the Commission to collect complete, consistent and coherent data on costs, which could then be used for assessing the impact of simplifying EU rules on the implementation of the European Structural and Investment Funds;
9. Points out, that although there is a trend to place an emphasis of the cohesion programmes on results rather than outputs, the set of measurable indicators and robust monitoring to this end were not yet put in place and properly implemented;
10. Takes note that the EU will be able to spend significantly more than in the previous programming period, with an overall allocation of EUR 2 017,8 billion from NextGenerationEU (806,9 billion) and the MFF (1 210,9 billion) in current prices; notes with concern the delayed start to the implementation of shared managed funds due to late adoption of the legislation and the overlapping of the programming periods, which may lead to an overburdening of managing authorities causing difficulties in the implementation of funds; calls on the Commission to provide support and technical assistance to Member States in the design and implementation of programmes and projects and to clarify the implementing rules for managing authorities to avoid the risk of double funding due to the overlapping of the RRF's scope and the objectives of cohesion policy; urges the Commission in this regard to further assess the control

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<sup>2</sup> [Regulation \(EU\) 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation \(EC\) No 1083/2006 \(OJ L 347, 20.12.2013, p.320–469\)](#)

<sup>3</sup> [Regulation \(EU\) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy \(OJ L 231, 30.6.2021, p. 159–706\)](#)

systems described by the Member States in their final Recovery and Resilience Plans, including keeping a focus on taxonomy for environmental and social minimum standards as an important element for the discharge procedure;

11. Call on the Commission to ensure the sound financial management in the use of funds, including the respect for the rule of law and the fundamental rights, as essential preconditions for sound financial management and effective funding; calls on the Commission, in accordance with the Financial Regulation<sup>4</sup>, Council Regulation (EU) 2017/1939<sup>5</sup>, Regulation (EU) 2021/1060<sup>6</sup> and Regulation (EU, Euratom) 2020/2092<sup>7</sup>, and especially in light of the relaxation of rules introduced for COVID-19 related expenditure, to protect the financial interests of the Union through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions; regrets that the Commission has not yet implemented the Rule of Law Conditionality Regulation, despite its entry into force on 1 January 2021, and is therefore not fulfilling its duty as guardian of the EU treaties;

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<sup>4</sup> [Regulation \(EU, Euratom\) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union \(OJ L 193, 30.7.2018, p. 1\)](#)

<sup>5</sup> [Council Regulation \(EU\) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office \('the EPPO'\) \(OJ L 283, 31.10.2017, p. 1\)](#)

<sup>6</sup> [Regulation \(EU\) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy \(OJ L 231, 30.6.2021, p. 159–706\)](#)

<sup>7</sup> [Regulation \(EU, Euratom\) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget \(OJ L 433I, 22.12.2020, p. 1–10\)](#)

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	25.1.2022
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>35</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>0</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>5</div> </div>
<b>Members present for the final vote</b>	<p>Matteo Adinolfi, Mathilde Androuët, Pascal Arimont, Adrian-Dragoş Benea, Isabel Benjumea Benjumea, Tom Berendsen, Erik Bergkvist, Stéphane Bijoux, Vlad-Marius Botoş, Rosanna Conte, Andrea Cozzolino, Rosa D'Amato, Christian Doleschal, Raffaele Fitto, Chiara Gemma, Mircea-Gheorghe Hava, Krzysztof Hetman, Peter Jahr, Ondřej Knotek, Cristina Maestre Martín De Almagro, Nora Mebarek, Martina Michels, Alin Mituţa, Andželika Anna Możdżanowska, Niklas Nienaaß, Andrey Novakov, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, Marcos Ros Sempere, André Rougé, Susana Solís Pérez, Irène Tolleret, Valdemar Tomaševski, Monika Vana</p>
<b>Substitutes present for the final vote</b>	<p>Daniel Buda, Dimitrios Papadimoulis, Peter Pollák, Bronis Ropė, Tomislav Sokol</p>

