



2022/2046(INI)

6.10.2022

OPINION

of the Committee on Budgetary Control

for the Committee on Budgets

on upscaling the 2021-2027 multiannual financial framework: a resilient EU
budget fit for new challenges
(2022/2046(INI))

Rapporteur for opinion: Petri Sarvamaa

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SUGGESTIONS

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

1. Recalls the European budgetary principles of unity, accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency, which must be respected in the multiannual financial framework (MFF); recalls that the Committee on Budgetary Control is responsible for the control of the implementation of the EU budget with a view to rationalising European expenditure, among other responsibilities;
2. Highlights the importance of the Union budget for achieving the Union's political priorities, as well as its role in assisting Member States with unforeseen situations, such as the COVID-19 pandemic and its consequences, and Russia's illegal, unprovoked and unjustified war of aggression against Ukraine; stresses that sound and timely implementation of the budget contribute to addressing the needs and challenges in different policy areas more efficiently and effectively; recalls that responding to the current crises has required unprecedented financial investment; stresses that the EU must strive to restore economic balance in the long term; highlights that all new resources and instruments should be monitored like any other financial tool provided for in the EU budget;
3. Deeply regrets the fact that the protection of the EU budget, including the comprehensive processing of information, ease of accessibility, feasibility of in-depth audits, substantive scrutiny and the possibility of monitoring, following up on and evaluating the financed actions, as envisaged by the Recovery and Resilience Facility Regulation¹, has not been adequately embedded within the current MFF package as a whole; acknowledges that this shortcoming enormously weakens both the level of transparency of the implementing actions and the effectiveness of scrutiny and monitoring; calls for the revision of the 2021-2027 MFF to address these shortcomings; notes the need for flexibility in times of crisis; calls, therefore, for a mandatory single interoperable IT system to be introduced during the current programming period that combines relevant information on EU co-financed programmes and projects with information on the direct and ultimate beneficiaries of EU funds and their beneficial owners, providing a clear overview of the recipients of EU funding and ensuring accountability, credibility and better control of expenditure, so as to prevent the misuse of funds, corruption, fraud and conflicts of interest;
4. Stresses that the upcoming revision of the 2021-2027 MFF should facilitate a true European added value budget with sufficient funding to achieve its ambitions, and should include a strengthened focus on stability, simplicity, performance and results, leading to better and more effective spending, low-operating costs, the efficient allocation of resources, equity and increased accountability and transparency;

¹ 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).

5. Welcomes the Conditionality Regulation²; asks the Commission to indicate how it will verify the functioning of the rule of law to ensure the uniform application of conditionality for all Member States; emphasises the clear link between respect for the rule of law and the efficient implementation of the EU budget; notes that any upscaling of the 2021-2027 MFF should aim to reinforce the protection of the EU's financial interests, ensuring alignment with rule of law conditionality and strengthening public procurement rules to increase transparency, avoid any potential conflicts of interest, reduce the administrative burden for beneficiaries, strengthen the efficacy of spending with a view to achieving greater European added value and increase access to EU funding for citizens, small and medium-sized enterprises and local and regional authorities;
6. Stresses the serious risk posed by the continuing rise in the amount of outstanding commitments (*reste à liquider* – RAL), putting the budget under serious pressure in terms of liquidity; asks the Commission to monitor Member States' low absorption rates; calls on the Commission to closely monitor this issue by delivering a country-by-country analysis to the discharge authority, as well as the measures taken to optimise the situation, and to monitor Member States with low absorption rates; calls on the Commission to prepare a detailed plan of action in order to reduce the number of outstanding commitments and to present that plan to the discharge authority;⁷.
 Regrets that the overall annual absorption rate in 2020, the final year of the most recent MFF, was the same as in 2013 (15 %), the final year of the 2007-2013 MFF; notes that the cumulative absorption was around 7 % lower than under the previous MFF; regrets that there are still considerable differences between Member States in the absorption of the European structural and investment funds (ESIF) allocated to them during the 2014-2020 MFF; notes that some Member States have absorbed up to 79 % of their total allocation, while others have absorbed only around 45 % of their committed amounts;
8. Notes with concern the emergence of the 'new budget galaxy' and the use of new financial instruments and innovations outside the EU budget; stresses that, as a result of this development, Parliament is not able to exercise full democratic control, which weakens its role in monitoring and protecting the EU's public finances and financial interests;
9. Calls on the Commission to continue its work with the Member States, including through technical assistance, in order to increase their ability 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 of Union funds and related fraud;
10. Reiterates its requests to the Commission to ensure that the European Anti-Fraud Office, the European Court of Auditors (ECA) and the European Public Prosecutor's Office have the necessary means and staff to investigate potential cases of fraud against the EU budget; welcomes the ongoing recruitment of approximately 190 full time equivalents for NextGenerationEU-related tasks, including auditing and monitoring; as well as the 118 new additional posts planned for the European Public Prosecutor's

