



**2022/0162(COD)**

6.12.2022

# **OPINION**

of the Committee on Regional Development

for the Committee on Budgets and the Committee on Budgetary Control

on the proposal for a regulation of the European Parliament and of the Council  
on the financial rules applicable to the general budget of the Union (recast)  
(COM(2022/0223) – C9-0179/2022 – 2022/0162(COD))

Rapporteur for opinion: Daniel Buda

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## AMENDMENTS

The Committee on Regional Development calls on the Committee on Budgets and the Committee on Budgetary Control, as the committees responsible, to take into account the following amendments:

### Amendment 1

#### Proposal for a regulation

##### Recital 1

*Text proposed by the Commission*

(1) A number of amendments are to be made to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>15</sup>. In the interests of clarity, that Regulation should be recast.

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<sup>15</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, 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* (OJ L 193, 30.7.2018, p. 1).

*Amendment*

(1) A number of amendments are to be made to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>15</sup>. In the interests of clarity ***and legal certainty***, that Regulation should be recast.

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<sup>15</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, 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* (OJ L 193, 30.7.2018, p. 1).

### Amendment 2

#### Proposal for a regulation

##### Recital 9

*Text proposed by the Commission*

(9) It is necessary to better reflect the specific nature and functioning of the provisioning of financial liabilities and of the budgetary guarantees. Certain definitions and rules on budgetary guarantees, budgetary commitments, legal

*Amendment*

(9) It is necessary to better reflect the specific nature and functioning of the provisioning of financial liabilities and of the budgetary guarantees. Certain definitions and rules on budgetary guarantees, budgetary commitments, legal

commitments, payment appropriations, recipients and publication of information on recipients should therefore be adjusted. A definition of the constitution phase of the provisioning of financial liabilities should be added. Additionally, definitions should be updated to reflect in particular amendments to procurement rules and the introduction of rules on non-financial donations.

### **Amendment 3**

#### **Proposal for a regulation**

##### **Recital 21**

###### *Text proposed by the Commission*

(21) In order to allow a rapid reaction in exceptional circumstances, the Commission should be able to accept in-kind donations, irrespective of their value, where such donations are made for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid. In order to ensure appropriate safeguards, the Commission should only accept such donations where acceptance is in accordance with the principles of sound financial management and transparency, does not give rise to conflicts of interest and does not harm the image of the Union. The donor should not be, at the moment of acceptance, in one of the exclusion situations under the early-detection and exclusion system and should not be registered as excluded in the corresponding database.

### **Amendment 4**

#### **Proposal for a regulation**

##### **Recital 24**

###### *Text proposed by the Commission*

(24) Considering the importance of

commitments, payment appropriations, recipients and publication of information on recipients should therefore be adjusted **and aligned**. A definition of the constitution phase of the provisioning of financial liabilities should be added. Additionally, definitions should be updated to reflect in particular amendments to procurement rules and the introduction of rules on non-financial donations.

###### *Amendment*

(21) In order to allow a rapid reaction in exceptional circumstances, the Commission should be able to accept in-kind donations **in a transparent manner**, irrespective of their value, where such donations are made for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid. In order to ensure appropriate safeguards, the Commission should only accept such donations where acceptance is in accordance with the principles of sound financial management and transparency, does not give rise to conflicts of interest and does not harm the image of the Union. The donor should not be, at the moment of acceptance, in one of the exclusion situations under the early-detection and exclusion system and should not be registered as excluded in the corresponding database.

addressing climate and environmental challenges and in order to ensure that budget implementation contributes to the achievement of the European Green Deal<sup>30</sup>, the concept of performance as regards the budget should be extended to include the implementation of programmes and activities in a sustainable way, which would not hinder the achievement of the environmental objectives of climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

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<sup>30</sup> The European Green deal, Communication from the Commission to the European Parliament, the European Council, the Council the European Economic and Social Committee and the Committee of the Regions, COM/2019/640 final.

addressing climate and environmental challenges and in order to ensure that budget implementation contributes to the achievement of the European Green Deal<sup>30</sup>, the concept of performance as regards the budget should, ***for the sake of completeness***, be extended to include the implementation of programmes and activities in a sustainable way, which would not hinder the achievement of the environmental objectives of climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

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<sup>30</sup> The European Green Deal, Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, COM/2019/640 final.

