



2021/2106(DEC)

14.02.2022

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

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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) 2017/1371¹; 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

¹ [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, \(OJ L 198, 28.7.2017, p. 29\)](#)

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 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) 1303/2013² and Regulation (EU)

² [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](#)

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 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 Regulation⁴, Council Regulation (EU)

[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 \(OJ L 347, 20.12.2013, p.320–469\)](#)

³ [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 \(OJ L 231, 30.6.2021, p. 159–706\)](#)

⁴ [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 \(OJ L 193, 30.7.2018, p. 1\)](#)

2017/1939⁵, Regulation (EU) 2021/1060⁶ and Regulation (EU, Euratom) 2020/2092⁷, 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 (Regulation 2020/2092), despite its entry into force on 1 January 2021, and is therefore not fulfilling its duty as guardian of the EU treaties;

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

⁶ [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 \(OJ L 231, 30.6.2021, p. 159–706\)](#)

⁷ [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

Date adopted	25.1.2022
Result of final vote	+: 35 -: 0 0: 5
Members present for the final vote	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, Anđelika Anna Moždžanowska, Niklas Nienaaß, Andrey Novakov, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, Marcos Ros Sempere, André Rougé, Susana Solís Pérez, Irène Tolleret, Valdemar Tomaševski, Monika Vana
Substitutes present for the final vote	Daniel Buda, Dimitrios Papadimoulis, Peter Pollák, Bronis Ropė, Tomislav Sokol

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

35	+
ECR	Raffaele Fitto, Andželika Anna Możdżanowska, 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 Nienaß, 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