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

35	+
ECR	Raffaele Fitto, Andżelika Anna Mozdżanowska, Valdemar Tomaševski
NI	Chiara Gemma
PPE	Pascal Arimont, Isabel Benjumea Benjumea, Tom Berendsen, Daniel Buda, Christian Doleschal, Mircea-Gheorghe Hava, Krzysztof Hetman, Peter Jahr, Andrey Novakov, Peter Pollák, Tomislav Sokol
Renew	Stéphane Bijoux, Vlad-Marius Botoș, Ondřej Knotek, Alin Mituța, Susana Solís Pérez, Irène Tolleret
S&D	Adrian-Dragoș Benea, Erik Bergkvist, Andrea Cozzolino, Cristina Maestre Martín De Almagro, Nora Mebarek, Tsvetelina Penkova, Marcos Ros Sempere
The Left	Martina Michels, Dimitrios Papadimoulis
Verts/ALE	Rosa D'Amato, Niklas Nienaa, Caroline Roose, Bronis Ropé, Monika Vana

0	-

5	0
ID	Matteo Adinolfi, Mathilde Androuët, Rosanna Conte, Alessandro Panza, André Rougé

Key to symbols:

+ : in favour

- : against

0 : abstention

3.2.2022

## **LETTER OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT**

Ms Monika Hohlmeier  
Chair  
Committee on Budgetary Control  
BRUSSELS

IPOL-COM-AGRI D (2022) 3313

Subject: Opinion on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020 – Section III, Commission and executive agencies (COM(2021)0381 – C9-0258/2021 – 2021/2106(DEC))

Dear Ms Hohlmeier,

Under the procedure referred to above, the Committee on Agriculture and Rural Development has been asked to submit an opinion to your committee. At its meeting of 9 September 2021, the committee decided to send the opinion in the form of a letter.

The Committee on Agriculture and Rural Development decided, at a meeting of its coordinators on 2 February 2022, to call on the Committee on Budgets and the Committee on Budgetary Control, as the committees responsible, to incorporate the following suggestions into their motion for a resolution.

Yours sincerely,

Norbert Lins



## SUGGESTIONS

1. Welcomes the findings of the Court of Auditors concerning the financial year 2020; recalls that Agriculture and Rural Development expenditure accounts for 97 % of the spending on ‘Natural resources’;
2. Is satisfied with the overall execution of the budget and the globally unchanged and even slightly increased execution rates (97.17% for commitment appropriations in 2020 compared to 96.33% in 2019, and 98.53% for payment appropriations in 2020 compared to 97.01% in 2019); notes that the total amount committed in 2020 is of EUR 59,050.40 million and the total amount paid in 2020 of EUR 59,042.08 million;
3. Notes that for “Natural resources” the level of error is close to materiality (2.0%), whereby the Court of Auditors indicates that the level of error was not material for direct payments, representing 69% of spending under this MFF heading, notes the Court’s comments that checks by monitoring (Copernicus) had been used to prevent over-payments, and also that the Court considers that IACS, and the LPIS in particular, form an effective management and control system to ensure that direct aid payments as a whole are not affected by material error;
4. Notes that the level of error was material for areas that the Court identified as high-risk expenditure (including rural development, with more complicated eligibility conditions, and market measures) as it is estimated at 4.0%; and notes the Court of Auditors’ decision to issue an adverse opinion;
5. Notes that the largest proportion of errors in the sample were ineligible beneficiary/activity/project or expenditure (54%), followed by inaccurate information on areas or animals (36%), administrative errors (8%) and lack of documentation (2%);
6. Understands that due to COVID-19 travel restrictions, on-the-spot checks were prevented in almost all cases and auditors’ work was mainly carried out through desk reviews and by interviewing auditees remotely, which may have increased the detection risk, and wishes to be informed how this problem has been addressed in recent months to enhance audit capacity from now on;
7. Regrets that the Commission has not yet published a report on COVID-19-related expenditure although it began to internally track EU funds used for COVID-19-related purposes in the first half of 2020; Supports the Court of Auditors’ recommendation to allow for the comprehensive annual reporting of the amounts committed and spent relating to the COVID-19 pandemic, including amounts pledged or contracted in 2020;
8. Recalls that both the Commission and the Member States are responsible for addressing fraud in CAP spending; Points out that anti-fraud measures should remain a high priority for the EU and the Member States, welcomes therefore that in September 2020, DG AGRI updated its Anti-Fraud Strategy, and will carry out a review of the fraud risk assessment in the context of the CAP reform (2023 – 2027), with target date 1.1.2023, and will extend the use of Arachne in the CAP, encouraging Member States to use the tool, following the outcome of the CAP negotiations, and encourages continued efforts to prevent and detect fraud in cooperation with the European Public Prosecutor's Office and