## Amendment 5

### Proposal for a regulation

#### Recital 27

##### *Text proposed by the Commission*

(27) In order to enhance the protection of the Union budget against fraud, corruption, conflicts of interest, double funding and other irregularities, standardised measures to collect, compare and aggregate information on the recipients of Union funding should be introduced. In particular, in order to effectively prevent, detect, investigate and correct frauds or remedy irregularities, it is necessary to be able to identify the natural persons that ultimately benefit, directly or indirectly, from Union funding and who ultimately profit from the misuse of EU funding. The

##### *Amendment*

(27) In order to enhance the protection of the Union budget against fraud, corruption, conflicts of interest, double funding and other irregularities, standardised ***financial and reimbursement requests and*** measures to collect, compare and aggregate information on the recipients of Union funding should be introduced. In particular, in order to effectively prevent, detect, investigate and correct frauds or remedy irregularities, it is necessary to be able to identify the natural persons that ultimately benefit, directly or indirectly, from Union funding and who ultimately

electronic recording and storage of data on the recipients of Union funding, including their beneficial owners as defined in Article 3, point (6), of Directive (EU) 2015/849 of the European Parliament and of the Council<sup>32</sup> and the regular making of those data available in a single integrated IT system for data-mining and risk-scoring provided by the Commission, should facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit and contribute to effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities. The Commission should be responsible for the development, management and supervision of the single integrated IT system for data-mining and risk-scoring. The Commission, the Member States, the persons or entities implementing the budget, the European Anti-Fraud Office ('OLAF') and other Union investigative and control bodies should have the necessary access to those data within the exercise of their respective competences. The rules related to the recording, storage, transfer and processing of data should comply with applicable **data protection rules**.

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<sup>32</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (OJ L 141 5.6.2015, p. 73).

## Amendment 6

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profit from the misuse of EU funding. The electronic recording and storage of data on the recipients of Union funding, including their beneficial owners as defined in Article 3, point (6), of Directive (EU) 2015/849 of the European Parliament and of the Council<sup>32</sup> and **their main contractors**, the regular making of those data available in a single integrated IT system for data-mining and risk-scoring provided by the Commission, should facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit and contribute to effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities. **The electronic storage of data and access to an integrated IT system would increase transparency at Union level, as well as public confidence in the way in which Union funds are being spent.** The Commission should be responsible for the development, management and supervision of the single integrated IT system for data-mining and risk-scoring. The Commission, the Member States, the persons or entities implementing the budget, the European Anti-Fraud Office ('OLAF') and other Union investigative and control bodies should have the necessary access to those data within the exercise of their respective competences. The rules related to the recording, storage, transfer and processing of data should comply with applicable **rules on the protection of data, know-how and trade secrets**.

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<sup>32</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (OJ L 141 5.6.2015, p. 73).

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**Proposal for a regulation**  
**Recital 29**

*Text proposed by the Commission*

(29) Without prejudice to the rules on the protection of personal data, the utmost transparency regarding information on recipients should be sought. The information on recipients of Union funds should be published on a dedicated website of Union institutions, such as the Financial Transparency System. Publication requirements should cover all methods of budget implementation, including by other Union institutions and bodies. To that end, Member States, persons and entities implementing the budget and other Union institutions and bodies should transmit to the Commission, at least on a yearly basis, information on their recipients of Union funding. That information should include at least the name, a unique identifier and the locality of the recipient, the amount committed **and** the purpose of the measure. That information should take into account relevant criteria such as the periodicity, the type and the importance of the measure.

**Amendment 7**

**Proposal for a regulation**  
**Recital 103**

*Text proposed by the Commission*

(103) In order to enhance the protection of the Union financial interests the early-detection and exclusion system should be reinforced. It is important to avoid that a person or entity in an exclusion situation is able to apply to, or to be selected for implementing funds, or to receive such funds under a programme in shared management. Where there is a final

*Amendment*

(29) Without prejudice to the rules on the protection of personal data, the utmost transparency regarding information on recipients should be sought. The information on recipients of Union funds should be published on a dedicated website of Union institutions, such as the Financial Transparency System. Publication requirements should cover all methods of budget implementation, including by other Union institutions and bodies. To that end, Member States, persons and entities implementing the budget and other Union institutions and bodies should transmit to the Commission, at least on a yearly basis, information on their recipients of Union funding. That information should include at least the name, a unique identifier and the locality of the recipient, the amount committed, the purpose of the measure, **the main contractor, the date of the signing of the contract and, where applicable the date of the last reimbursement request.** That information should take into account relevant criteria such as the periodicity, the type and the importance of the measure.

