



2022/2081(DEC)

24.1.2023

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 2021 – Commission (2022/2081(DEC))

Rapporteur for opinion: Romana Tomc

PA_NonLeg

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 2021 was the first financial year covered by the Multiannual Financial Framework (MFF) for 2021-2027;
2. Takes note that the implementation of the 2021 budget was significantly impacted by the delays in the adoption of new legal bases and the new rules for structural funds, as well as the ongoing Covid-19 crisis and its social consequences, and their impact on the budget in the social area that was adopted before the crisis;
3. Takes note that by the end of 2021, total outstanding commitments totalled EUR 341.6 billion; highlights, however, that outstanding commitments from the EU budget decreased significantly from a historic high of EUR 303.2 billion at the end of 2020, mainly due to delays to the start of the implementation of shared management under the 2021-2027 MFF; notes that outstanding commitments for Heading 2a ‘Cohesion policy’ amounted to EUR 120.4 billion;
4. Recalls that spending under this subheading is aimed at strengthening competitiveness and reducing development disparities between the different Member States and regions of the EU; stresses the importance of EU cohesion policy in supporting the implementation of the European Pillar of Social Rights and assisting Member States and regions to harness new opportunities and address challenges, such as globalisation, unemployment, industrial change, digitalisation and supporting up and re-skilling and lifelong learning;
5. Expresses satisfaction that the biggest part of the Union budget went to the policy objective ‘cohesion, resilience and values’; welcomes that the second biggest budget was ‘natural resources and environment’.

Comments on MFF subheading 2a ‘Economic, social and territorial cohesion’

General comments

6. Is worried that the overall level of errors in spending from the EU budget increased to 3.0 % in 2021, compared to 2.7% in 2020; in particular notes with concern that the estimated overall level of error in subheading 2a ‘Economic, social and territorial cohesion’ stood at 4.1% in 2021; underlines that despite a slight decrease this figure is still largely above the 2 % materiality threshold; recognises that the majority of spending in this area is deemed high-risk expenditure as mainly reimbursement-based and often subject to complex rules; notes that the most common errors under the Cohesion heading were ineligible projects and infringements of internal market rules, in particular non-compliance with public procurement and state aid rules; calls for urgent action to decrease the error rate in the future, and especially for the new funding period;
7. Notes with concern that almost half of the outstanding commitments from the Union

budget and the Next Generation EU (NGEU) in 2021 (EUR 152.9 billion) concerned programmes under subheading 2a;

8. Recalls the crucial role of audit authorities in the Member States in the assurance and control framework in the cohesion policy area; is worried about the fact that for 2021 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; welcomes the Commission’s and audit authorities’ joint efforts resulting in a ‘good practice note’ for the documentation of audit authorities’ work as a first step to improvement;

Specific comments on EaSI

9. Notes with satisfaction that EaSI Financial Instruments (encompassing the EaSI Microfinance and Social Entrepreneurship Guarantee, the Capacity Building Investments Window and the Funded Instrument) continued in 2021 to support microenterprises and social enterprises, and that from its launch until 30 September 2021, guarantee agreements worth of EUR 401 million were signed which resulted in a total of 154 137 loans to micro- and social enterprises worth of EUR 2.5 billion; regrets, however, the late start of EaSI in 2021 as a result of the COVID-19 pandemic and other issues;

Specific comments on ESF and ESF+

10. Recalls the vital importance of the ESF+ as the EU's main instrument for investing in people, thus providing an important contribution to the EU’s employment, social, education and skills policies, including structural reforms in these areas, high level of employment, the creation of quality jobs and fight against poverty and social exclusion; notes that in order to deliver their targets, ESF and ESF+ need adequate financial and political support from the EU, national and regional institutions, in particular to reflect the current crises and to contribute to the implementation of the principles of the European Pillar of Social Rights and the achievement of the Porto targets; notes that, in 2021, nearly EUR 14.6 billion have been paid to the 2014-2020 ESF programmes as well as nearly EUR 320 million for REACT-EU, lifting the absorption rate to 61% (total payments made compared to allocation, including REACT-EU);
11. Notes that, unlike financial support from REACT-EU, significant delays materialised in the start of implementation of ESF+ shared management, as reflected in the relevant implementation rate;
12. Notes that the total amount paid for FEAD in 2021 increased to EUR 610.8 million due to the extra resources (EUR 81 million) made available under REACT-EU;
13. 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 EU commitment to the support for the most deprived through FEAD and the ESF+, 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;

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

Conclusion

15. Calls on the Commission to follow up all errors found by the Court and to request additional financial corrections, where deemed necessary;
16. 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;
17. Asks the Commission to implement as soon as possible all outstanding Court's recommendations.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

| | |
|---|--|
| Date adopted | 24.1.2023 |
| Result of final vote | +: 39 -: 3 0: 2 |
| Members present for the final vote | João Albuquerque, Atidzhe Alieva-Veli, Dominique Bilde, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, David Casa, Leila Chaibi, Ilan De Basso, Margarita de la Pisa Carrión, Özlem Demirel, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Rosa Estaràs Ferragut, Helmut Geuking, Alicia Homs Ginel, Agnes Jongerius, Irena Joveva, Radan Kanev, Katrin Langensiepen, Miriam Lexmann, Elena Lizzi, Sara Matthieu, Max Orville, Kira Marie Peter-Hansen, Dragoș Pîslaru, Dennis Radtke, Elżbieta Rafalska, Guido Reil, Daniela Rondinelli, Mounir Satouri, Monica Semedo, Romana Tomc, Marianne Vind |
| Substitutes present for the final vote | Abir Al-Sahlani, Konstantinos Arvanitis, Robert Biedroń, Krzysztof Hetman, Livia Járóka, Peter Lundgren |
| Substitutes under Rule 209(7) present for the final vote | Deirdre Clune, Jens Geier, Robert Hajšel, Mircea-Gheorghe Hava |

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

| 39 | + |
|-----------|---|
| ECR | Margarita de la Pisa Carrión |
| NI | Livia Járóka, Daniela Rondinelli |
| PPE | David Casa, Deirdre Clune, Rosa Estaràs Ferragut, Helmut Geuking, Mircea-Gheorghe Hava, Krzysztof Hetman, Radan Kanev, Miriam Lexmann, Dennis Radtke, Romana Tomc |
| Renew | Atidzhe Alieva-Veli, Abir Al-Sahlani, Lucia Ďuriš Nicholsonová, Irena Joveva, Max Orville, Dragoş Pişlaru, Monica Semedo |
| S&D | João Albuquerque, Robert Biedroń, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, Ilan De Basso, Estrella Durá Ferrandis, Jens Geier, Robert Hajšel, Alicia Homs Ginel, Agnes Jongerius, Marianne Vind |
| The Left | Konstantinos Arvanitis, Leila Chaibi, Özlem Demirel |
| Verts/ALE | Katrin Langensiepen, Sara Matthieu, Kira Marie Peter-Hansen, Mounir Satouri |

| 3 | - |
|-----|-----------------------------|
| ECR | Peter Lundgren |
| ID | Dominique Bilde, Guido Reil |

| 2 | 0 |
|-----|-------------------|
| ECR | Elżbieta Rafalska |
| ID | Elena Lizzi |

Key to symbols:

+ : in favour

- : against

0 : abstention