the European Anti-Fraud Office; Underlines the need for proportionate sanctions and timely recovery of Union funds;

9. Stresses the need, in accordance with the single audit principle, to increase the efficiency of the certification bodies and the scope of their tasks, as they are key elements for providing independent assurance of the proper financial management of CAP funds and to protect the Union budget against fraud and financial irregularities; Welcomes the clarification of structure and competences of the increased number of bodies and their additional tasks under the CAP reform (2023 - 2027) with a view to ensuring efficiency, transparency and accountability;
10. Welcomes the reinforcement of protection of Union funds in the context of the CAP reform (2023 - 2027) via empowerments to the Commission to check whether the CAP National Strategic Plans are properly implemented and the powers granted to suspend and reduce payments to Member States where there are doubts about compliance with eligibility conditions on the national level.

## **OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Petra Kammerevert

### **SUGGESTIONS**

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

1. Recalls that in 2020 the total available budget for the Union programmes and actions under the portfolio of Directorate-General for Education, Youth, Sport and Culture (DG EAC) amounted to EUR 6 043 million in commitment appropriations (some 7 % more than in 2019); notes that, despite the unavoidable cancellation or postponement of some activities due to the COVID-19 pandemic and thanks to the measures taken under the ‘force majeure’ clause, DG EAC achieved most targets in 2020 and executed commitments fully and payments virtually fully, as did the Directorate-General for Communications Networks, Content and Technology (DG CONNECT) for relevant expenditure;
2. Acknowledges DG EAC’s flexibility and efforts to prevent under-implementation of programmes due to the COVID-19 pandemic; welcomes the measures taken to mitigate the effects of the crisis on applicants and beneficiaries, such as extending application deadlines, extending the duration of ongoing projects, supporting additional costs up to the maximum amounts granted to projects under the applicable legal frameworks, and applying further flexibility towards blended activities; encourages the Commission to assess the feasibility of relaunching, as far as possible, projects that should have been funded but were cancelled solely due to the pandemic;
3. Underlines the crucial role of the Creative Europe programme in funding the cultural and creative sectors and industries (CCSI) in Europe, especially in times of crisis; regrets, however, that due to the lack of budget for the period 2014-2020, several high quality projects could not be funded at a time where the CCSI needed support;
4. Notes that DG EAC’s overall risk at payment (estimated at EUR 26,83 million out of EUR 2 287 million relevant expenditure) and overall error rate (estimated between 0,5 % and 1 %) remain relatively low in 2020;
5. Notes that, due to the COVID-19 pandemic, fewer on-the-spot visits were possible in

2020, leading DG EAC to adapt its supervision and auditing approach and to provide specific guidance on COVID-19 for the reporting by national agencies and independent audit bodies; acknowledges the necessity of such measures; however, underlines that on-the-spot visits cannot be replaced fully as a means for auditing and supervision; calls, therefore, on DG EAC to increase the number of such visits, taking into account travel conditions and limitations;