*Amendment*

(103) In order to enhance the protection of the Union financial interests the early-detection and exclusion system should be reinforced. It is important to avoid that a person or entity in an exclusion situation is able to apply to, or to be selected for implementing funds, or to receive such funds **under a programme in direct, indirect or shared management, or to be**

judgment or a final administrative decision, the authorising officer responsible should be able to exclude a person or entity, provided that the latter is in an exclusion situation and deemed as not reliable by having engaged in certain serious misconducts referred to in Article 139(1). In the absence of a final judgment or a final administrative decision, the authorising officer responsible should be able to exclude, on the basis of a preliminary classification in law made by the panel referred to in Article 146, having regard to facts and findings established in the context of audits or investigations carried out by European Anti-fraud Office (OLAF), European Public Prosecutor Office (EPPO), the European Court of Auditors (ECA) or any other check, audit or control performed under the responsibility of the authorising officer. Such exclusion should be registered in the early-detection and exclusion system database established under Article 138(1). Member States' authorities should take it into account by rejecting such persons or entities from being selected to implement Union funds or from receiving such funds. Payment applications from Member States under shared management, including expenditure related to a person or entity that has been excluded, should not be reimbursed. Where funds are disbursed to Member States under performance-based frameworks, specific rules shall apply, as set out in sector-specific legislation.

**contractor** under a programme in shared management. Where there is a final judgment or a final administrative decision, the authorising officer responsible should be able to exclude a person or entity, provided that the latter is in an exclusion situation and deemed as not reliable by having engaged in certain serious misconducts referred to in Article 139(1). In the absence of a final judgment or a final administrative decision, the authorising officer responsible should be able to exclude, on the basis of a preliminary classification in law made by the panel referred to in Article 146, having regard to facts and findings established in the context of audits or investigations carried out by European Anti-fraud Office (OLAF), European Public Prosecutor Office (EPPO), the European Court of Auditors (ECA) or any other check, audit or control performed under the responsibility of the authorising officer. Such exclusion should be registered in the early-detection and exclusion system database established under Article 138(1). Member States' authorities should take it into account by rejecting such persons or entities from being selected to implement Union funds or from receiving such funds. Payment applications from Member States under shared management, including expenditure related to a person or entity that has been excluded, should not be reimbursed. Where funds are disbursed to Member States under performance-based frameworks, specific rules shall apply, as set out in sector-specific legislation.

## **Amendment 8**

### **Proposal for a regulation Recital 115**

*Text proposed by the Commission*

(115) In order to further enhance the protection of the Union's financial

*Amendment*

(115) In order to further enhance the protection of the Union's financial



interests, it should be possible for the authorising officer to exclude or impose a financial penalty on beneficial owners and affiliated entities of the excluded entity that were involved in the misconduct of the excluded entity. The possibility to exclude beneficial owners and affiliated entities is intended to prevent that a person or entity that has been excluded from being selected to implement Union's funds could continue to participate in procurement and award procedures, through a new company or existing affiliated entities.

interests, it should be possible for the authorising officer to exclude or impose a financial penalty on beneficial owners and affiliated entities, **including the main contractors**, of the excluded entity that were involved in the misconduct of the excluded entity. The possibility to exclude beneficial owners and affiliated entities is intended to prevent that a person or entity that has been excluded from being selected to implement Union's funds could continue to participate in procurement and award procedures, through a new company or existing affiliated entities.

## Amendment 9

### Proposal for a regulation Recital 134

#### *Text proposed by the Commission*

(134) In order to improve governance and quality of interoperable digital public services, the Union institutions, the executive agencies and the Union bodies, such as those referred to in Articles 70 and 71 should follow and apply to the greatest possible extent the European Interoperability Framework.

#### *Amendment*

(134) In order to improve governance and quality of interoperable digital public services, **the Member States**, the Union institutions, the executive agencies and the Union bodies, such as those referred to in Articles 70 and 71 should follow and apply to the greatest possible extent the European Interoperability Framework.

## Amendment 10

### Proposal for a regulation Recital 140

#### *Text proposed by the Commission*

(140) In order to ensure efficient implementation of the Union budget, it is appropriate to further clarify the application of the principle of proportionality to indirect management. While the principle of proportionality cannot affect the nature of the obligations imposed by the relevant applicable legal framework, it should be systematically

#### *Amendment*

(140) In order to ensure efficient implementation of the Union budget, it is appropriate to further clarify the application of the principle of proportionality to indirect management. While the principle of proportionality cannot affect the nature of the obligations imposed by the relevant applicable legal framework, it should be systematically

used in the cooperation with Union implementing partners, in order to strike the right balance between protection of the Union's financial interests and preserving the Union's ability to implement its policies. Certain adjustments and restructuring of the relevant provisions should be made. This should not be interpreted as limiting in practice the necessary rights and access required for the authorising officer responsible, for EPPO in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, for OLAF, for the Court of Auditors, and, where appropriate, for the relevant national authorities, to comprehensively exert their respective competences.

used in the cooperation with Union implementing partners, in order to strike the right balance between protection of the Union's financial interests and preserving the Union's ability to implement its policies. Certain adjustments and restructuring of the relevant provisions, ***including a harmonisation of the control procedures between the Court of Auditors on the one hand and the national and regional levels on the other hand*** should be made. This should not be interpreted as limiting in practice the necessary rights and access required for the authorising officer responsible, for EPPO in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, for OLAF, for the Court of Auditors, and, where appropriate, for the relevant national authorities, to comprehensively exert their respective competences.

