



*Committee on Budgetary Control
The Chair*

15.2.2024

Mr Johan Van Overtveldt
Chair
Committee on Budgets
BRUSSELS

Subject: Opinion on General guidelines for the preparation of the 2025 budget, Section III
– Commission (2023/2220(BUI))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Budgetary Control has been asked to submit an opinion to your committee. At its meeting of 23 January 2024, the Coordinators decided to send the opinion in the form of a letter.

The Committee on Budgetary Control considered the matter at its meeting of 22 February 2024. At that meeting, it decided to call on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Recalls its strong commitment to the fundamental principles and values enshrined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU); encourages the Commission to keep working on gender budgeting and its new methodology to measure the gender impact of Union spending;
2. Stresses that the sound and timely implementation of the budget contributes to addressing more efficiently and effectively the needs and challenges faced by the Union and its citizens in different policy areas; warns that the implementation of the budget under time pressure may lead to an increase in errors and irregularities;
3. Recalls the crucial role the Union budget played in 2022 to address several unforeseen crisis, and that as a result all available flexibility measures in the EU Budget for 2022 had been used; stresses the need for flexibility in the EU Budget for 2025 to address potential new circumstances where EU action is necessary;
4. Stresses the need to protect the EU Budget from any misuse, particularly fraud and corruption, and calls on the Commission to continue to be vigilant and proactive in the

current and future cases when the lack of respect for Union values and the Rule of Law affect or threaten to affect the Union's financial interests using all the tools at its disposal, in particular the conditionality mechanism, in a firmly manner; stresses the need to provide sufficient resources and to strengthen the role of the European anti-fraud office (OLAF), the European Public Prosecutor's Office (EPPO), the European Union Agency for Criminal Justice Cooperation (Eurojust) and the European Union Agency for Law Enforcement Cooperation (Europol) in the fight against fraud and corruption; further underscores the importance of establishing a new European authority for countering money laundering and financing of terrorism (AMLA) which will have powers to impose sanctions and penalties; highlights the importance of providing sufficient resources for the authority in order for it to successfully fulfil its mandate;

5. Is concerned that at the end of 2022, total outstanding commitments reached a record high of EUR 450 billion (2021: EUR 341,6 billion); notes that outstanding commitments stayed just below the projected EUR 460 billion in 2023 and are projected to decrease after 2024, when NGEU draws to a close; recalls that repayment of the EU Recovery Instrument borrowing costs is an obligation for the Union and its costs depend both on the market fluctuations in bond yields and the pace of disbursements under the Recovery and Resilience Facility (RRF) and thus, the costs are inherently unpredictable; stresses that this situation creates risks for agreed EU policies and programmes and for the budget's ability to respond to emerging needs; insists on the need for the Commission to provide the budgetary authorities with timely and detailed information on the borrowing costs;
6. Recalls the importance of protecting the Union's own resources from any fraudulent irregularity and, to that end, stimulate the cooperation between anti-fraud services and customs agencies to detect, prevent and correct fraud affecting Union revenue; recalls its position on the amended Commission proposals endorsing the introduction of new own resources;
7. Is concerned that the late adoption of several sectoral regulations governing different Union policies, such as the Cohesion policy, resulted in a significant delay in the implementation of the 2021-2027 programming period; highlights Parliament's full support for the cohesion policy and urges the budgetary authorities to take all the necessary measures in the 2025 EU Budget, such as technical and administrative support, to continue to speed up the implementation of the policies on the ground, while keeping a high focus on compliance with the rules, achievement of results and protection of the financial interests of the Union;
8. Notes the increasing number of legislative proposals for performance based-instruments, which require a specific audit scope to allow the budgetary authorities to effectively track EU funding; stresses the importance of providing such instruments with provisions on the collection and accesses to data on the recipient of the funds for the purpose of audit and control and thus, ensuring the protection of the EU's financial interests; notes that such proposals have been pushed through inter-institutional negotiations with unnecessary pace;

Yours sincerely,

Monika Hohlmeier

CONT Chair

Isabel García Muñoz

Rapporteur for the Commission discharge

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur declares under her exclusive responsibility that she did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.