6. Calls on the European Education and Culture Executive Agency (EACEA) to continue its efforts to help applicants and beneficiaries of programmes in the context of the COVID-19 pandemic;
7. Welcomes the 2020 update of DG EAC's Anti-Fraud Strategy aimed at reinforcing the identification and handling of high-risk beneficiaries and of issues such as double funding and conflicts of interest, and commends the measures taken to prevent the risk of COVID-19-related fraud, including in the design of the next generation of programmes; underlines that Parliament will monitor closely the implementation of the Strategy and calls on DG EAC to communicate its progress regularly to Parliament;
8. Urges DG EAC, DG CONNECT and the EACEA to take without delay all appropriate measures to improve the protection of personal data wherever needed, to minimise the risks linked to third country data transfers, in order to enable the continuation of international operations in 2021 in full compliance with EU data protection law, and to strengthen staff awareness and knowledge of data protection rules, including through targeted training; stresses that protecting the personal data of Member States' citizens must remain a high priority in all relevant activities and must be fully respected;
9. Underlines that cultural, education and media policies and related funding instruments at Union level remain a shared responsibility between DG EAC, DG CONNECT and the EACEA; urges all Directorates-General and Agencies to maintain their level of coordination and smooth cooperation and to improve it wherever possible, in particular by the constructive and meaningful use of digital instruments when this can be helpful for beneficiaries and the projects, aiming at more transparency, less bureaucracy in project implementation and the successful implementation of all policies, as well as the proper management of Union funds.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	27.1.2022
<b>Result of final vote</b>	+: 28 -: 1 0: 1
<b>Members present for the final vote</b>	Asim Ademov, Andrea Bocskor, Ilana Cicurel, Gianantonio Da Re, Laurence Farreng, Tomasz Frankowski, Alexis Georgoulis, Sylvie Guillaume, Hannes Heide, Irena Joveva, Petra Kammerevert, Niyazi Kizilyürek, Ryszard Antoni Legutko, Predrag Fred Matić, Dace Melbārde, Victor Negrescu, Niklas Nienä, Peter Pollák, Marcos Ros Sempere, Monica Semedo, Andrey Slabakov, Massimiliano Smeriglio, Michaela Šojdová, Sabine Verheyen, Maria Walsh, Salima Yenbou, Theodoros Zagorakis, Milan Zver
<b>Substitutes present for the final vote</b>	Catherine Griset, Viola Von Cramon-Taubadel

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
ECR	Ryszard Antoni Legutko, Dace Melbārde, Andrey Slabakov
NI	Andrea Bocskor
PPE	Asim Ademov, Tomasz Frankowski, Peter Pollák, Michaela Šojdrová, Sabine Verheyen, Maria Walsh, Theodoros Zagorakis, Milan Zver
Renew	Ilana Cicurel, Laurence Farreng, Irena Joveva, Monica Semedo
S&D	Sylvie Guillaume, Hannes Heide, Petra Kammerevert, Predrag Fred Matić, Victor Negrescu, Marcos Ros Sempere, Massimiliano Smeriglio
The Left	Alexis Georgoulis, Niyazi Kizilyürek
Verts/ALE	Niklas Nienä, Viola Von Cramon-Taubadel, Salima Yenbou

1	-
ID	Catherine Griset

1	0
ID	Gianantonio Da Re

Key to symbols:

+ : in favour

- : against

0 : abstention

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

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – European Commission (2021/2106(DEC))

Rapporteur for opinion: Ramona Strugariu

### **SUGGESTIONS**

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

1. Notes that for expenditure specifically for Heading III (Security and Citizenship) the Court of Auditors (the ‘Court’) chose to examine a sample of 27 transactions designed to contribute to the Court's overall statement of assurance; deeply regrets that the Court did not estimate the error rate for Heading III, while acknowledging the Court’s explanation that the audit scope was not designed to be representative for that Heading; regrets that the Court made that choice despite multiple calls from Parliament to calculate the estimated level of error for that Heading; deplores the fact that eight out of the 27 transactions examined by the Court contained errors among which four contained quantifiable errors that had a financial impact on the amounts charged to the Union budget and four was not compliant with legal and financial provisions but did not have a financial impact on the Union budget; agrees with the Court that failure to abide by the rules can undermine the sound financial management of Union spending and, potentially, affect the eligibility of the costs claimed; highlights that such cases may have an important negative reputational impact and may eventually undermine compliance with the principles of sound financial management of Union spending; urges the Member States to address the causes which led to these situations of non-compliance and asks the Commission to report to the discharge authority about the progress achieved;
2. Stresses that the Court found five errors in payments made by the Commission; points out that one of the errors concerned a minor overpayment of costs for software licences while the other four related to staff allowances; notes the Court’s recommendation to reinforce consistency checks on staff declarations of allowances received from other sources and raise staff awareness of that issue in order to improve the Commission’s system for managing statutory family allowance;