## Amendment 11

### Proposal for a regulation Recital 150

#### *Text proposed by the Commission*

(150) In light of the Covid-19 pandemic, it is appropriate to modify the definition of crisis, which applies in particular to the common provisions and to procurement in the field of external actions and covers public and animal health, food safety emergencies and global health threats. In order to allow the flexibility needed to ensure a rapid response to unforeseen circumstances of extreme urgency resulting from a crisis, the contracting authority should be allowed to apply simplified procurement rules, such as use of negotiated procedure without prior publication of a contract notice applicable to crisis situations and acceptance of evidence on exclusion and selection criteria from the presumed successful tenderer

#### *Amendment*

(150) In light of the Covid-19 pandemic ***and the impact of Russian military aggression against on Ukraine***, it is appropriate to modify the definition of crisis, which applies in particular to the common provisions and to procurement in the field of external actions and covers public and animal health, food safety emergencies and global health threats. In order to allow the flexibility needed to ensure a rapid response to unforeseen circumstances of extreme urgency resulting from a crisis, the contracting authority should be allowed to apply simplified procurement rules, such as use of negotiated procedure without prior publication of a contract notice applicable to crisis situations and acceptance of

after the award decision but in any case before the signature of the contract. The contracting authority should also have flexibility to exceptionally modify a contract or a framework contract, beyond the thresholds referred to in Article 176(3), without a procurement procedure in order to respond to a crisis. A declaration of crisis should be required in line with the relevant internal rules prior to having recourse to such simplified rules, except for procurement in the field of external action where such declaration is not required. In addition, the authorising officers responsible should justify case-by-case the extreme urgency resulting from the declared crisis.

evidence on exclusion and selection criteria from the presumed successful tenderer after the award decision but in any case before the signature of the contract. The contracting authority should also have flexibility to exceptionally modify a contract or a framework contract, beyond the thresholds referred to in Article 176(3), without a procurement procedure in order to respond to a crisis. A declaration of crisis should be required in line with the relevant internal rules prior to having recourse to such simplified rules, except for procurement in the field of external action where such declaration is not required. In addition, the authorising officers responsible should justify case-by-case the extreme urgency resulting from the declared crisis.

## **Amendment 12**

### **Proposal for a regulation Recital 158**

#### *Text proposed by the Commission*

(158) In line with the objectives of the Communication on the European Green Deal, progress towards implementation of greening aspects should be ensured by including, when relevant, for the calls for tenders, green selection or award criteria, which will incentivise the economic operators to offer more sustainable options.

#### *Amendment*

(158) In line with the objectives of the Communication on the European Green Deal, progress towards implementation of greening aspects should be ensured by including, when relevant, for the calls for tenders, green selection or award criteria, which will incentivise the economic operators to offer more sustainable options. ***Moreover, cohesion policy is an important tool in combating climate change and supporting the objectives of the Paris Agreement.***

## **Amendment 13**

### **Proposal for a regulation Recital 161**

#### *Text proposed by the Commission*

#### *Amendment*

(161) In order to ensure the absence of professional conflicting interests that may affect or risk affecting the capacity to perform the contract in an independent, impartial and objective manner, it is necessary to clarify the obligations of the contracting authority and of the candidates or tenderers. On the one hand, the candidates, tenderers, and, where appropriate, entities on whose capacity they rely as well as envisaged subcontractors should declare the absence of such conflicting interests, and to provide related information where requested. On the other hand, the contracting authority should assess the existence of such professional conflicting interests when declared or on the basis of additional information. Where such professional conflicting interests are established, this should lead to rejection from the award.

(161) In order to ensure the absence of professional conflicting interests that may affect or risk affecting the capacity to perform the contract in an independent, impartial and objective manner, it is necessary to clarify the obligations of the contracting authority and of the candidates or tenderers. On the one hand, the candidates, tenderers, and, where appropriate, entities on whose capacity they rely as well as envisaged subcontractors should declare the absence of such conflicting interests, and to provide related information where requested. On the other hand, the contracting authority should assess the existence of such professional conflicting interests when declared or on the basis of additional information ***without interfering or delaying the evaluation of the project.*** Where such professional conflicting interests are established, this should lead to rejection from the award.