² 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).

Office in 2022;

11. 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 contributions to improving the daily lives of Union citizens;
12. Welcomes the streamlining of key performance indicators for the various EU spending programmes with their inclusion in the respective basic acts; calls on the Commission to put performance at the heart of budget implementation, maximise the effectiveness of EU spending and develop methodologies to better evaluate the contribution of the EU's various spending programmes to horizontal priorities;
13. Notes with concern the increasing use of Article 122 of the Treaty on the Functioning of the European Union to create new mechanisms and bodies with budgetary implications for the EU budget, under which Parliament's role is limited to the mere right to information; insists on an appropriate role for Parliament in the budgetary scrutiny of such initiatives; stresses, in addition, the importance of ensuring a meaningful role in the decision-making and scrutiny of all EU programmes based on national implementation plans;
14. Welcomes the Commission's commitment to shorten the discharge procedure; acknowledges that it delivered the 2020 and 2021 consolidated EU accounts relatively earlier than the regulatory deadline and advanced the publication of the annual management and performance report by a few weeks; encourages the Commission to continue its progress in this endeavour; acknowledges that further improvements depend on the ECA publishing their annual report earlier and the Council adopting its discharge recommendation earlier as well; calls on the Commission, the ECA and the Council to focus on this problem and keep progressing towards a quicker discharge procedure;
15. Calls on the Commission to ensure that appropriate administrative resources are available to manage in parallel all shared management funds and, in particular, the ESIF under the 2014-2020 MFF until closure, alongside increased allocations to them from the NextGenerationEU instrument in 2021 and subsequent years, and from the Recovery and Resilience Facility;
16. Calls on the Commission to ensure that its impact assessments examine the key substantive aspects of legislation covering several programmes and to plan its evaluations for all spending programmes, including evaluations covering specific thematic aspects of such programmes; calls on the Commission to take account of the ECA's recommendations on monitoring the effectiveness of expenditure at European level by asking the Member States to include profitability indicators in the *ex ante* report; calls on the Commission to clearly identify relevant follow-up actions arising from evaluations and include more quantitative information, especially cost-benefit and cost-effectiveness analyses, when presenting options in impact assessments.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	6.10.2022
Result of final vote	+ : 20 - : 0 0 : 6
Members present for the final vote	Matteo Adinolfi, Gilles Boyer, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, José Manuel Fernandes, Luke Ming Flanagan, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Pierre Karleskind, Mislav Kolakušić, Sándor Rónai, Petri Sarvamaa, Angelika Winzig, Lara Wolters, Tomáš Zdechovský
Substitutes present for the final vote	Bas Eickhout, Maria Grapini, Niclas Herbst, Mikuláš Peksa, Elżbieta Rafalska, Ramona Strugariu
Substitutes under Rule 209(7) present for the final vote	Malin Björk, Andželika Anna Możdżanowska, Andrey Slabakov

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

20	+
PPE	Lefteris Christoforou, José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský
RENEW	Gilles Boyer, Olivier Chastel, Pierre Karleskind, Ramona Strugariu
S&D	Caterina Chinnici, Isabel García Muñoz, Maria Grapini, Sándor Rónai, Lara Wolters
THE LEFT	Luke Ming Flanagan
VERTS/ALE	Bas Eickhout, Daniel Freund, Mikuláš Peksa

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6	0
ECR	Andželika Anna Mozdżanowska, Elżbieta Rafalska, Andrey Slabakov
ID	Matteo Adinolfi
NI	Mislav Kolakušić
THE LEFT	Malin Björk

Key to symbols:

+ : in favour

- : against

0 : abstention