3. Welcomes that in the Court's examination of the internal control systems of four authorities responsible for auditing their respective Member States' annual accounts for the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF) and providing the Commission with an annual control report (ACR), the Court stipulated that all the audit authorities under examination had developed and implemented detailed procedures of sufficient quality to report on their work in the ACR; notes further that the Court identified shortcomings in the ACR's, the impact of which was not sufficiently material to detract from the conclusions of the audit authorities, namely that sampling units were not clearly defined, audit samples were too small, responsible authorities submitted draft accounts to the audit authority before completing their own on-the-spot controls and without including technical assistance payments, error rates were calculated and presented inaccurately in the body of the ACR's, value and coverage of the audit samples were incorrectly reported, and it was not reported that some audit work was outsourced; further notes that the Court found that the audit authorities had detailed audit programmes and used checklists to support their conclusions, while identifying shortcomings in the work of audit authorities relating to checks of project selection processes, inadequate testing of the eligibility of expenditure, insufficient audit trails or poor documentation of audit work, ineligible costs not always reported, procurement issues wrongly classified and outsourced audit work inadequately reviewed; regrets any shortcomings that make audit conclusions less reliable and that limit the assurance provided by the audit authority's work and asks Member States to address that issue;
4. Welcomes the fact that the Court did not find major flaws in the Commission's clearance procedures regarding the AMIF and the ISF; welcomes that Member States stepped up their national programmes in 2020, but notes with concern that for both the AMIF and the ISF significant amounts, corresponding to roughly 50 % of the available budget for those programmes, remain undisbursed; acknowledges that the significantly lower level of payments disbursed for Union actions compared to previous years resulted from advance payments and delayed project activities caused by pandemic-related restrictions; calls on the Commission to further engage in dialogue with the relevant national authorities and identify areas where it could offer support; reiterates furthermore its call on Member State authorities to increase their efforts for accessing funding available under those programmes with a view to contributing to the achievement of their important policy objectives;
5. Welcomes that, according to the Commission 2020 Annual Activity Report, the average residual error rate across the AMIF and the ISF is 1,37 %, well below the material threshold of 2 %; recalls, however, that that data refers only to detected errors and that the Court has previously identified shortcomings in the Commission's error detection mechanisms for funds under shared management; calls on the Commission, in accordance with the findings of the Court, to maintain its efforts to improve the error and irregularities detection rate and calls on Member States to improve the reliability of data transmitted to the Commission with respect to error rates for all funds under shared management;
6. Regrets that the residual error rate has remained almost in the same range as in the previous year (2,69 % in 2020 as compared to 2,65 % in 2019) for grants under direct management of the Directorate-General for Justice and Consumers (DG JUST); notes

that the main cause of error is the lack of supporting documents which even worsened in 2020; reminds that due to the COVID-19 crisis the audits had to be performed remotely without access to the bookkeeping of the beneficiaries; calls on the Commission to address that issue and make use of digital tools that allow remote access to bookkeeping of beneficiaries; welcomes the corrective action plan outlined by DG JUST; recalls the importance of regular monitoring visits for ensuring sound financial management and calls on the Commission to take steps in that regard;

7. Welcomes the strong cooperation between the European Anti-Fraud Office (OLAF) and the Court to combat fraud against the budget; notes that in 2020 six cases of fraud were reported to OLAF by the Court (compared to nine in 2019) and that for those six cases an investigation was opened by OLAF; notes that the main types of suspected fraud detected by the Court are artificial creation of the necessary conditions for Union financing, declaration of costs not meeting the eligibility criteria, use of grants for purposes other than what is allowed and procurement irregularities;
8. Calls on the Commission to fully comply with the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including on the work towards the implementation of a roadmap for the introduction of new own resources over the duration of the MFF 2021-2027<sup>1</sup> as a matter of compliance with the Union's legal provisions and good governance principle;
9. Notes that for two of the AMIF-funded projects audited in Greece, the Court found non-satisfactory documentation of services provided; welcomes that the Directorate-General for Migration and Home Affairs (DG HOME) took steps to improve the referral and reporting system through a centralised approach; calls on the Commission to report to the discharge authority on the progress achieved;
10. Calls on DG HOME to provide guidance to the Member State authorities responsible for implementing its funds for both the 2014-2020 and 2021-2027 MFFs on how to document the completeness and quality of services when funding is based on standard unit costs.