#### **Amendment 14**

##### **Proposal for a regulation**

##### **Recital 165**

###### *Text proposed by the Commission*

(165) It is necessary to simplify the rules governing dynamic purchasing systems to enable contracting authorities to take full advantage of the possibilities afforded by that purchasing method. In particular, the systems should be operated in the form of a restricted procedure, thus allowing for any economic operator that submits a request to participate and meets the exclusion and selection criteria to take part in procurement procedures carried out through the dynamic purchasing system over its period of validity, which should not be limited to four years. Tenders may also be presented in the form of an electronic catalogue particularly for off-the-shelf products or services generally

###### *Amendment*

(165) It is necessary to simplify the rules governing dynamic purchasing systems ***reducing the time consuming procedures, including the resolving of the appeals,*** to enable contracting authorities to take full advantage of the possibilities afforded by that purchasing method. In particular, the systems should be operated in the form of a restricted procedure, thus allowing for any economic operator that submits a request to participate and meets the exclusion and selection criteria to take part in procurement procedures carried out through the dynamic purchasing system over its period of validity, which should not be limited to four years. Tenders may also be presented in the form of an

available on the market. Moreover, in order to reduce the administrative burden given the dynamic nature of the systems, the requirement to appoint an opening and evaluation committee should be waived for specific procurements under a dynamic purchasing system. Considering the progress in digitalisation of procurement procedures, it should be clarified that public openings for open procedures may be organised remotely via video conferences.

electronic catalogue particularly for off-the-shelf products or services generally available on the market. Moreover, in order to reduce the administrative burden given the dynamic nature of the systems, the requirement to appoint an opening and evaluation committee should be waived for specific procurements under a dynamic purchasing system. Considering the progress in digitalisation of procurement procedures, it should be clarified that public openings for open procedures may be organised remotely via video conferences.

## Amendment 15

### Proposal for a regulation Recital 178

#### *Text proposed by the Commission*

(178) Experience gained has shown that it is necessary to clarify in which cases a modification is considered altering the subject matter of the contract.

#### *Amendment*

(178) Experience gained has shown that it is necessary to clarify in which cases a modification is considered altering the subject matter of the contract **and the selection criteria**.

## Amendment 16

### Proposal for a regulation Recital 248

#### *Text proposed by the Commission*

(248) In order to provide a clear legal framework for the Union institutions to donate services, supplies or works, non-financial donations should be included as a new budget implementation instrument. This instrument should not be confused with the general framework of support provided by the Union to third countries which is of a broader nature but can include non-financial donations. In light of the COVID-19 pandemic, such an instrument should provide a stable legal

#### *Amendment*

(248) In order to provide a clear **and transparent** legal framework for the Union institutions to donate services, supplies or works, non-financial donations should be included as a new budget implementation instrument. This instrument should not be confused with the general framework of support provided by the Union to third countries which is of a broader nature but can include non-financial donations. In light of the COVID-19 pandemic **and the impact of Russian military aggression**

basis in particular for future crisis and emergency situations and ensure that the Union institutions have the appropriate budget support tools to help Member States, other persons and entities when support is most needed. That instrument should be implemented under direct management. Related provisions, such as definitions, suspension, termination and reduction, and evaluation committee should be adjusted accordingly.

*against Ukraine*, such an instrument should provide a stable legal basis in particular for future crisis and emergency situations and ensure that the Union institutions have the appropriate budget support tools to help Member States, other persons and entities when support is most needed. That instrument should be implemented under direct management. Related provisions, such as definitions, suspension, termination and reduction, and evaluation committee should be adjusted accordingly.

## **Amendment 17**

### **Proposal for a regulation Recital 256**

#### *Text proposed by the Commission*

(256) Some modifications regarding the transmission to the Commission of data on recipients for the purposes of publication, and regarding the electronic recording and storage of data on recipients and the use of the single integrated IT system for data-mining and risk-scoring to access and analyse those data should apply only to programmes adopted under and financed from the post-2027 multiannual financial framework in order to ensure a smooth transition by allowing sufficient time for the necessary adaption of electronic data systems and of relevant agreements, as well as the provision of guidance and training.

#### *Amendment*

(256) Some modifications regarding the transmission to the Commission of data on recipients for the purposes of publication, and regarding the electronic recording and storage of data on recipients and the use of the single integrated IT system for data-mining and risk-scoring to access and analyse those data should apply only to programmes adopted under and financed from the post-2027 multiannual financial framework in order to ensure a smooth transition by allowing sufficient time for the necessary adaption of electronic data systems and of relevant agreements, as well as the provision of guidance and training *for national, regional and local authorities*.

## **Amendment 18**

### **Proposal for a regulation Article 2 – paragraph 1 – point 1**

#### *Text proposed by the Commission*

(1) ‘applicant’ means a natural person

#### *Amendment*

(1) ‘applicant’ means a natural person

or an entity with or without legal personality who has submitted an application in a grant award procedure , in a non-financial donation award procedure or in a contest for prizes;

or an entity with or without legal personality who has submitted an application in a grant award procedure , in ***an award procedure for a loan guaranteed by the Union***, in a non-financial donation award procedure or in a contest for prizes;

## Amendment 19

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 5

##### *Text proposed by the Commission*

(5) ‘beneficiary’ means a natural person or an entity with or without legal personality with whom a grant agreement has been signed;

##### *Amendment*

(5) ‘beneficiary’ means a natural person or an entity with or without legal personality with whom a grant agreement, ***a loan agreement, non-financial donation agreement*** has been signed, ***or a prize has been awarded***;

## Amendment 20

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 20

##### *Text proposed by the Commission*

(20) ‘control’ means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention and detection and correction of fraud and irregularities and their follow-up, and the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. Controls may involve various checks, as well as the implementation of any policies and procedures to achieve the objectives referred to in the first sentence;

##### *Amendment*

(20) ‘control’ means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention and detection and correction of fraud and irregularities and their follow-up, and the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. Controls may involve various checks, ***including the coherence and the maintaining of the eligibility criteria throughout the implementation period***, as well as the implementation of any policies and procedures to achieve the



objectives referred to in the first sentence;

## Amendment 21

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 22 – point b

##### *Text proposed by the Commission*

(b) a situation caused by natural disasters, man-made crisis such as wars and other conflicts or extraordinary circumstances having comparable effects related, inter alia, to climate change, public **and** animal health, food safety emergencies and global health threats such as pandemics, environmental degradation, privation of access to energy and natural resources or extreme poverty;

##### *Amendment*

(b) a situation caused by natural disasters, man-made crisis such as wars and other conflicts or extraordinary circumstances having comparable effects related, inter alia, to climate change, **migratory flows causing instability in certain regions**, public, animal **and plant** health, food safety emergencies and global health threats such as pandemics, environmental degradation, privation of access to energy and natural resources or extreme poverty;

## Amendment 22

### Proposal for a regulation

#### Article 6 – paragraph 1

##### *Text proposed by the Commission*

1. The budget shall be established and implemented in accordance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in this Regulation.

##### *Amendment*

1. The budget shall be established and implemented in accordance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management, **respect for rule of law and fundamental rights** and transparency as set out in this Regulation.

##### *Justification*

*The addition of the respect for rule of law and fundamental rights among the principles is needed for reasons relating to the internal logic of the text and it is strictly linked to the modification proposed on art. 6, paragraph 2.*

## Amendment 23



**Proposal for a regulation**  
**Article 6 – paragraph 2**

*Text proposed by the Commission*

2. The establishment and implementation of the budget shall also comply with the provisions of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget.

*Amendment*

2. The establishment and implementation of the budget shall also comply with the provisions of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget ***and rules to combat corruption and mismanagement.***

**Amendment 24**

**Proposal for a regulation**  
**Article 33 – paragraph 2 – point d**

*Text proposed by the Commission*

(d) programmes and activities should be implemented to achieve their set objectives without doing significant harm to the environmental objectives of climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems, as set out in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>51</sup>.

*Amendment*

(d) programmes and activities should be implemented to achieve their set objectives without doing significant harm to the environmental objectives of climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems, as set out in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>51</sup> ***except for crisis situations as defined in Art. 2 point (22) of this Regulation when priority will be assigned to solving the crisis situation considering the impact on human life.***

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<sup>51</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance), OJ L 198, 22.6.2020, p. 13.

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<sup>51</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance), OJ L 198, 22.6.2020, p. 13.

## Amendment 25

### Proposal for a regulation

#### Article 36 – paragraph 2 – point d

*Text proposed by the Commission*

(d) prevention, detection, correction and follow-up of fraud , corruption, conflicts of interest, double funding and other irregularities , including through the electronic recording and storage of data on the recipients of Union funds including their beneficial owners, as defined in Article 3, point (6), of Directive (EU) 2015/849 , and through the use of a single integrated IT system for data-mining and risk-scoring provided by the Commission to access and analyse those data ;

*Amendment*

(d) prevention, detection, correction and follow-up of fraud , corruption, conflicts of interest, double funding and other irregularities , including through the electronic recording and storage of data on the recipients of Union funds including their beneficial owners **and main contractors** , as defined in Article 3, point (6), of Directive (EU) 2015/849 , and through the use of a single integrated IT system for data-mining and risk-scoring provided by the Commission to access and analyse those data ;

## Amendment 26

### Proposal for a regulation

#### Article 36 – paragraph 3 – point c

*Text proposed by the Commission*

(c) adequate audit trails and data integrity in data systems including electronic ones ;

*Amendment*

(c) adequate **and harmonized sectorial audit trails** audit trails and data integrity in data systems including electronic ones ;

## Amendment 27

### Proposal for a regulation

#### Article 36 – paragraph 6 – point a

*Text proposed by the Commission*

(a) the recipient's full legal name in the case of legal persons, the first and last name in the case of natural persons, their VAT identification number or tax identification number where available or another unique identifier at country level and the amount of funding. If a natural person, also the date of birth;

*Amendment*

(a) the recipient's **and the main contractor's** full legal name in the case of legal persons, the first and last name in the case of natural persons, their VAT identification number or tax identification number where available or another unique identifier at country level and the amount of funding. If a natural person, also the

date of birth;

## Amendment 28

### Proposal for a regulation

#### Article 36 – paragraph 7 – subparagraph 1

##### *Text proposed by the Commission*

The single integrated IT system for data-mining and risk-scoring shall be designed to facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit and contribute to effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities.