2

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<sup>1</sup> OJ L 433I , 22.12.2020, p. 28

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	15.2.2022
<b>Result of final vote</b>	+: 58 -: 9 0: 1
<b>Members present for the final vote</b>	Magdalena Adamowicz, Abir Al-Sahlani, Konstantinos Arvanitis, Malik Azmani, Katarina Barley, Pietro Bartolo, Nicolas Bay, Vladimír Bilčík, Vasile Blaga, Ioan-Rareş Bogdan, Patrick Breyer, Saskia Bricmont, Joachim Stanisław Brudziński, Jorge Buxadé Villalba, Damien Carême, Caterina Chinnici, Clare Daly, Marcel de Graaff, Anna Júlia Donáth, Lena Düpont, Lucia Ďuriš Nicholsonová, Cornelia Ernst, Laura Ferrara, Nicolaus Fest, Jean-Paul Garraud, Maria Grapini, Sylvie Guillaume, Andrzej Halicki, Evin Incir, Sophia in 't Veld, Patryk Jaki, Marina Kaljurand, Assita Kanko, Fabienne Keller, Peter Kofod, Łukasz Kohut, Moritz Körner, Alice Kuhnke, Jeroen Lenaers, Juan Fernando López Aguilar, Lukas Mandl, Nuno Melo, Nadine Morano, Javier Moreno Sánchez, Emil Radev, Paulo Rangel, Karlo Ressler, Diana Riba i Giner, Ralf Seekatz, Birgit Sippel, Sara Skyttedal, Vincenzo Sofo, Martin Sonneborn, Tineke Strik, Ramona Strugariu, Annalisa Tardino, Tomas Tobé, Yana Toom, Milan Uhrík, Tom Vandendriessche, Bettina Vollath, Elissavet Vozemberg-Vrionidi, Jadwiga Wiśniewska, Elena Yoncheva, Javier Zarzalejos
<b>Substitutes present for the final vote</b>	Tanja Fajon, Daniel Freund

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

58	+
ECR	Joachim Stanisław Brudziński, Jorge Buxadé Villalba, Patryk Jaki, Assita Kanko, Vincenzo Sofo, Jadwiga Wiśniewska
ID	Peter Kofod, Tom Vandendriessche
NI	Laura Ferrara, Martin Sonneborn
PPE	Magdalena Adamowicz, Vladimír Bilčík, Vasile Blaga, Ioan-Rareş Bogdan, Lena Düpont, Andrzej Halicki, Jeroen Lenaers, Lukas Mandl, Nuno Melo, Nadine Morano, Emil Radev, Paulo Rangel, Karlo Ressler, Ralf Seekatz, Sara Skytvedal, Tomas Tobé, Elissavet Vozemberg-Vrionidi, Javier Zarzalejos
Renew	Abir Al-Sahlani, Malik Azmani, Anna Júlia Donáth, Lucia Ďuriš Nicholsonová, Sophia in 't Veld, Fabienne Keller, Moritz Körner, Ramona Strugariu, Yana Toom
S&D	Katarina Barley, Pietro Bartolo, Caterina Chinnici, Tanja Fajon, Maria Grapini, Sylvie Guillaume, Evin Incir, Marina Kaljurand, Łukasz Kohut, Juan Fernando López Aguilar, Javier Moreno Sánchez, Birgit Sippel, Bettina Vollath, Elena Yoncheva
Verts/ALE	Patrick Breyer, Saskia Bricmont, Damien Carême, Daniel Freund, Alice Kuhnke, Diana Riba i Giner, Tineke Strik

9	-
ID	Nicolas Bay, Nicolaus Fest, Jean-Paul Garraud, Marcel de Graaff,
NI	Milan Uhrík
The Left	Konstantinos Arvanitis, Malin Björk, Clare Daly, Cornelia Ernst

1	0
ID	Annalisa Tardino

Key to symbols:

+ : in favour

- : against

0 : abstention

## **OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies (2021/2106(DEC))

Rapporteur for opinion: Samira Rafaela

### **SUGGESTIONS**

The Committee on Women's Rights and Gender Equality calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas gender equality, as enshrined in Article 2 TEU, is one of the values on which the Union is founded; whereas the Union is committed to promoting its values, in accordance with Article 13 TEU, and gender mainstreaming in all of its activities as laid down in Article 8 TFEU;
  - B. whereas Parliament has repeatedly urged the Commission to promote and implement the use of gender mainstreaming, gender budgeting and gender impact assessments in all the Union policy areas; and whereas Parliament has repeatedly urged the Court of Auditors (the 'Court') to incorporate a gender perspective, including through gender-disaggregated data, into its reports on the implementation of the Union budget;
  - C. whereas the COVID-19 pandemic has exacerbated existing structural gender inequalities and affected women's employment disproportionately, in particular for those with precarious employment, or for those who are working in feminised sectors and in the informal economy; whereas this should be taken into account in all the economic recovery measures designed to mitigate the negative impact of the pandemic;
1. Stresses that women's rights and a gender equality perspective should be integrated and ensured in all policy areas and at all levels of the budgetary process in order to transform revenues and expenditures to achieve the Union's gender equality goals, particularly in light of the gendered impact of the COVID-19 pandemic and the backlash against women's rights in several Member States; reiterates, therefore, its call for the implementation of gender budgeting at all stages of the budgetary process, for the assessment of its execution including through gender-specific indicators; calls for more gender mainstreaming in the post-pandemic recovery response;

2. Is concerned that the Court, in its Special report No 10/21 on gender mainstreaming in the EU budget (the ‘Court’s special report’)<sup>1</sup>, found that the Commission has not adequately applied gender mainstreaming, has made insufficient use of gender-disaggregated data and indicators, and has published little information on the Union budget’s overall impact on gender equality; stresses the need for the Commission to further develop gender mainstreaming methodology as recommended by the Court;
3. Welcomes the fact that gender equality and mainstreaming is one of the horizontal principles for Union funds in the Multiannual Financial Framework (MFF) for 2021-2027 and in the Recovery and Resilience Facility; recalls the commitment of the Commission to putting in place a methodology to effectively apply gender mainstreaming at programme level in the 2021-2027 MFF at the latest by the end of 2022; expects the Commission to take its commitments on gender mainstreaming seriously, to closely monitor its implementation, as well as to apply it to all Union funding programmes and in the mid-term review of the current MFF; calls for gender impact assessments, gender objectives and gender monitoring to be rolled out as outlined in the Court’s special report; calls on the Commission to ensure that women and men benefit equally from the recovery and resilience plans and the European Social Fund Plus; notes that the Court’s special report and Parliament’s own-initiative report on the gender dimension in cohesion policy consider that the structural funds are a very important resource to support Member States to achieve progress in the field of gender equality;
4. Strongly stresses the importance of increasing resources dedicated to preventing and combating gender-based violence under the Citizens, Equality, Rights and Values Programme, especially following the escalation of violence against women during the ongoing COVID-19 crisis; regrets the delay to the proposal of the Commission on preventing and combatting gender-based violence; reiterates its request for the Commission to include an independent budget line for all measures specifically targeting gender equality, including on gender-based violence;
5. Repeats its concern about the interrelation between the attacks on the rule of law and the backlash against gender equality and women’s rights; calls on the Commission to strengthen the rule of law in the Union, and thus protect democracy, fundamental rights and equality, via the Rule of Law Conditionality mechanism for access to Union funds; urges the Commission to strictly enforce this conditionality and effectively protect the Union’s budget in the event of generalised deficiencies in upholding the rule of law against breaches of human rights, including women’s rights, and violations of the fundamental values of the Union.