##### *Amendment*

The single integrated IT system for data-mining and risk-scoring shall be designed to facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit and contribute to effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities ***in order to protect Union's financial interests.***

## Amendment 29

### Proposal for a regulation

#### Article 36 – paragraph 7 – subparagraph 2

##### *Text proposed by the Commission*

The use of and access to the data processed by the single integrated IT system for data-mining and risk-scoring shall comply with applicable data protection rules and shall be limited to the Commission or an executive agency as referred to in Article 69, the Member States implementing the budget pursuant to Article 62(1), first subparagraph, point (b), the Member States that receive and implement Union funds pursuant to budget implementation under Article 62(1), first subparagraph, point (a), the persons or entities implementing the budget pursuant to Article 62(1), first subparagraph, point (c), OLAF, the Court of Auditors, EPPO and other Union investigative and control bodies, within the exercise of their respective competences.

##### *Amendment*

The use of and access to the data processed by the single integrated IT system for data-mining and risk-scoring shall comply with applicable data protection rules and ***rules on the protection of know-how and commercial interests and*** shall be limited to the Commission or an executive agency as referred to in Article 69, the Member States implementing the budget pursuant to Article 62(1), first subparagraph, point (b), the Member States that receive and implement Union funds pursuant to budget implementation under Article 62(1), first subparagraph, point (a), the persons or entities implementing the budget pursuant to Article 62(1), first subparagraph, point (c), OLAF, the Court of Auditors, EPPO and other Union investigative and control bodies, within the exercise of their

respective competences.

## **Amendment 30**

### **Proposal for a regulation**

#### **Article 56 a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 56 a*

***Budget implementation in accordance with the principle of respect for rule of law and fundamental rights***

- 1. The Commission shall implement the revenue and expenditure of the budget in accordance with the principle of respect for rule of law and fundamental rights, which is an essential precondition for sound financial management and effective EU funding.***
- 2. The Commission shall implement the revenue and expenditure of the budget in accordance with Regulation (EU, Euratom) 2020/2092 and ensure the full compliance with Article 2 TEU.***
- 3. The Member States shall cooperate with the Commission so that the appropriations are used in accordance with the principle of respect for rule of law and fundamental rights.***

#### *Justification*

*This new article on budget implementation in accordance with the principle of respect for rule of law and fundamental rights is needed for reasons relating to the internal logic of the text and it is strictly linked to the modification proposed on art. 6, paragraph 2.*

## **Amendment 31**

### **Proposal for a regulation**

#### **Article 63 – paragraph 5 – point b**

*Text proposed by the Commission*

*Amendment*

(b) an annual ***summary of the final***

(b) an annual ***control report by the***

audit **reports and of controls carried out**, including an analysis of the nature and **extent** of errors and weaknesses identified in systems, as well as corrective action taken or planned.

audit **authority of the Member State setting out the principal audit findings and conclusions**, including an analysis of the nature and **circumstances** of errors and weaknesses identified in systems, as well as corrective action taken or planned.

#### *Justification*

*The purpose of this addition is to bring more closely into line the provisions of Article 63(5)(b) of the Financial Regulation and those of Article 77(3)(b) of Regulation (EU) No 1060/2021 laying down common provisions for the programming period 2021-2027, clearly obviating the need to draw up two separate documents for the programming period 2021-2027: the annual summary drawn up by the managing authority and the annual control report drawn up by the audit authority.*

### **Amendment 32**

#### **Proposal for a regulation Article 168 – paragraph 5 – point b**

##### *Text proposed by the Commission*

(b) the procedures involving a call for expression of interest for contracts with a value below the thresholds referred to in Article 179(1), to preselect candidates to be invited to submit tenders in response to future restricted invitations to tender, or to collect a list of vendors to be invited to submit requests to participate or submit tenders;

##### *Amendment*

(b) the procedures involving a call for expression of interest for contracts with a value below the thresholds referred to in Article 179(1) **and Article 182 (1)**, to preselect candidates to be invited to submit tenders in response to future restricted invitations to tender, or to collect a list of vendors to be invited to submit requests to participate or submit tenders;

#### *Justification*

*Addition of Article 182(1) setting thresholds for external actions. Procedures involving calls for expression of interest are applicable to external actions, under point 13.1 of Annex I, which relates to both limit categories - referred to in Article 179 (1) (new) and Article 182 (1) (new).*

### **Amendment 33**

#### **Proposal for a regulation Article 212 – paragraph 5 – subparagraph 2**

*Text proposed by the Commission*

The Commission shall remain responsible for ensuring that the implementation framework for financial instruments and budgetary guarantees complies with the principle of sound financial management and supports the attainment of defined and time-bound policy objectives, measurable in terms of outputs and/or results. The Commission shall be accountable for the implementation of financial instruments and budgetary guarantees without prejudice to the entrusted entities' legal and contractual responsibility in accordance with the applicable law and Article 130.

*Amendment*

The Commission shall remain responsible for ensuring that the implementation framework for financial instruments and budgetary guarantees complies with the principle of sound financial management and supports the attainment of defined and time-bound policy objectives, measurable in terms of outputs and/or results. The Commission shall ***ensure that Union funds are used in an efficient, transparent and appropriate manner, keeping administrative and financial burdens to a minimum, in particular for local and regional authorities. The Commission shall*** be accountable for the implementation of financial instruments and budgetary guarantees without prejudice to the entrusted entities' legal and contractual responsibility in accordance with the applicable law and Article 130.

**Amendment 34**

**Proposal for a regulation**

**Annex I – Part 2 – point 34 – point 34.2 – paragraph 2**

*Text proposed by the Commission*

Where the total value of all the contracts to be awarded is equal to or greater than the thresholds referred to in Article 179(1), Article 167(1) and Articles 168 and 169 shall apply to each of the contracts.

*Amendment*

Where the total value of all the contracts to be awarded is equal to or greater than the thresholds referred to in Article 179(1) ***and pursuant to Article 182(1)***, Article 167(1) and Articles 168 and 169 shall apply to each of the contracts.

*Justification*

*Point 34 is not mentioned under point 37 (new) as exempt from external actions. We accordingly propose the inclusion of reference to the new Article 182(1), which sets out the thresholds for external actions.*

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Financial rules applicable to the general budget of the Union (recast)
<b>References</b>	COM(2022)0223 – C9-0179/2022 – 2022/0162(COD)
<b>Committees responsible</b> Date announced in plenary	BUDG                      CONT
<b>Opinion by</b> Date announced in plenary	REGI 12.9.2022
<b>Rapporteur for the opinion</b> Date appointed	Daniel Buda 15.6.2022
<b>Rule 58 – Joint committee procedure</b> Date announced in plenary	6.10.2022
<b>Discussed in committee</b>	6.10.2022
<b>Date adopted</b>	30.11.2022
<b>Result of final vote</b>	+:                      29 –:                      0 0:                      2
<b>Members present for the final vote</b>	Matteo Adinolfi, François Alfonsi, Stéphane Bijoux, Franc Bogovič, Vlad-Marius Botoș, Christian Doleschal, Matthias Ecke, Chiara Gemma, Krzysztof Hetman, Ondřej Knotek, Nora Mebarek, Alin Mituța, Dan-Ștefan Motreanu, Denis Nesci, Andrey Novakov, Younous Omarjee, Alessandro Panza, Marcos Ros Sempere, Susana Solís Pérez, Irène Tolleret, Monika Vana
<b>Substitutes present for the final vote</b>	Álvaro Amaro, Karolin Braunsberger-Reinhold, Daniel Buda, Isabel Carvalhais, Elena Lizzi, Bronis Ropé, Vera Tax, Stefania Zambelli
<b>Substitutes under Rule 209(7) present for the final vote</b>	Vasile Blaga, Carlo Fidanza

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

<b>29</b>	<b>+</b>
ID	Matteo Adinolfi, Elena Lizzi, Alessandro Panza, Stefania Zambelli
NI	Chiara Gemma
PPE	Álvaro Amaro, Vasile Blaga, Franc Bogovič, Karolin Braunsberger-Reinhold, Daniel Buda, Christian Doleschal, Krzysztof Hetman, Dan-Ștefan Motreanu, Andrey Novakov
RENEW	Stéphane Bijoux, Vlad-Marius Botoș, Ondřej Knotek, Alin Mituța, Susana Solís Pérez, Irène Tolleret
S&D	Isabel Carvalhais, Matthias Ecke, Nora Mebarek, Marcos Ros Sempere, Vera Tax
THE LEFT	Younous Omarjee
VERTS/ALE	François Alfonsi, Bronis Ropė, Monika Vana

<b>0</b>	<b>-</b>

<b>2</b>	<b>0</b>
ECR	Carlo Fidanza, Denis Nesci

Key to symbols:

+ : in favour

- : against

0 : abstention