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<sup>1</sup> [https://www.eca.europa.eu/Lists/ECADocuments/SR21\\_10/SR\\_Gender\\_mainstreaming\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/SR21_10/SR_Gender_mainstreaming_EN.pdf)

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	25.1.2022
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">+:</div> <div>28</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">-:</div> <div>6</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="text-align: right; padding-right: 10px;">0:</div> <div>2</div> </div>
<b>Members present for the final vote</b>	<p>Isabella Adinolfi, Simona Baldassarre, Robert Biedroń, Vilija Blinkevičiūtė, Annika Bruna, Margarita de la Pisa Carrión, Rosa Estaràs Ferragut, Frances Fitzgerald, Cindy Franssen, Helène Fritzon, Lina Gálvez Muñoz, Lívia Járóka, Arba Kokalari, Alice Kuhnke, Elżbieta Katarzyna Łukacijewska, Karen Melchior, Andželika Anna Możdżanowska, Maria Noichl, Sandra Pereira, Pina Picierno, Sirpa Pietikäinen, Samira Rafaela, Evelyn Regner, Diana Riba i Giner, Eugenia Rodríguez Palop, María Soraya Rodríguez Ramos, Christine Schneider, Sylwia Spurek, Jessica Stegrud, Isabella Tovaglieri, Hilde Vautmans, Elissavet Vozemberg-Vrionidi, Marco Zullo</p>
<b>Substitutes present for the final vote</b>	Cyrus Engerer, Kira Marie Peter-Hansen, Irène Tolleret

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
PPE	Isabella Adinolfi, Rosa Estaràs Ferragut, Frances Fitzgerald, Cindy Franssen, Sirpa Pietikäinen, Christine Schneider, Elissavet Vozemberg-Vrionidi, Elżbieta Katarzyna Łukacijewska
Renew	Karen Melchior, Samira Rafaela, María Soraya Rodríguez Ramos, Irène Tolleret, Hilde Vautmans, Marco Zullo
S&D	Robert Biedroń, Vilija Blinkevičiūtė, Cyrus Engerer, Helène Fritzon, Lina Gálvez Muñoz, Maria Noichl, Pina Picierno, Evelyn Regner
The Left	Sandra Pereira, Eugenia Rodríguez Palop
Verts/ALE	Alice Kuhnke, Kira Marie Peter-Hansen, Diana Riba i Giner, Sylwia Spurek

6	-
ECR	Andżelika Anna Mozdżanowska, Jessica Stegrud, Margarita de la Pisa Carrión
ID	Simona Baldassarre, Annika Bruna, Isabella Tovaglieri

2	0
NI	Livia Járóka
PPE	Arba Kokalari

### Key to symbols:

+ : in favour

- : against

0 : abstention



## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	31.3.2022
<b>Result of final vote</b>	+ : 18 - : 12 0 : 0
<b>Members present for the final vote</b>	Matteo Adinolfi, Gilles Boyer, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, José Manuel Fernandes, Raffaele Fitto, Luke Ming Flanagan, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Mislav Kolakušić, Joachim Kuhs, Ryszard Antoni Legutko, Claudiu Manda, Alin Mituța, Jan Olbrycht, Younous Omarjee, Markus Pieper, Michèle Rivasi, Petri Sarvamaa, Angelika Winzig, Lara Wolters, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Bas Eickhout, Tsvetelina Penkova, Viola Von Cramon-Taubadel

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

18	+
PPE	Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Jan Olbrycht, Markus Pieper, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský
Renew	Gilles Boyer, Olivier Chastel, Pierre Karleskind, Alin Mituța
S&D	Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Claudiu Manda, Tsvetelina Penkova, Lara Wolters

12	-
ECR	Ryszard Czarnecki, Raffaele Fitto, Ryszard Antoni Legutko
ID	Matteo Adinolfi, Jean-François Jalkh, Joachim Kuhs
NI	Mislav Kolakušić
The Left	Luke Ming Flanagan, Younous Omarjee
Verts/ALE	Bas Eickhout, Michèle Rivasi, Viola Von Cramon-Taubadel

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention