The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,
– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381– C9-0258/2021)²,
– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
– having regard to the Commission's 2020 Annual Management and Performance Report for the EU Budget (COM(2021)0301),
– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),
– having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2020, together with the institutions’ replies³, the Court of Auditors’ report on the performance of the EU budget - Status at the end of 2020, together with the institutions’ replies⁴ and to the Court of Auditors’ special reports,
– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2020 (06001/2022 – C9-0061/2022),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission, the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the Official Journal of the European Union (L series).

2. European Parliament decision of 4 May 2022 on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency (now European Education and Culture Executive Agency) for the financial year 2020 (2021/2106(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,
– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,
– having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2020³,
– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),
– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,
– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 57, 27.2.2020.
⁴ OJ C 439, 29.10.2021, p. 3.
223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012\(^1\), and in particular Articles 69, 260, 261 and 262 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC\(^4\),


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the European Education and Culture Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year

2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Education and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).
3. European Parliament decision of 4 May 2022 on discharge in respect of the implementation of the budget of the Executive Agency for Small and Medium-sized Enterprises (now European Innovation Council and SMEs Executive Agency) for the financial year 2020 (2021/2106(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,
– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,
– having regard to the final annual accounts of the Executive Agency for Small and Medium-sized Enterprises for the financial year 2020³,
– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),
– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,
– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 57, 27.2.2020.  
⁴ OJ C 439, 29.10.2021, p. 3.  
223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, and in particular Articles 69, 260, 261 and 262 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular the first and second paragraphs of Article 66 thereof,


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the European Innovation Council and SMEs Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Innovation Council and SMEs Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).
The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,

– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,

– having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2020³,

– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),

– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,

– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


¹ OJ L 57, 27.2.2020.
³ OJ C 459, 12.11.2021, p. 7
⁴ OJ C 439, 29.10.2021, p. 3.
223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC⁴,

– having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency⁵,


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the Consumers, Health, Agriculture and Food Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the Consumers, Health, Agriculture and Food Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).
The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,

– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,

– having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2020³,

– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),

– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,

– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


¹ OJ L 57, 27.2.2020.
⁴ OJ C 439, 29.10.2021, p. 3.
223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC⁴,


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year

⁵ OJ L 50, 15.2.2021, p. 9.
2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).
The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,
– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,
– having regard to the final annual accounts of the Research Executive Agency for the financial year 2020³,
– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,
– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),
– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,
– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,

¹ OJ L 57, 27.2.2020.
⁴ OJ C 439, 29.10.2021, p. 3.
having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC,


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the European Research Executive Agency discharge in relation to the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those
decisions, to the Director of the European Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).
7. European Parliament decision of 4 May 2022 on discharge in respect of the implementation of the budget of the Innovation and Networks Executive Agency (now European Climate, Infrastructure and Environment Executive Agency) for the financial year 2020 (2021/2106(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,

– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,

– having regard to the final annual accounts of the Innovation and Networks Executive Agency for the financial year 2020³,

– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),

– having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2020, together with the agencies' replies⁴,

– having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


¹ OJ L 57, 27.2.2020.
⁴ OJ C 439, 29.10.2021, p. 3.
223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012\(^1\), and in particular Articles 69, 260, 261 and 262 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), and in particular the first and second paragraphs of Article 66 thereof,

– having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC\(^4\),


– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Grants the Director of the European Climate, Infrastructure and Environment Executive Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

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3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Climate, Infrastructure and Environment Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2020¹,

– having regard to the consolidated annual accounts of the European Union for the financial year 2020 (COM(2021)0381 – C9-0258/2021)²,

– having regard to the Commission’s report on the follow-up to the discharge for the 2019 financial year (COM(2021)0405), and to the detailed replies to the specific requests made by the European Parliament,

– having regard to the Commission's 2020 Annual Management and Performance Report for the EU Budget (COM(2021)0301),

– having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2020 (COM(2021)0292), and to the accompanying Commission staff working document (SWD(2021)0132),

– having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2020, together with the institutions’ replies³, and to the Court of Auditors’ special reports,

– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2020 (06001/2022 – C9-0061/2022),

– having regard to the Council’s recommendation of 15 March 2022 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2020 (06004/2022 – C9-0103/2022),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,

– having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,


¹ OJ L 57, 27.2.2020.

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(2) and (3) thereof,

– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2020;

2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission and executive agencies;

3. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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The European Parliament,

– having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2020, Section III – Commission,

– having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2020,

– having regard to Rule 99 of and Annex V to its Rules of Procedure,

– having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,

– having regard to the letter from the Committee on Agriculture and Rural Development,

– having regard to the report of the Committee on Budgetary Control (A9-0127/2022),

A. whereas the Union budget is a significant instrument for achieving common policy objectives, and on average represents 1.1 % of Union gross national income or 2.4 % of the Member States’ general government expenditure and total public spending in the Union;

B. whereas, when the Parliament grants discharge to the Commission, it verifies and evaluates whether or not funds have been used correctly and policy goals have been achieved after internal and external audits, thus confirming the regularity and the performance in terms of value for money of the Commission’s spending;

Political priorities

1. Recalls its strong commitment to the fundamental principles enshrined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), including sound financial management as set out in article 317 and the combating of fraud as set out in article 325;

2. Highlights the importance of the Union budget for achieving the Union’s political priorities, as well as its role in assisting Member States in unforeseen situations such as the COVID-19 pandemic and its consequences; stresses that sound and timely implementation of the budget contributes to addressing more efficiently and effectively the needs and challenges in different policy areas; warns that the implementation of the budget under time pressure may lead to an increase in errors and irregularities;
3. 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 contribution to improving the daily life of Union citizens;

4. Reiterates its deep concerns regarding the situation concerning the rule of law in a number of Member States, which is deeply worrying in its own right and leads to serious losses for the Union budget and underlines its requests to the Commission to use all available tools to halt the ongoing severe violations of the rule of law and limit the risk of such losses. This should include the immediate and full application of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget (the “Rule of Law Conditionality Regulation”) by sending a written notification under Article 6(1) of that Regulation to the Member States concerned;

5. Stresses that, in its resolution on the Commission’s 2020 Rule of Law Report, Parliament already called on the Commission to take immediate action under the Rule of Law Conditionality Regulation and to make full use of its existing investigation tools without further delay in order to address rule of law deficiencies in Member States that affect or seriously risk affecting the sound financial management of the Union budget; notes the recent ruling of the Court of Justice of the European Union (Court of Justice) confirming that the Rule of Law Conditionality Regulation is in accordance with the EU Treaties and in particular, pointing out that compliance with the common values on which the European Union is founded cannot be reduced to an obligation to accede to the Union and which it may disregard after accession; notes with deep concern that despite the recent ruling of the Court of Justice, and numerous calls from Parliament, the Commission did not yet apply the Rule of Law Conditionality Regulation; notes that the Commission has at last announced in April 2022 the triggering of the Conditionality Mechanism for the first time and recalls the importance of protecting the rights of the final recipients and beneficiaries of EU funding; is of the opinion that by not applying that Regulation, the Commission delays to perform its duty as Guardian of the Treaties;

6. Believes that the Commission’s annual Rule of Law report is a useful tool to monitor and assess the state of the Rule of Law in all Member States and on similar grounds; expresses its concerns, however, that the report will fail to improve the situation in the Member States without clear and specific recommendations to EU governments; stresses as well that the annual reports need to make a clear distinction between isolated shortcomings and systemic Rule of Law deficiencies; calls on the Commission to implement the recommendations contained in the Parliament’s Resolution of 24 June 2021 on the Commission’s 2020 Rule of Law report;

7. Insists that the Commission ensures that all organisations (Union or international) delivering external aid respect the rule of law and human rights in countries receiving that aid; stresses, in particular, the need to guarantee that no Union funds, by third parties and/or natural persons are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation;

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8. Underlines that further initiatives to ensure the protection of the Union budget have become even more essential with the entry into force of the NextGenerationEU instrument, through which the total disbursements from the Union budget will become much larger during the coming years; highlights that, on this backdrop, the Commission should also ensure that OLAF, the Court of Auditors (the “Court”) and EPPO have the necessary means and staff to investigate potential cases of fraud against the Union budget; notes that OLAF transferred 9 staff in 2020 and an additional 9 staff in 2021 to EPPO; is concerned that this significant reduction in staff could compromise the capacity of OLAF to efficiently fulfil its mandate due to lack of staff and overburdening; calls therefore for an increase in the establishment plan (particularly forensic and IT experts) of OLAF to compensate for the staff transfers to EPPO;

9. Notes that, based on Article 22 of the Recovery and Resilience Facility Regulation, the Member States are responsible for ensuring the protection of the financial interests of the Union; notes that the Commission plays an important role in ensuring that national audit systems provide for credible, reliable and relevant information; stresses that the Member States and the Commission's administrative capacities need to be scaled up to ensure sound financial management, which includes the effective prevention, detection and correction of fraud, corruption and conflicts of interest, as well as avoiding double funding; notes that the Commission is responsible for providing technical assistance and advisory services to improve the respective administrative capacities of the Member States; calls on the Commission to provide the discharge authority with an overview of the specific measures that have been taken to ensure appropriate staffing in the Commission and the relevant institutions (namely the Court, OLAF, EPPO, Europol and Eurojust) to carry out their respective responsibilities; calls on the Commission to provide a statement of assurance on the performance data for the implementation of the Facility in its Annual Management and Performance Report (AMPR);

10. Urges the Commission to promptly use the means at its disposal, such as the use of suspension instruments in cases where it has been confirmed that serious deficiencies in management and control systems exist;

11. Underlines that the fact that the Commission, after repeated demands from the Parliament to do so, still cannot present a list of the recipients who receive the largest share of Union funds under shared management, presents a major obstacle to both the assessment of Union expenditure-related risks as well as the overall transparency of its spending; finds the answers and explanations on this issue offered to the Parliament by the Commission as inadequate and the Commission’s efforts to establish such a database inefficient and unsuccessful;

12. Regards the long-lasting dispute on the conflict of interest between the Commission and Andrej Babis, the former Prime Minister of Czechia, as inefficient and unduly long; reiterates that no decisive action on Prime Minister Babis’ conflict of interest was taken and that the fact that in the end, the elections ended his conflict of interest, doesn’t reflect positively on the Commission; points to the fact that Prime Minister Babis has

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meanwhile negotiated the MFF and Recovery and Resilience Facility (RRF) on behalf of the Czechia;

13. Stresses the serious risk that the amount of outstanding commitments (RAL) continued to rise at the end of 2020 and that they reached a new record high of EUR 303.2 billion; acknowledges that a certain level of outstanding commitments is a natural consequence of the Union budget system with commitment appropriations and payment appropriations but underlines that an amount of outstanding commitments, which equals two full years of payment appropriations, creates a risk for the smooth operation of the budget in the future, which would be put under serious pressure, and could possibly create a serious risk to the liquidity of the Union budget; calls on the Commission to closely monitor the progress of implementation in Member States, in particular in cases of under-implementation and low absorption rates and to deliver a country-by-country analysis to the discharge authority, identifying the recurrent problems, as well as the measures taken to optimise the situation; regards the regular annual increase of outstanding commitments, in the light of upcoming NextGenerationEU instrument and much increased Union spending, a matter of priority for the Commission to prepare a detailed plan of actions in order to reduce the amount of outstanding commitments; calls on the Commission to present that plan to the discharge authority;

14. Regrets that, at the end of 2020, despite the experience gained from the previous MFF and the help and cooperation provided by the Commission through technical assistance, the cumulative absorption rate from the European Structural and Investment Funds (ESIF) continues to be approximately 7% lower than under the previous 2007-2013 MFF; encourages the Commission to continue its work with Member States, including through technical assistance in order to increase the ability of Member States 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 and fraud of Union funds; calls on the Commission to assist countries, where necessary, to find eligible projects, especially those with clear European added-value; asks the Commission to relaunch the task force for better implementation (TFBI) to increase the absorption rate and to develop best practices among the Member States;

15. Underlines its strong and repeated requests to the Commission and executive agencies to ensure the protection of the Union budget by making global and systematic use of digital and automated systems for reporting, monitoring and audit; remarks that this should include the establishment of a mandatory single interoperable database containing beneficiaries of funds from all Union programmes; acknowledges that the Commission proposed to make the use of a single data-mining and risk-scoring tool obligatory for funds under shared management and RRF; notes that this has not been retained in the adopted texts; highlights that such a system should build on unique identifiers for all recipients including information about their ultimate beneficiaries and should also automatically ensure the use of systems including, but not limited to, the data mining tool, ARACHNE, in order to provide for the best possible protection of Union finances; underlines that this integrated and interoperable system must enable the aggregation of all individual amounts received by the same beneficiary or beneficial owner into one total sum; notes that this digitalisation is overdue and indispensable given the cross-border nature of misuse of funds, fraud, misappropriations, conflicts of interest, double-funding and other systemic problems; underlines that this single datamining tool should be easily searchable and available for OLAF, EPPO and the
Commission, in order to enhance the protection of the Union budget and NextGenerationEU against irregularities, fraud and conflicts of interest;

16. Stresses the need to enlarge the areas where the Early Detection and Exclusion System (EDES) is used beyond direct management and requests the Commission to use it for all Union funds including funds under shared management: notes that, the EDES has to be used systematically to ensure that companies and beneficial owners who have been convicted in relation to fraud, corruption or other serious economic criminal activities cannot benefit from Union funds; stresses the need to harmonise the indicators in ARACHNE with the exclusion grounds of EDES to ensure that excluded economic operators are also visible in ARACHNE; calls for maximum interoperability between ARACHNE, EDES and other software to reduce the need to insert information items into various IT systems multiple times and keep the administrative burden as low as possible;

17. Requests the Commission to follow up on Parliament’s initiative report concerning the revision of the Financial Regulation\(^1\) and Parliament’s legislative initiative report (INL) on digitalisation of the European reporting, monitoring and audit\(^2\), which entails specific suggestions for revision of the Financial Regulation;

18. Welcomes the publication of the guide on avoidance of conflicts of interest under the Financial Regulation in April 2021 - after distribution to Member States in August 2020 - which promotes the uniform interpretation of the rules across all management modes; reiterates its call on the Commission to ensure proper evaluation of the preventive measures taken by the Member States to avoid conflicts of interest; emphasises that all forms of conflicts of interest are to be tackled efficiently and effectively including within the Union institutions;

19. Recalls that Commission’s audit reports, including for conflict of interest cases, should be published in a reasonable timeframe, helping to ensure that the recommended corrective and follow-up actions are implemented by the audited; recalls the stance of the Budgetary Control Committee, that even prior to the finalisation of an audit, the Commission has to share information with Parliament upon request in order to allow Parliament to exercise its function of political scrutiny;

20. Notes that the COVID-19 pandemic justified considerable changes to the 2020 budget in the form of transfers and amending budgets in order for the Union to give robust input in order to help alleviate the challenges arising from the COVID-19 pandemic, not least through the rapid development of vaccines; furthermore, notes that the COVID-19 pandemic meant that audits mainly had to be done remotely; welcomes the increase in digitalisation in the audit procedures, efficiency gains and cost savings from remote audits, but underlines that remote audits cannot fully substitute on-the-spot controls; also notes that the Commission, on the basis of its specific COVID-19-related risk assessment carried out in 2020, considers that the level of assurance was safeguarded

\(^1\) European Parliament resolution of 24 November 2021 on the revision of the Financial Regulation in view of the entry into force of the 2021-2027 multiannual financial framework, P9_TA(2021)0469;

\(^2\) European Parliament resolution of 23 November 2021 with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit in its proposal for the upcoming revision of the Financial Regulation, P9_TA(2021)0464.
and that its estimated risk at payment and risk at closure are representative of the level of error in the financial transactions;

21. Notes that both 2019 and 2020 Court annual reports attest “pervasive error in expenditure” and gives an adverse opinion on the legality and regularity of expenditure; recalls the repeated finding by the Court that the control mechanisms of the Commission and Member States are simply not reliable enough;

22. Acknowledges the gradual transition of the decommitment rules for the 2021-2027 programming period from the N+3 (2021-2026) to the N+2 (2027) for the shared management funds under the Common Provisions Regulation\(^1\) (CPR), as supported by Parliament; asks the Commission to cooperate and assists Member States in the timely implementation of their programmes; underlines that the current N+3 rule should not be used to slow down or delay the implementation, but to ensure sufficient time for projects to be realised;

23. Calls on the Commission and the budgetary authority to ensure the provision of sufficient funding for audits and controls of Union funds in light of the massive increase of funds to be disbursed during the coming years under the combined MFF and NextGenerationEU instrument; notes that the Commission will assess the control systems of the Member States and provide guidance to put in place sound monitoring and control systems; calls on the Commission to provide the discharge authority with detailed assessments of the audit and control systems for each Member State;

24. Reiterates its concern that the Commission only audits the achievement of milestones and targets before paying out RRF funds while leaving it to the Member States to ensure that public procurement or state aid rules have been complied with; notes that the Commission will carry out system audits to ensure that the Member States have put in place strong controls for the protection of the Union’s financial interests against conflicts of interest or serious irregularities; is, however, of the opinion that the Commission, as Guardian of the Treaties, should not only rely on Member States’ audits on compliance with applicable rules to ensure an equal playing field for investments under the RRF; therefore calls on the Commission to extend its audit activities beyond system audits to include checks on public procurement and state aid rules following its risk-based approach; recalls in this regard the severe loopholes in the national legislation in certain Member States regarding efficient controls and prevention of conflicts of interest;

25. Reiterates the need to better balance the further simplification of rules and procedures with better controls over the most repeated areas of irregular spending, develop training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all others relevant stakeholders; acknowledges progress made

through the 2018 revision of the Financial Regulation and the improvements introduced for the 2021-2027 spending programmes;

26. Stresses the increased importance of performance indicators, including the selection of indicators, definition of targets and milestones and monitoring and reporting in light of the new delivery models for the RRF and the reformed Common Agricultural Policy; welcomes in this regard the Commission's work to improve monitoring and reporting on performance of the Union budget with more streamlined and qualitative indicators, as reflected in the adopted basic acts of the 2021-2027 spending programmes; notes that milestones and targets as well as output indicators are different in nature; notes that the RRF further differentiates between investments and reforms; stresses that performance auditing is a new tool for the respective audit authorities; calls on the Commission to provide an overview of the complete audit cycle within the Member States, the Commission as well as an overview of the cooperation with the respective audit authorities including the Court, as well as OLAF and EPPO;

27. Encourages the Commission, the Court and the Council to work towards accelerating the discharge process to N+1, reminding them that this should not undermine the quality of the process;

28. Calls on the Commission to continue promoting gender balance and a gender budgeting approach in all areas of Union spending in a concise and concrete manner; welcomes the Commission's progress towards gender mainstreaming methodology and the development of a pilot methodology for the tracking of gender-related expenditure under the MFF 2021-2027; asks the Commission to inform Parliament about its feasibility test on Union funding programmes in the context of the draft budget 2023;

29. Reiterates the need to step up the efforts in the fight against fraud both at Union and Member State level, in close cooperation with EPPO and OLAF; appreciates the remarkable efforts and stresses the role of EPPO in the investigation and prosecution of fraud and other criminal offences affecting the financial interests of the Union; recalls the importance of providing EPPO and OLAF with sufficient financial and human resources;

30. Welcomes the establishment of new own revenues in order to repay, from 2028, the loans granted under NextGenerationEU (about EUR 15 billion per year until 2050) with a view to ensuring a better protection of the Union budget; notes that by doing so, the Union's debt burden will not be borne by future generations and essential Union programmes such as Horizon Europe, ESF+, Erasmus+, will not have to be reduced;

31. Is particularly concerned by the Court’s repeated findings that the work of some national audit authorities or certifying bodies is considered too error-prone and therefore unreliable, which compromises the reliability of data for the AMPR; regrets that the Commission has not followed up on this specific comment, which was included in the 2019 Commission discharge resolution; expect the Commission to provide clarifications on this aspect;

The Court's statement of assurance and budgetary and financial management
32. Welcomes that, for the year 2020, the Court finds that the accounts of the Union are reliable, in accordance with the Financial Regulation and that, the revenue side of the budget is free from material error;

33. Regrets that, for the year 2020, the Court has again issued an adverse opinion on the legality and regularity of the expenditure side of the budget and at the same time stresses that the level of error at 2.7% in 2020, which is the same as for the year 2019, may only be the minimal level of error due to the detection risk linked to the fact that the Court was not able to perform any on-the-spot checks because of the restrictions imposed as a result of the COVID-19 pandemic; underlines, however, that an error rate does not automatically imply fraud and notes that, in 2020, six possible fraud cases were reported by the Court to the Union’s Anti-Fraud Office (OLAF) compared to nine in 2019; reiterates the need to step-up efforts in the fight against fraud both at Union and Member State level, in close cooperation with EPPO and OLAF;

34. Notes that the Court audited transactions of EUR 147,8 billion compared to the actual spending of EUR 173,3 billion and that high-risk expenditure, which is primarily based on reimbursement, represented EUR 87,2 billion of the audit population while low-risk expenditure, which is primarily entitlement-based expenditure, represented EUR 60,6 billion;

35. Notes with concern that based on 728 audited transactions checked by the Court, the estimated level of error for high-risk expenditure continues to be well above the materiality threshold at 4.0% while the estimated level of error is below the materiality threshold for low-risk expenditure;

36. Reiterates the requests made by Parliament to the Court in the discharge resolutions in recent years, namely to define the error rate also for low-risks payments, and for each expenditure in the MFF, to expand the chapter on "Administration" in order to have a more in-depth analysis on all institutions and to qualify the impact of the corrective measures on the overall level of error;

37. Notes with growing concern that the Union balance sheet shows that the total liabilities at the end of 2020 were EUR 313,5 billion, an increase of EUR 62,0 billion or 24,7% compared to the previous year (EUR 251,5 billion);

38. Notes that the United Kingdom left the Union on 1 February 2020 and that the Union accounts on 31 December 2020 showed a net receivable due from the United Kingdom of EUR 47,5 billion, based on the obligations defined in the Withdrawal Agreement;

39. Notes that 2020 was the last year of the 2014-2020 MFF; highlights that the budget for 2020 and the amending budgets amounted to a total of EUR 173,9 billion in commitments out of which EUR 172,9 billion was actually committed while the budget and the amending budgets amounted to EUR 164,1 billion in payments out of which 161,8 was actually spent; notes, furthermore, that payments of EUR 9,9 billion in assigned revenue and EUR 1,6 billion in carry overs were made, bringing the total payments to EUR 172,4 billion;

40. Notes with a concern that there seems to be little progress in the cumulative absorption rate for ESIF funds, which was still only 55% (7% lower than at the end of the last year of the previous MFF), although the annual absorption rate in 2020 was the same as
the final year of the previous 2007-2013 MFF (15\%). Notes that, at the end of 2020, 45% of the total commitments under the ESIF funds for the period 2014-2020 equal to EUR 209 billion have not paid out and constitute the main part of the total outstanding commitments (RAL) of EUR 303 billion;

41. Takes note of the detailed replies to the specific requests made by Parliament complementing the report from the Commission on the follow-up to the discharge for the 2019 financial year (COM(2021)0405 final);

Special circumstances due to the COVID-19 pandemic

42. Notes that the COVID-19 pandemic has resulted in the relaxation of applicable rules to provide additional liquidity, as well as exceptional and necessary flexibility for COVID-19 related expenditure, including at the level of administrative rules and controls in the interest of rapid reaction; is concerned that this increases the risk of non-transparent procedures, misuse and fraud by criminal structures attempting to abuse the crisis situation; notes information from OLAF on criminal activities concerning personal health and safety equipment and fake vaccine offers; stresses the need for ex-post controls and audits in this regard;

43. Notes that according to non-published information provided to the Court, the Commission provided EUR 12.9 billion in commitments under direct and indirect management and EUR 34.2 billion in commitments under shared management for purposes related to the COVID-19 pandemic during 2020; regrets that the Commission has not yet published a report on COVID-19 related expenditure;

44. Regrets that the COVID-19 pandemic made it much more difficult to carry out on-the-spot checks and audits; notes however that the Commission, on the basis of its specific COVID-19-related risk assessment carried out in 2020, considers that the level of assurance was safeguarded and that its estimated risk at payment and risk at closure are representative of the level of error in the financial transactions; underlines the need for more in-person audit visits in the coming period to ensure sound audit management;

Special circumstances due to the NextGenerationEU instrument

45. Notes that the NextGeneration EU instrument along with the 2021-2027 MFF will significantly increase the combined funding allocation to more than EUR 1 800 billion;

46. Notes furthermore that much of the regulation for the underlying spending programmes for the new MFF period has been adopted comparably later than during the previous MFFs, which will inevitably lead to delays in programming and implementation;

47. Stresses that the combined effect of the new NextGenerationEU instrument and the delays in adoption of legislation risks putting serious pressure on administrative capacities in Member States and the Commission, which again may lead to more errors, less control and potential losses for the Union budget;

48. Notes that the use of data-mining and risk assessment instruments such as ARACHNE can help prevent and safeguard against conflicts of interest, fraud, corruption and double funding. Notes that the information on the beneficiaries of the programme as well as data on the beneficial owner needs to be collected by the Member States. The Anti-Money Laundering Directive requires a central Union platform, which has been set
up, but not all Member States have connected to it yet; notes that central registers of beneficiary data exist in Member States, but not all contain beneficial owner data;

49. Notes that monitoring tools are essential for the audit of the implementation of milestones and targets; notes that Member States are required to use the FENIX system developed and made available by the Commission; welcomes the Recovery and Resilience Scoreboard set up by the Commission to provide a visual and user-friendly overview of the progress made in the implementation of the Recovery and Resilience Facility which fosters the transparency, public scrutiny and accountability of the Facility;

50. Notes that, according to Article 60 of the RRF Regulation, the Commission should transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents and information simultaneously and on equal terms to Parliament and to the Council;

51. Notes that the European Parliament set up a RRF working group, which establishes a dialogue between Members of the respective Committees and the Commission; notes that the involvement of Parliament and the Council is crucial to ensuring democratic oversight and scrutiny; stresses that the early and complete transmission of documents to Parliament and the Council will be an important and decisive element in the discharge procedure;

52. Notes that, according to Article 31 of the RRF Regulation, the Commission should present an annual report on the implementation of the Facility to the Parliament and to the Council by 31 July 2022;

53. Notes that the Court estimates that the total exposure of the Union budget due to the NextGenerationEU instrument will increase significantly over the coming years and might reach EUR 940 billion by the end of 2023, which represents a huge increase from EUR 132 billion at the end of 2020;

54. Requests the Commission to identify additional possibilities to further strengthen the absorption capacities of the Member States by investing in the administrative capacities, trainings and digitalisation of fund management;

Recommendations

55. Calls on the Commission to:

   a. carry out analysis for each individual Member State of the funds received and status of implementation, at the latest in May for the previous budgetary year, in the context of an annual report foreseen under Article 31 of the RRF Regulation; expects the Commission to publish the annual report for the first time early in the second half of 2022 and to promptly inform the discharge authority about the findings;

   b. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish a compulsory integrated and interoperable system building on, but not limited to, existing tools and databases in the context of the upcoming revisions of the Financial Regulation; develop the Recovery and Resilience Scoreboard to
ensure that the description of milestones and that the target and outcome of the audit are transparent; ensure that all Member States use the systems and central registers to report on beneficial owners and end beneficiaries;

c. carry out a series of ex-post on-the-spot checks and controls of national public procurements using Union funds and take note of the audits or media reports already carried out, which point out a considerable risk to legality of these procedures;

d. to transmit, subject to clearance of sensitive or confidential information, or to appropriate confidentiality arrangements if necessary, relevant documents such as the Summary of Audits (SoA) and information to the discharge authority in a timely manner;

e. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all relevant stakeholders; provide the discharge authority with an overview of the trainings conducted;

f. follow-up on the recommendations issued by the Court, including a comprehensive and standardised report on expenditure related to the COVID-19 pandemic;

g. share the outcomes on budgetary control contents in light of the review report with the discharge authority by conducting a meeting with the respective committee;

h. intensify its work to ensure that the funds under the RRF are used for projects that lead to structural reforms and investments which achieve Union added value and that double funding of projects is avoided; urges the Commission to not only rely on compliance audits by the Member States concerning applicable rules such as public procurement and state aid rules, but to extend its audit activity beyond system audits in a risk-based approach;

i. ensure that its reporting on the total financial exposure of the Union budget is clear and timely in order for the audit authorities and the public in general to have a clear picture of how the exposure develops in the coming years;

j. develop a methodology and multiply ex-post controls and on-the-spot missions regarding the use of NextGenerationEU funds and their impacts on the Member States’ recovery;

k. increase the administrative capacity of the Commission and Member States and propose adequate budget lines for the Court, EPPO and OLAF in relation to the implementation of the new upcoming tasks related to the NextGenerationEU instrument in order to protect Union finances;

l. to finalise a concise and concrete gender mainstreaming methodology for use across the budget through targeted and effective incentives by the end of 2022 at the latest, and to follow the recommendations of the Court in its Special Report on gender mainstreaming in the Union Budget;
Annual management and performance report and performance of the Union budget

56. Notes that the Court bases its AMPR on the information retrieved from several reports by the Commission; notes that the Court supplements this information with recent findings from its own audit and review work; notes that the Court reviews the Commission’s performance information for plausibility and consistency with their findings, but not for its reliability;

57. Takes note that, for 2020, out of 51 directors-general (or equivalent), 11 directors-general issued a total of 19 reservations and that the total financial impact of the reservations was EUR 1 219 million;

58. Underlines that auditing the performance of the Union budget is equally as important as compliance auditing in order to get a comprehensive view, not only of the legality of spending as well as the effectiveness, efficiency and economy of the spending, but also of the results achieved and the priorities and targets met; points to the numerous recommendations issued by the Court, as well as the discharge authority, that the Commission should pay much more attention to assessing the results, outcomes and impacts of its policies and programmes (effectiveness), beyond presenting sheer numbers of funds spent or people involved in individual programmes (efficiency);

59. Notes that the better regulation approach helps the Commission in identifying lessons learnt from past implementation of policies and programmes; highlights that all spending programmes should be reviewed by the Commission, points out that cost-effectiveness and cost-benefit analyses are important tools in budget control to review the spending; calls on the Commission to include more qualitative information that shows the Union added value of spending programmes; welcomes that the Regulatory Scrutiny Board contributes to improving the quality of evaluations and impact assessments; calls on the Commission to implement the recommendations given by the Regulatory Scrutiny Board and to sufficiently justify when comments have not been taken into account;

60. Notes that the CPR for the seven shared management funds for the period 2021-2027, was not subject to an impact assessment, since the CPR sets common rules and delivery mechanisms for other policies; welcomes that funds-related regulations were accompanied by their own impact assessments; notes that important evaluations of the CAP were not available before the impact assessment was made concerning the CAP reform;

61. Underlines that it is important that the Commission continues to draw lessons from the performance of the programmes also after the end of the MFF period because some results and impacts may only be evident several years after the end of the MFF period especially for programmes with large amounts of outstanding commitments and include these observations and conclusions in its reports to be shared with the discharge authority;

62. Takes note that the Court, in this year’s Annual report, reviewed the Commission’s reporting on financial corrections and recoveries and is worried that it found it to be complex and not always clear; call on the commission to make sure that its reporting gives a clear idea of the amount of irregular expenditure corrected and returned to the Union budget;
63. Calls on the Commission to do a more accurate follow up on the recommendations issued by the Court and engage with Parliament’s reliable scrutiny and discharge processes in order to better control the implementation of the new delivery models, as well as the RRF and the reformed Common Agricultural Policy;

64. Reiterates its concerns about the Court’s assessment that the monitoring data from Member States, on which the AMPR and the programmes statements are based, is not fully reliable; regrets, in particular, the Court’s reiterated evaluation on the AMPR in the Cohesion areas, because of shortcomings of the audit authorities work and the issues identified regarding the residual error rates reported in the Annual Activity Reports (AARs) of DG EMPL and DG REGIO;

65. Takes note of the Commission’s statement that it is not required to align its methodology to the one used by the Court, but regrets that it leads to very different figures, in particular in the competitiveness area, where the Commission’s estimate of the risk at payment for this MFF heading is even below the Court’s range for the estimated level of error; calls on the Commission to step away from a strictly legal requirement and seriously engage in a reflection process on its methodology to ensure that the Court and Commission figures may be more comparable;

66. Underlines its strong and repeated requests to ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; urges the Commission to establish an integrated and interoperable system building on but not limited to existing tools and databases;

Revenue

67. Takes note that revenue accounted for EUR 174,3 billion in 2020: of this amount, EUR 123 billion (70,6 %) comprised gross national income-based own resources, EUR 19,9 billion (11,4 %) traditional own resources (TOR), EUR 17,2 billion (9,9 %) value added tax-based own resources, EUR 8,2 billion (4,7 %) contributions and refunds connected with Union agreements and programmes, EUR 3,2 billion (1,8 %) surplus from the previous year, and EUR 2,8 billion (1,6 %) other revenue;

68. Notes that the Court examined a sample of 55 Commission recovery orders, designed to be representative of all sources of revenue, as well as the Commission’s systems, the TOR accounting in three Member States, and the AARs of the Directorate-General for Budget (DG BUDG) and Eurostat; welcomes that none of the sample elements were affected by a quantifiable error; welcomes that for revenue, the Court has found that that the level of error was not material and that the revenue-related systems were generally effective;

69. Underlines the evaded amounts not captured in Member States’ TOR accounting systems do not fall within the scope of the Court’s audit opinion on revenue; takes note that since the difference between the theoretical level of import duty that should be collected for the economy as a whole and actual import duty collected (the ‘customs gap’) may affect the amounts of duties established by the Member States, the Court has assessed, for the second year in a row, the Union action taken to reduce the gap and mitigate the risk that TOR are not complete;
Notes with great concern that the Court found that in 2020, the Commission closed its verification cycle in respect of GNI data for own resources from the year 2010, a 10-year gap; highlights that as a result of the verification cycle closure, the Commission set a large number of GNI reservations in respect of specific compilation procedures in the Member States that called for improvement; remarks that this significantly increases budgetary uncertainty in the national budgets in relation to the GNI-based contribution; is concerned by the Court finding that the impact of globalisation on GNI is not properly addressed and the Union revenue could be affected as a result;

Notes with concern that there is insufficient harmonisation of control systems to safeguard the Union’s financial interests mainly due to weaknesses that allow the Member States to differ significantly in the way they implement them; notes that the Court has found persistent weaknesses in the effectiveness of control systems at the level of both the Commission and the Member States, the most important of which affect the Commission’s closure of the GNI verification cycle and the reliability of the TOR statements in one Member State;

Is concerned that despite improvements, the number of VAT reservations and TOR open points remains high, and that weaknesses persist in Member States’ accounting and management of TOR; notes with concern that the Court has found a lack of systematic monitoring of import data and insufficiently harmonised customs controls at Union level;

Notes with concern that for the fifth year in a row, DG BUDG has maintained the reservation that the TOR amounts transferred to the Union budget are inaccurate as a result of an undervaluation of textiles and shoes imported from China during the period from 2011 to 2017; notes the Court of Justice’s judgement of 8 March 2022 declaring that the United Kingdom has failed to fulfil its obligations by failing to apply effective customs control measures and by failing to make the correct amount of traditional own resources available to the Commission, in respect of the imports concerned;

Notes that the Court partly rejected the Commission’s calculation due to considerable uncertainty regarding the accuracy of the amounts of own resources claimed by the Commission and the Commission has not established the full amounts to the requisite legal standard; notes that the Court approved the method used by the Commission for estimating the amount of TOR losses for part of the infringement period and stated that it is for the Commission to recalculate the losses of Union own resources that are still due; calls on the Commission to explain to the discharge authority what the errors in the calculation consisted of, how it intends to remedy the error in the calculation of the losses to the requisite legal standard and inform the discharge authority about the result of the new calculations;

Recommendations

Calls on the Commission to:

a. ensure the uniform application of customs controls, and to develop and implement a fully-fledged analysis and coordination capacity at Union level;
b. review and update its approach to verifying Member States’ GNI data in future multiannual cycles to further streamline the process and reduce the period over which GNI data remain open after the end of the cycle;

c. in cooperation with the Member States, continue to improve the capture of globalisation in national accounts to address the GNI reservation in this area for the years 2018 onwards, and if needed, to reassess the quality of the GNI data of previous years, to inform the budgetary authority of the possible implications of the resulting revised statistics for the revenue budget since 2010;

d. ensure that for all Member States their monthly and quarterly TOR statements are reliable, by solving weaknesses in their customs IT system in relation to the lack of audit trail, the risk of double entries, and the incorrect allocation of partial payments;

e. take action in the fight against fraud in e-commerce and VAT collection, particularly by making use of the additional benefits of digital means available for tracking invoices and VAT payments;

f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;

**Competitiveness for growth and jobs**

76. Notes that the MFF subheading 1a ‘Competitiveness for growth and jobs’ accounts for 13,9 % or EUR 24,1 billion of the Union budget: of this amount, EUR 13,6 billion (56,4 %) is spent on research, EUR 3,1 billion (12,8 %) on education, training, youth and sport, EUR 2,4 billion (10,2 %) on transport and energy, EUR 1,6 billion (6,5 %) on space, and the rest on other actions and programmes; recalls the total planned expenditure under this sub-heading of the 2014-2020 MFF is EUR 142 billion, of which EUR 104,6 billion had been paid out by the end of 2020;

77. Recognises that small and medium-sized enterprises (SMEs) have to be at the heart of any considerations concerning the competitiveness for growth and jobs, as SMEs provide 6 out of 10 jobs and 8 out of 10 apprenticeships in some Member States, and are responsible for close to 60 % of the added value created in the Union;

78. Notes that the Court examined a sample of 133 transactions, designed to be representative of the full range of spending under this MFF subheading; notes that the Court also examined the regularity of information in the AARs of the Directorate-General for Research and Innovation (DG RTD), the Directorate-General for Communications Networks, Content and Technology (DG CONNECT) and the Innovation and Network Executive Agency (INEA), which the Commission then included in its AMPR;

79. Notes with concern that the Court has estimated the level of error to be 3,9%, mainly derived from errors related to ineligible costs, absence of essential supporting documents, or issues with the contract notices on tender documents; underlines that the
Court has found that FP7 and H2020 spending remains higher-risk and is the main source of errors;

80. Notes with concern that personnel costs continue to constitute the principal source of error, notably in research expenditure; regrets that the rules for declaring personnel costs under H2020 remain complex, despite simplification efforts; welcomes a number of simplifications specifically targeting SMEs under Horizon 2020, such as a single flat rate for indirect costs, including personnel costs;

81. Notes that beneficiaries can only claim personnel costs for tasks carried out by a natural person working under a direct contract, while costs for subcontracted tasks are not eligible; notes the Court’s observation that SMEs, who do not have enough own staff, are particularly error-prone to claiming the costs of external consultant’s services or freelancers as personnel costs;

82. Notes that the Commission has reinforced its information campaign targeting error-prone beneficiaries, such as SMEs and first-time applicants with limited experience and resources for the application process; notes that the Commission held six webinars in 2020 reaching around 7500 direct participants; is of the opinion that the Commission can further extend its information activities; underlines the importance of providing information to potential applicants in their native language, particularly on complex rules such as personnel costs and subcontracting costs;

83. Recalls that the Commission set out to establish a stronger role for the Union as a leading actor in the space sector during the 2021-2027 MFF; highlights the importance of SMEs and start-ups in all aspects of space policy, in particular launcher infrastructure, rockets, satellites as well as up and downstream services; is concerned by tenders launched in the field of space policy, particularly concerning the union’s satellite-based connectivity system that excluded SMEs by introducing exceptionally high burdens that no small enterprise could fulfil; requests the Commission to provide an overview of (a) the outcomes of all tenders in 2020, (b) how many tenders were partially or totally won by SMEs or start-ups, (c) how many tenders were won without any participation from SMEs or start-ups, (d) how many tenders were won by large companies, and (e) an overview of all tenders in 2020 that excluded SMEs by design of the tender;

84. Draws attention to the fact that approximately 20 % of ex post audits of the entire H2020 family are carried out by DG RTD’s Common Audit Service (CAS), and 80 % are carried out on its behalf by private audit firms; notes with concern that the Court found that sampling at the level of the cost statements audited was not always in line with established procedures, highlights that despite the improvements introduced by the Commission, the representative error rate is potentially understated; expresses concerns that weaknesses in the ex post audits by the CAS still persist;

85. Regrets that the level of excellence in research continues to differ significantly across Member States; notes that studies have recommended that researchers, experts and other national actors from institutions of lower levels of excellence be encouraged to participate actively in joint research teams including researchers and institutions with the highest level of excellence; is aware that the main responsibility lies with the Member States and their investment in education, but underlines that the Commission
can contribute to spreading excellence; welcomes the increased budget for widening activities for Horizon Europe;

86. Takes note that the audit work on FP7 is complete; regrets that the AARs of DG RTD and DG CONNECT confirm that the cumulative residual error rate for FP7 is above 2\%; acknowledges that because of the de minimis threshold for financial reservations introduced in 2019, neither DG reported a quantified reservation;

87. Notes with concern that with regard to H2020, DG RTD reported an expected representative error rate of 2.95\% for all DGs and other Union bodies managing Union research spending; takes note that the residual error rate is 2.24\% for DG RTD and 2.20\% for DG CONNECT; notes with concern that the Commission does not consider that a reservation needs to be set for Horizon 2020 expenditure; takes note that the implementing bodies strive to provide reasonable assurances of a risk of error within a range of 2-5\%;

88. Welcomes the Court’s report on the performance of Erasmus+, which represents 13.3\% of the total payments made by the end of 2020 for this MFF heading, based on the 2020 AMPR, the programme statements for the 2022 draft budget, and key evaluations and other reports;

89. Welcomes the Court’s assessment that the scale and scope of Erasmus+ created added value and that its efficiency has been improved by its simplification compared to predecessor programmes; notes the Court’s view that the Commission has not taken gender equality into account across all aspects of Erasmus+, and that the programme statement for Erasmus+ did not provide a financial estimate of the programme’s contribution to gender equality; recalls that while there are significant gender differences between study fields, 58% of the total number of participants in the programme are women;

90. Notes with concern that female researchers are underrepresented in Horizon 2020 representing only 36\% of researchers (28\% in projects from the European Research Council (ERC), 42\% in Marie-Sklodowska Curie grants and 31\% in the other parts of the Programme);

91. Appreciates that the 2020 Nobel Prize in Chemistry was awarded to an Horizon 2020-funded researcher, who was the 10th participant funded by this programme to be honoured with a Nobel Prize to date;

92. Notes that, in 2020, 1 173 projects were funded through the ERC programme in Horizon 2020 and 1 255 principal investigators received funding; also notes that currently among the hosting institutions there are institutions from 25 Member States and among the principal investigators there are nationals of 23 Member States; notes further that since 2014 the Marie Skłodowska-Curie actions have supported the mobility and training of around 69 000 researchers thus exceeding its target of 65 000 researchers;

93. Welcomes that the Connecting Europe Facility (CEF) deployed digital service infrastructures that ensure the cross-border interoperability of online services for citizens, businesses and public administrations in the Union; underlines that almost
EUR 630 million has been invested in the Union-wide interoperability of specific digital services such as eHealth, public open data, electronic identification and cybersecurity;

94. Underlines the importance of investing in sustainable transport networks to enable the necessary shift towards more sustainable modes of transport; encourages CEF 2021-2027 to strive to emulate the great results achieved by CEF; notes the need to improve the level of awareness of the CEF eligibility rules among beneficiaries;

95. Welcomes the fact that in the 2014-2020 period, CEF Transport co-funding amounting to EUR 23.03 billion was allocated to 959 actions, while addressing infrastructure along both the core and the comprehensive network of the Trans-European Transport Network (TEN-T), the programme focused its support on the core network, with more than 170 sections concerned;

Recommendations

96. Calls on the Commission to:

a. extend the scope of the certificates on financial statements to include unit cost categories for the new research framework programme, Horizon Europe, in order to increase the level of detection and correction of errors in unit costs; calls for the simplification of the rules on personnel costs under Horizon Europe;

b. implement actions, including a periodical review of the main causes of error in financial statements, provide guidance on complex issues such as subcontracting rules, and conduct information campaigns in order to reduce the error rate for H2020;

c. further improve the quality of ex post audits by addressing the weaknesses in the sampling procedures at the level of cost statements and apply the corrections to the error calculation method for Horizon Europe;

d. continue working towards achieving a level of error below 2% in this area of expenditure;

e. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders; develop a digital compendium for European SMEs and mid-cap companies for regulatory information on jobs and growth opportunities support within the MFF and RRF framework similar to the Access2Markets Trade Assistant;

f. take a better approach to gender balance in relation to beneficiaries of the Horizon Europe funds, and to geographical balance from underrepresented Member States and provide better support to research and cooperation in universities in all Members States; report to Parliament about the proportion of the male and female researchers participating in the programme;

g. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; and urgently
establish an integrated and interoperable system building on, but not limited to, existing tools and databases;

h. manage expectations by setting realistic and achievable objectives and targets; considers that the new reinforced EU Youth Guarantee should have more positive results on young people’s access to the labour market; calls on the Commission to cooperate better with member states to develop Erasmus+ for professional training, especially for certain technical professions, the artisans, etc.; calls on the Commission to encourage the UK to rejoin the Erasmus programme; also calls for the development of student and scientific exchanges for the Eastern Partnership countries, especially Ukraine; further increase its widening activities to improve access to excellence throughout the Union and report back to the discharge authority;

i. create a new budgetary line for tourism, to support the recovery of a sector severely hit by the COVID-19 crisis, making it resilient for the future, digitalised and sustainable;

j. continue its action on the grouped purchase of vaccines to protect against COVID-19 which allows savings and develops the Union's sovereign autonomy in the field of health and which can be extended to other areas such as energy, semiconductor or rare earth elements;

k. ensure that sufficient resources are available for Horizon Europe and its pillars, IPCEIs and other funding instruments and projects also in relation to job creation, ensuring synergies with the national recovery plans in order to promote research and develop a growth strategy and launch new Union partnerships in areas such as clean hydrogen, fuel cells, wind energy, electric traction, photovoltaic energy, robotics, drones, 3D printing batteries, clean aviation, rail, connected and automated mobility, zero-emission road and waterborne transport and abroad range of digital technologies, in particular for the Work Programme 2021-2022 and welcomes the progress of Horizon Europe in this sense; stresses the need to support projects that contribute, in particular, to a future-proof, sustainable, smart, competitive, affordable and climate-friendly European transport network;

l. propose a new result-oriented mechanism including short, mid and long-term planning and technical assistance, as well as to enhance the link between funding and the achievement of project milestones, to increase the added value of Union Funds and to ensure that Member States meet the 2030 and 2050 completion targets for the core and comprehensive TEN-T networks respectively;

Economic, social and territorial cohesion

97. Notes that MFF sub-heading 1b 'Economic, social and territorial cohesion' accounts for 34,3 % or EUR 59,5 billion of the Union budget: of this amount, EUR 32,4 billion (54,5 %) is spent on the European Regional Development Fund (ERDF), EUR 10,2 billion (17,1 %) on the Cohesion Fund (CF), EUR 14,7 billion (24,7 %) on the European Social Fund (ESF), and EUR 2,2 billion (3,7 %) on other actions;

98. Recalls the important role of the spending under MFF heading 1b "economic, social and territorial cohesion", which focuses on reducing development disparities between the
different Member States and regions of the Union and strengthening the competitiveness of all regions;

99. Notes that the Court has examined a sample of 227 transactions, designed to be statistically representative of the full range of spending under this MFF sub-heading; notes that the Court also examined the regularity of information given in the annual activity reports of the Directorate-General for Regional and Urban Policy (DG REGIO) and the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) as well as the AMPR;

100. Notes with concern that taking account of the errors previously identified by audit authorities and corrections applied by programme authorities, the Court has estimated the level of error to be 3.5%, well above materiality; welcomes that this nevertheless represents a reduction in the error rate when compared with the reported 4.4% error rate in the 2019 exercise; takes note that the errors detected concern ineligible costs, public procurement, accounting and calculation errors, state aid, and missing supporting documents;

101. Notes with concern the data presented in the Single Market Scoreboard for 2020 on public procurement, which shows that the proportion of contracts awarded with just a single bidder is particularly alarming: 19 Member States reached or exceeded the threshold of 20% and six Member States (Czechia, Greece, Hungary, Poland, Romania, Slovenia) had a level of 39-51%; notes that the proportion of procurement contracts negotiated with a company without any call for bids reached or exceeded the threshold of 10% in 8 Member States with four (Bulgaria, Cyprus, Romania, Slovenia) reaching levels of 22-29%; notes that the proportion of contracts awarded after a call for tender whose name and condition were not clear was above the threshold of 3% in ten Member States with levels between 8-9% in four Member States (Belgium, Bulgaria, Malta and Slovenia);

102. Is deeply concerned by these observations as they indicate severe and systemic weaknesses in the public procurement procedures in several Member States, which are likely to also impact the management and spending of Union funds; notes in this regard the Court's observation on an early preventive system audit on the management verifications of public procurement in Hungary, which resulted in a 10% flat-rate correction to all contracts affected covering a period of four years amounting to around 770 000 000 EUR;

103. Is concerned that 72% of errors result from ineligible projects and costs and 27% from infringements of internal market rules (in particular non-compliance with state aid rules); notes that five projects infringed the Union's state aid rules; takes note that the Court is of the opinion that two projects should have obtained no public funding from the Union and/or the Member State; highlights that these projects accounted for 1.0 percentage points of the estimated level of error;

104. Welcomes the fact that, in 2020, the 2019 multiannual call for proposals under the Connecting Europe Facility was successfully completed, selecting 125 projects with an overall contribution of more than EUR 2 billion; notes that more than 90% of the CEF contribution was allocated to projects expected to address climate-related objectives and in particular railway, inland waterways and maritime port infrastructures and deployment of alternative fuel infrastructures;
105. Takes note that DG REGIO has reported a weighted average error rate of 2.1% and a 'maximum rate' of 2.6%, and DG EMPL reported a weighted average error rate of 1.4% and a 'maximum rate' of 1.9%; points out that according to the Court, DG EMPL did not take full account of possible errors beyond those detected, in which case the maximum rate would have been 2.1%; emphasises the Court finding that the overall residual error rate reported by the Commission should be considered a minimum rate; highlights that future corrections might not be sufficient to ensure that no material level of error remains at closure;

106. Expresses its concern that the number and impact of the errors detected demonstrate that the controls in place do not yet sufficiently mitigate the high inherent risk of error in this area; is concerned that this concerns, in particular, managing authorities whose verifications are ineffective in preventing or detecting irregularities in expenditure declared by beneficiaries; notes with concern that the Court also considers that other errors are the result of decisions taken by managing authorities themselves;

107. Notes with concern that the Court has concluded that the residual error rates that audit authorities reported were not always reliable and that shortcomings remain in the way audit authorities perform and document their work; underlines the Court's finding that audit authorities need to keep better track of the risk of fraud in their audits of operations;

108. Reiterates its deep disapproval of the practice in some Member States to systematically overbook programmes and shift problematic or illegal projects over into the national budget after the Commission or OLAF have detected irregularities or misuse; condemns that the national tax payers are left with the burden of paying for projects that suffer from conflicts of interest, fraud or other shortcomings;

109. Takes note that the Court, in its Special Report 07/2020 'Implementing Cohesion policy: comparatively low costs, but insufficient information to assess simplification savings' found that overall costs reported for implementing the Cohesion Policy funds are comparatively low, but were based on insufficiently complete and incoherent data; notes with concern that the Court found that the cost information available was not adequate in order to assess the impact of simplifying Union rules;

110. Takes note that the Court found, in its Special Report 24/2021 ‘Performance-based financing in Cohesion policy: worthy ambitions, but obstacles remained in the 2014-2020 period’ that the 2014-2020 CPR provided for an explicit ‘performance framework’ for Member States’ operational programmes, including milestones and targets to attain ESIF investments;

111. Underlines the performance reserve that the new performance framework has foreseen which entails 6% of the resources to be frozen and consequently allocated on the basis of a performance review after the annual implementation report in 2019, to the programmes which have achieved their set milestones, so that Member States are incentivised to optimise their use of funding; regrets that, according to recent data, the Commission and the Member States were found to be only partially successful in making the financing of Cohesion policy more performance-based; is worried that the Member States were found to show very limited interest in using some of the new performance-based funding models, i.e. 'joint action plans' and 'financing not linked to costs'; encourages wider use of the simplified cost options which the Court considers
have the potential to reduce beneficiaries’ administrative burden and are considered less prone to error;

112. Recalls the contribution of cohesion policy in providing support to Member States to alleviate the negative impact of the COVID-19 pandemic and allow for a rapid re-direction of the available 2014-2020 funding to the most severely affected sectors and proposing considerable simplifications (CRII and CRII+ Initiatives for 2020); notes further that 179 Operational Programmes used these Initiatives to support healthcare, small businesses and workers which amounted to EUR 12.9 billion (EUR 6.2 billion in 2020 and EUR 6.7 billion in 2021); takes note that CRII and CRII+ Initiatives have accelerated the implementation of the ESIF funds and contributed to reducing the RAL;

113. Takes note that the Court, in its Special Report 26/2021 ‘Regularity of spending in EU Cohesion policy: Commission discloses annually a minimum estimated level of error that is not final’ found that the new legal provisions for the programming period 2021-2027 address some limitations in the acceptance of accounts; regrets that nevertheless, the Court found that some risks remain at the time of releasing the payment retention;

114. Notes the Court’s findings that the Commission's desk reviews are not designed to detect additional ineligible expenditure, which limits their contribution to confirming the regularity of the underlying transactions and the validity of the Residual Total Error Rate (RTER) reported by the audit authorities; notes further that for programmes with a confirmed track-record of low error rates, such desk reviews are an efficient tool to confirm the reported error rates and audit opinions from the audit authorities; notes with concern that both the compliance audits of the Commission and of the Court found material errors that the desk reviews could not have detected;

115. Takes note that the Court found that the Commission did not always follow its risk-based approach for selecting the riskiest audit authorities for compliance audits and that while the Commission detects irregular expenditure in its compliance audits, it often revises their final results in the follow-up phase with the Member States;

116. Is deeply concerned by reports about severe and systematic corruption and misuse of Union cohesion funds in the ITI Danube Delta instrument in Romania worth 1.1 billion EUR across 8 Romanian programmes; notes that these funds are earmarked for poverty reduction, nature conservation and environmental protection projects along the Danube Delta in Romania, financed by 5 different ESIF; notes that the allegations of irregularities are concentrated in one programme, the regional operational programme, concerning 3 calls for projects under one priority axis supporting mostly SMEs and micro-enterprises amounting to 104 000 000 EUR funding 347 projects; notes that, in May 2021, OLAF opened an investigation related to allegations of fraud and other irregularities related to a specific project financed by the ITI Danube Delta in Romania;

117. Is concerned by media revelations that one Romanian national authority was corrupt and contributed to the authorisation of projects with politicians involved in a conflict of interest and who were not residing along the Danube delta;

118. Notes that following media reports on severe allegations of fraud, conflicts of interest and embezzlement, the Commission has issued in June 2021 an interruption of payments, blocking any Union reimbursement to the 347 risky projects pending the results of the verifications by the Romanian authorities; notes that the Romanian
authorities selected 73 projects for verification leading to 35 of these projects being notified to the national anti-fraud body or prosecutor office for further investigation due to fraud suspicions; notes that the Romanian managing authorities carried out checks on an additional 22 operations to verify their regularity and whether they contribute to the development of the Danube region, resulting in one additional potential irregularity being identified;

119. Notes that the Commission agreed with the Romanian authorities that the managing authority provides the results of its verifications to the audit authority for an independent review on the adequacy of the risk-assessment method to select operations to be reviewed and checks carried out, and for confirmation of the results; notes that these conclusions will feed into the preparation of the targeted audit that the Commission plans to also carry out at the beginning of 2022 to verify on-the-spot the effectiveness of the actions undertaken by the Romanian authorities; urges the Commission to keep the discharge authority informed about any new developments and particularly about any financial corrections;

120. Is concerned that once again the information on such severe allegations was revealed by journalists and not by a Commission audit; recalls that the journalists pointed out that severe weaknesses and loopholes exist in the Romanian laws in relation to conflicts of interest; underlines that these laws urgently need to be brought in line with the requirements of the Union Financial Regulation; recalls that clear and unambiguous legislation against conflicts of interest at national level is an important precondition for the prevention, detection and fight against misuse, corruption and fraud;

121. Regrets that, as indicated in the Court’s Special Report 10/2021 ‘Gender mainstreaming in the EU budget: time to turn words into action’, the significant potential of Union structural and investment funds to contribute to gender equality is unexploited and that gender mainstreaming is not adequately implemented at all stages of the budgetary process; is of the opinion that gender mainstreaming must be addressed in a non-bureaucratic and concise manner through targeted and effective incentives;

122. Welcomes the Court's report on the performance of ESF, representing 25.9% of all 2014-2020 cohesion policy payments made by the end of 2020; notes that the ESF expenses increased from EUR 11.2 billion in 2019 to EUR 13.7 billion in 2020 due to increased implementation; takes note that the work done by the Court is based on the Commission's performance information, which comprised of, in particular, the 2020 AMPR, the programme statements for the 2022 draft budget, and key Commission evaluations, as well as the 7th Cohesion Report;

123. Recalls the vital importance of the ESF, Erasmus+ and the Fund for European Aid to the Most Deprived (FEAD), EGF as the Union's main tools in fostering increased employment and labour mobility, education and vocational training for skills and lifelong learning and promoting social inclusion, combatting poverty and discrimination; welcomes that the Court has found that the performance framework of the ESF is well developed and that the Commission compiles an 'achievement ratio' for indicators with targets; regrets that the Court found that while the ESF’s performance framework increased the availability of performance information, the focus remained on financial inputs and outputs, and focused insufficiently on results and that while evaluations cover most areas of the ESF, more methodological efforts are required to
assess the impact of policies in terms of reaching people who are disconnected from the labour market;

124. Takes note that indicators show that the Member States are making good progress against targets set, that the Commission released 85% of the performance reserve for ESF programmes, and that the 2021-2027 ESF+ proposal aims for further simplification and synergies;

125. Regrets that due to data limitations and the fact that many operations were still ongoing at the time of the Court's audit, it was not in a position to draw an overall conclusion on the actual performance of ESF expenditure during the 2014-2020 period;

126. Notes with appreciation that, by the end of 2020, 45.4 million participants were supported by the ESF and the Youth Employment Initiative (YEI) and 5.4 million people found a job (including self-employed) under both programmes as reported by the Commission;

127. Welcomes the impact of the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) as reported by the Commission in its second report; notes that SURE has been successful in cushioning the severe socio-economic impact resulting from the COVID-19 pandemic; notes that in 2020 SURE supported approximately 31 million people in the 19 beneficiary Member States, of which 22.5 million are employees and 8.5 million self-employed, as well as that around 2.5 million firms affected by the COVID-19 pandemic have benefitted from SURE, allowing them to retain workers;

128. Welcomes the increase in implementation of the financial instruments under all ESI funds in 2020 leading to EUR 10.3 billion in cumulative payments to final recipients (EUR 4.7 billion in 2019);

129. Notes that the construction of the Peljesac Bridge in Croatia with cohesion funds was completed by a Chinese state-owned company, which may have benefited from support from the Chinese government and lower and inadequate labour-standards which would imply a competitive advantage over Union companies bidding for the same call; is of the opinion that the Commission as Guardian of the Treaties must ensure a level playing field between Union and third country companies in public calls and tenders; is therefore of the opinion that strong provisions on Union-level standards of social and labour rights should feature in calls for public procurement and construction;

130. Is concerned about reports that the Hungarian government intended to nationalise the "Ferenc Liszt" airport near Budapest and declared its intention to use Union cohesion funds to develop infrastructure to decrease the value of the airport with the aim of lowering the cost of its expropriation, harming its current owners; is deeply concerned by the insecurity such threats constitute for international investors; recalls that Union cohesion funds were used to co-finance the airport, which would benefit oligarchic structures in case of a forced or involuntary sale of the airport; notes that the government has imposed extremely bureaucratic obstacles and additional requirements on the airport operator; is astonished by inferior purchase offers for the airport by oligarchs in direct and close contact with the Prime Minister;
131. Is concerned that the price hike in construction and raw materials may change the total budget for many projects and could lead to under budgeting, missed milestones, impossible implementations and could therefore undermine the completion of the TEN-T core network;

132. Notes with concern the acquisition of 88% of shares in Euronews by Portuguese venture capital firm Alpac Capital, which reportedly has close ties with the Hungarian Prime Minister; notes that Euronews’ editorial board now includes three people selected by Alpac and is therefore concerned that this might have an impact on its full editorial independence; notes that in 2020 Euronews received EUR 18.12 million from the Union budget; urges the Commission to ensure that this money is in fact used for objective and fact-based news coverage by independent journalists;

Recommendations

133. Calls on the Commission to:

a. provide an error rate at payment and not a residual error rate in order to improve the evaluation of the scrutiny undertaken;

b. continue its cooperation with the Court in order to further harmonise data standards and align the interpretation of legal texts;

c. encourage and closely monitor the Member States using its standard scale of unit costs, as further simplification of rules and procedures can contribute to a more efficient use of funds and a reduced error rate, while ensuring that the scheme does not result in excessive imbalances in favour of Member States;

d. encourage audit authorities explicitly to introduce specific questions in their checklists on fraud risks and document the steps taken to address any such risks discovered in the course of an audit; pay increased attention, and allocate increased technical support, to Member States, whose management and control systems are only partially reliable, or not reliable at all, where there is an increased risk of fraud and corruption related to funds;

e. make the use of IT tools such as EDES and Arachne mandatory and systematic for all Union funds including shared management and ensure better use of new technology in order to increase controls and protect the Union budget against fraud and misuse of funds;

f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;

g. ensure that the Member States take into account and promote the implementation of the partnership principle and of gender equality throughout the preparation, implementation, monitoring and evaluation of all programmes as laid down in Regulation (EU) No 1303/2013 and Regulation (EU) 2021/1060;
h. ensure sound financial management in the use of funds, including respect for the rule of law and fundamental rights, as essential preconditions for sound financial management and effective funding;

i. ensure that the Member States make sufficient information available in the annual summary on conclusions and follow-up of operations for which they have withdrawn amounts from accounts that are still under an ongoing regularity assessment;

j. put forward a legislative proposal linked to the upcoming revision of the Financial Regulation to ensure that the payment retention is adequately protected before it is released, to improve its audit work, audit documentation and review process, to strengthen the main elements of the regularity of information provided in the AARs, and to ensure that the College of Commissioners provide relevant and reliable information in the AMPR; underlines that the proposal should have a clear, limited scope, in order not to negatively affect the performance of the funds;

k. improve the approach taken in relation to studies of administrative costs by announcing what will be examined and when, as well as to assess whether estimated administrative cost savings have materialised;

l. in the context of performance-based financing in Cohesion policy, to make the best use of enabling conditions in the 2021-2027 period, to prepare the ground early for an effective mid-term review, and to clarify the rules and the approach for providing assurance on Union funding in the 'financing not linked to costs' funding model;

m. simplify rules and procedures, encourage Member States and the Commission to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;

n. provide guidance and controls that ensure that adequate minimum standards of social and labour rights are requirements in calls for public procurement, particularly in construction tenders, to avoid putting Union companies at a competitive disadvantage compared to third country bidders; calls on the Commission to ensure that only companies from third countries that allow Union companies to participate in their public calls and tenders to participate in European public calls and tenders to ensure a level-playing field and equal access among Union and third country companies;

o. Facilitate the adoption of the European Cross-Border Mechanism which has the potential to positively impact the pace of implementation of cross-border transport projects and ultimately increase the efficiency of transport services in these areas;

Natural resources

134. Notes that the MFF heading 2 ‘Natural resources’ accounts for 35 % or EUR 60,6 billion of the Union budget: of this amount, EUR 41,6 billion (68,7 %) is spent on direct payments under the European Agricultural Guarantee Fund (EAGF), EUR 2,6 billion
(4.3 %) on market-related expenditure under the EAGF, EUR 14.6 billion (24.1 %) on the European Agricultural Fund for Rural Development (EARDF), EUR 0.9 billion (1.4 %) on the European Maritime and Fisheries Fund (EMFF) and the rest on other areas;

135. Notes that the Court has examined a sample of 218 transactions, covering 19 Member States and the United Kingdom, designed to be representative of the full range of spending under this MFF heading; notes that the Court also examined the AARs of the Directorate-General for Agriculture and Rural Development (DG AGRI) and the Directorate-General for the Environment (DG ENV) of the European Commission, as well as the AMPR;

136. Notes with satisfaction that the work of the Court supports the conclusion that direct payments as a whole were free from material error, accounting for 69 % of expenditure under that MFF heading; notes that direct payments to farmers are entitlement-based and that such payments carry a lower risk of error provided that the attached conditions are not complex; acknowledges that according to the Court, the main management tools for direct payments, the Integrated Administration and Control System (IACS) and the Land Parcel Identification System (LPIS), form an effective management and control system; notes that the post 2022 reform of the CAP should no longer be compliance-based but performance-based; hopes this fundamental change will have a positive impact on the error rate of the direct payments;

137. Notes with concern the errors detected by the Court in rural development, market measures and other ‘Natural resources’ spending areas, which represent 31% of the spending; is worried about the Court assessment that more complex eligibility conditions increase the risk of error; regrets that the level of error is considered material in this area;

138. Acknowledges that DG AGRI has calculated the risk at payment to be around 1.9% for CAP spending as a whole in 2020; notes that the Court estimates the level of error at 2%, which represents an increase of 0.1% compared to 2019; regrets that the level of error in spending on ‘Natural resources’ is close to materiality;

139. Welcomes the use of new technologies such as checks by monitoring, using automated processes based on the EU Copernicus Programme’s Sentinel satellite data to check compliance with certain CAP rules; welcomes the fact that these changes were also approved for the CAP post 2022 and encourages the Member States to use these opportunities to the maximum;

140. Welcomes that the Commission has committed to providing support to the Member States in developing the new approach with regard to checks by monitoring; notes that since 2018, Member State paying agencies may perform these kinds of checks, but regrets its limited coverage in 2020; supports the Court recommendation to the Commission to promote checks by monitoring as a key control system for the post-2020 CAP;

141. Strongly regrets the fact that the Commission’s failure to gather reliable data on final beneficiaries of CAP funds leaves many unresolved cases for recovery of funds by Member States; notes with concern that the use of reporting and monitoring tools, such as ARACHNE, is only being used optionally;
142. Regrets the recurrent weaknesses identified by the Court on the risk at payment affecting spending on ‘Natural Resources’, related to the Members States’ controls, which is reflected in their control statistics;

143. Reminds the weakness identified by the Court on the CAP anti-fraud policies and procedures both by the Commission and the Member States; recalls the recommendation to the Commission in last year’s annual report and takes note that DEG AGRI updated its Anti-Fraud strategy in 2020; awaits the Court’s Special Report on CAP and anti-fraud measures, delayed to the second quarter of 2022, for a in-depth analysis of the current situation;

144. Notes with concern 29 OLAF cases concerning structural and agricultural funds in Bulgaria; is concerned by the findings of the study on the impact of organised crime on the EU’s financial interests that most violations in Bulgaria have been identified in the area of agricultural funding, especially in the area of subsidies for agricultural crops, as well as the construction of “fake” guest houses that are in fact used as private homes; is aware that the issue of EU co-financed “fake” guest houses is not limited to Bulgaria as similar issues were identified also in Slovakia and Czechia; notes that the Commission is monitoring the situation and expects the Commission to take swift and decisive action against this kind of subsidy fraud; notes further that the Bulgarian authorities have not included financing for similar measures in the current programming period 2021-2027;

145. Notes with concern that, according to the Court’s Special Report 16/2021, ‘Common Agricultural Policy and climate: Half of EU climate spending but farm emissions are not decreasing’, the CAP has not reduced livestock emissions, that emissions from fertilisers and manure on soils are increasing, that the CAP measures did not lead to an overall increase in the carbon content stored in soils and plants, and that the 2014-2020 changes to the CAP did not reflect its new climate ambition;

146. Regrets that according to the Court’s findings in its Special Report 20/2021 ‘Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use’, CAP direct payments do not significantly encourage efficient water use, and that rural development funds and market measures do not significantly promote sustainable water use;

147. Notes with concern that, according to the Court’s Special Report 13/2020 ‘Biodiversity on farmland: CAP contribution has not halted the decline’, there are shortcomings in the design of the EU biodiversity strategy, its coordination with the CAP and its monitoring; regrets that the Court has concluded that most CAP funding has little positive impact on biodiversity;

148. Recalls the importance of a fair CAP allocation, which from one side should avoid any misuse of funds in particular by political prominent wealthy individuals, elites and big conglomerates, and on the other concentrate on active farmers; points out that the study on the implementation of the CAP funds revealed that the disbursement of Union agriculture funds is a highly problematic issue in at least five Member States and that

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1 Sabei et al 2021: WHERE DOES THE EU MONEY GO? AN ANALYSIS OF THE IMPLEMENTATION OF CAP FUNDS IN BULGARIA, THE CZECH REPUBLIC, HUNGARY, SLOVAKIA AND ROMANIA
2 Bulgaria, Czech Republic, Hungary, Slovakia and Romania
there is a clear inequality between fund allocations for big and small farmers, with systemic advantages for the big farms whose beneficiaries have close ties to the ruling political parties or are themselves members of these in their countries.

149. Notes with concern that the Court found that the Commission’s performance information concentrates on inputs, outputs and financial contribution rather than results; welcomes that the economic viability of fisheries is increasing; regrets that data on aquaculture is less conclusive;

150. Takes note that the Commission reports on the EMFF spending for environmental objectives; regrets that the link between this and key environmental indicators is not well defined; regrets that the Common Fisheries Policy (CFP) conservation objective is unlikely to be met;

151. Takes note that by the end of 2020 ESI funds supported over 2 million projects in the agricultural sector and rural areas and contributed to maintaining 31 500 jobs and creating 4 000 new jobs in the maritime and fisheries sector; notes, in addition, that more than 54 000 new jobs have been created through projects supported by rural development programmes and that 131 000 young farmers benefited from the business start-up support;

Recommendations

152. Calls on the Commission to:

a. simplify rules and procedures, encourages Member States to develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for young farmers, SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;

b. make better use and encourage the use of AI and data from new technologies such as the EU-owned Copernicus Sentinel satellites to monitor and control the correct use of CAP funds;

c. make the use of the IT tools, Arachne and EDES, mandatory and systematic for paying agencies, as an important tool that can be used to identify projects, beneficiaries and contractors at risk of fraud;

d. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;

e. focus its performance information on results and establish a clear link between programme contributions and the achievements declared in order to assess the effectiveness of the programmes;

1 INI Report on “MFF 2021-2027: fight against oligarch structures, protection of the EU funds from fraud and conflict of interest” CONT 2020/2126(INI)
f. promote the ‘checks by monitoring’ approach as a key control system for paying agencies; make global and systematic use of new technologies for monitoring environmental and biodiversity targets and climate requirements in the framework of the Green Deal; provide adequate financial and human resources to executive agencies such as the European Medicines Agency, the European Environment Agency and the European Chemicals Agency, that are facing an increased workload due to the COVID-19 pandemic and the Green Deal action programme;

g. take action so that the CAP reduces emissions from agriculture, reduces emissions from cultivated drained organic soils, and reports regularly on the CAP’s contribution to climate mitigation; welcomes that in the meantime the new CAP reform, and the F2F (Farm to Fork) communication were adopted;

h. request justifications for exemptions to the implementation of the Water Framework Directive in agriculture, tie CAP payments to compliance with environmental standards, and use Union funds to improve the quantitative status of water bodies;

i. improve the coordination and design of the post-2020 biodiversity strategy and track expenditure more accurately, enhance the contribution of direct payments and rural development to farmland biodiversity, and demonstrate the impact of CAP measures on such biodiversity;

j. pursue the development of organic farms; highlight that only 8% of European agricultural land is dedicated to organic food with only 303 000 organic food farmers out of the 7 million farmers that benefit from CAP funds;

k. ensure that accessibility of land is a priority in order to maintain the family farm model and allow young farmers to develop their activities;

l. Increase CAP efficiency by concentrating its support to active farmers whose main activity is farming;

m. promote investments that contribute to a more resilient and digital economic recovery in line with the Green Deal and that are fundamental to the social and economic development of rural areas;

**Security and citizenship**

153. Notes that the MFF heading 3 ‘Security and citizenship’ accounts for 3,7 % or EUR 6,3 billion of the Union budget: of this amount EUR 2,6 billion (40,5 %) is spent on the instrument for Emergency Support within the Union, EUR 1,6 billion (25,3 %) on migration and security, EUR 1,2 billion (18,5 %) on decentralised agencies, EUR 0,2 billion (3,7 %) on Food and Feed, EUR 0,2 billion (3,8 %) on Creative Europe, and the rest on other areas;

154. Takes note that the most significant area of expenditure concerns the Emergency Support Instrument (ESI), set up in April 2020 to help Member States address the COVID-19 pandemic by funding, among other things, the cross-border transfer and transport of patients, medical staff and essential medical items, research and production of vaccines and treatments and the development, purchase and distribution of testing supplies;
155. Is concerned that the Court, in its Special Report 10/21, found that the Commission has not adequately applied gender mainstreaming in the Union Budget; calls on the Commission to urgently develop gender mainstreaming methodology in order to integrate a gender equality perspective in all policy areas, including the use of gender-disaggregated data and indicators; recalls that the need for gender mainstreaming is ever more urgent in the light of the gendered impact of the COVID-19 pandemic;

156. Regrets that the cultural and creative sectors were among the hardest hit by the COVID-19 pandemic in 2020; notes that even though flexible measures were introduced and the media subprogramme provided additional support for Europa Cinemas’ members suffering from forced closures (amounting to EUR 16 million), the subprogramme underperformed in relation to some indicators, in particular in terms of the size of in-person audiences at events;

157.Notes that the Court examined a sample of 27 transactions, designed to contribute to the overall statement of assurance rather than to be representative of spending under this MFF heading; takes note that the Court examined the annual activity reports of the Directorate-General for Migration and Home Affairs (DG HOME) and the Directorate-General for Communications Networks, Content and Technology (DG CONNECT) and included in the AMPR;

158. Notes that the Court was unable to estimate the error rate; notes with concern that of the 27 transactions examined by the Court, 8 (30 %) were affected by errors; highlights that the Court also found cases of non-compliance with legal and financial provisions, but without a financial impact on the Union budget; notes that the errors concern the selection of projects and the application of procurement rules, the submission of incomplete documentation in support of cost claims, and the defective functioning of an IT system;

159. Regrets that the limited sample of 27 transactions for 2020 made it impossible for the Court to compare its audit results with the information reported by DG HOME and DG CONNECT on the regularity of spending; invites the Court to extend its sample and make it more representative of this spending area, in order to have a deeper evaluation of this heading;

160. Welcomes the Court’s report on the performance of the Internal Security Fund - Borders and Visa (ISF-Borders and Visa), which represents 8,1 % of the total payments made until the end of 2020 for this MFF heading, based on the 2020 AMPR, the programme statements for the 2022 draft budget, key evaluations and other reports;

161. Notes with concern that the Court found marked differences in the implementation of national programmes and that there are gaps in ISF-Borders and Visa’s performance information; highlights that the ISF-Borders and Visa contribution to effective border management is dependent on Member States entering reliable, relevant and up-to-date information in IT systems; is concerned that effective border management is hampered by insufficient quality of data and training of border guards; notes that performance indicators published in the AMPR give an optimistic picture of ISF-Borders and Visa performance;

162. Notes the Court’s conclusion that the programme has contributed insufficiently to the consistent application of the acquis through training; notes the Court’s findings that
ISF-Borders and Visa has contributed to efficient visa-processing by funding the upgrading of 2,680 consulates (290% of the 2020 target); notes however that 4,322 staff (38% of the 2020 target) have been trained in the common visa policy to date, which, according to the Court, could increase the risk that Schengen visa applications will not be processed in a harmonised manner;

163. Welcomes the success under the effective integration and legal migration’ strand of the Asylum, Migration and Integration Fund and notes with appreciation that the target of 2.6 million persons for the 2014-2020 period have been considerably surpassed as almost 6 million persons in the target group have received integration assistance;

164. Underlines that particularly in the area of security and citizenship, NGOs are important and valuable implementing partners of the Commission; notes that funds may be paid out to umbrella organisations that distribute and pass on the funding to member organisations or partner NGOs on the ground; is concerned that the Commission only has a limited overview of the final recipients of the funding; is deeply concerned that Union funds may unintentionally end up benefitting organisations that incite terrorism or extremism; is of the opinion that rules are needed for umbrella organisations that pass on Union funding to their member organisations or partner NGOs that are similar to the provisions on the transparency of final beneficiaries, beneficial owners and subcontractors as agreed in Annex XVII to the new CPR;

Recommendations

165. Calls on the Commission to:

   a. develop better cooperation with all Member States, recalling that the challenges related to security and migration management are a priority for the Union; recognises the efforts of the Commission in this respect;

   b. Issue a clear legal guidance to ensure transparent, accurate and complete information provided by the Member States on border management; recalls the need to set out binding rules and issue more guidance on the border management IT systems to ensure fast and effective border management; report to the discharge authority, at regular intervals, about improvements in terms of up-to-date data quality and sufficient training in each of the respective Member States;

   c. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants and improve the assistance and guidelines for all the stakeholders, administration and payment agencies;

   d. carefully check the eligibility of the costs submitted by the beneficiaries of ESI actions and, in particular, the regularity of procurement procedures;

   e. provide guidance to the Member State authorities responsible for implementing DG HOME funds, in both the 2014-2020 and 2021-2027 MFFs, on documenting the completeness and quality of services when funding is based on standard unit costs;

   f. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently
establish an integrated and interoperable system building on but not limited to existing tools and databases;

g. propose rules on the transparency of umbrella organisations or partner NGOs that pass on Union funding to their member organisations that are similar to the provisions concerning final beneficiaries, beneficial owners and sub-contractors in Annex XVII of the Common Provisions Regulation;

h. increase resources dedicated to preventing and combating gender-based violence in relation to citizens, equality, rights and values, especially in light of the escalation of violence against women;

i. support Parliament’s pilot projects that address young people’s needs and that ensure intergenerational justice;

j. encourage Member States to develop special initiatives that enable and simplify access to culture and mobility for Europe’s youth, and to seek innovative solutions to make travelling by environmentally friendly transport across the Union more affordable;

k. investigate where exactly the Union funds have been invested in the AMIF programmes and which specific improvements they brought about; requests a corresponding report from the Commission for each of the Member States concerned;

l. implement measures to ensure complementarity and better coordination between AMIF and EASO/Frontex (e.g. in the area of forced returns or support to asylum authorities);

m. use development aid as a tool to facilitate better cooperation with migrants’ countries of origin;

n. thoroughly verify the use of Union funds by third entities, their affiliates, and/or natural persons to ensure that no funds are allocated or linked to any cause or form of terrorism and/or religious and political radicalisation; make sure that individuals or groups affiliated, linked to or supporting terrorist organisations are excluded from Union funding; ensure that those Union funds are proactively recovered, and recipients involved are excluded from future Union funding;

o. immediately freeze and place part of the Union funds in a reserve in the event that an irregularity is discovered by the Union with regard to any eligible entity, affiliate and/or natural person being linked to any cause or form of terrorism and/or religious and political radicalization, and only release these Union funds from the reserve when sufficient evidence has been gathered by the Union to ensure compliance with Union regulations;

p. provide increased disclosure and transparency on any investigations it or its entities like the European Anti-fraud Office (OLAF) conducts following irregularities with regard to Union funding, in particular when such investigation concerns Union funding being linked to any cause or form of terrorism and/or religious and political radicalisation;
Global Europe

166. Notes that the MFF heading 4 ‘Global Europe’ accounts for 6.6% or EUR 11.4 billion of the Union budget: of this amount, EUR 3 billion (26.7%) is spent on the Development Cooperation Instrument (DCI), EUR 2.7 billion (23.2%) on the European Neighbourhood Instrument (ENI), EUR 1.9 billion (16.9%) on the Instrument for Pre-Accession Assistance (IPA), EUR 1.9 billion (16.8%) on Humanitarian Aid, and the rest on other actions and programmes;

167. Notes that the Court examined a sample of 75 transactions, designed to contribute to the overall statement of assurance rather than to be representative of spending under this MFF heading; notes that the Court also examined the regularity of information in the AARs of the Directorate-General for International Partnerships (DG INTPA) and the Directorate-General for Neighbourhood Policy and Enlargement Negotiations (DG NEAR), as well as the AMPR;

168. Takes note that the Court did not audit sufficient transactions to estimate the level of error for this MFF heading; is worried that of the 75 transactions examined, 28 (37.3%) were affected by errors; notes with concern that some international organisations provided only limited access to documents, and some questioned the Court’s mandate;

169. Notes with concern that the general categories of findings for ‘Global Europe’ are ineligible costs, costs not incurred, public procurement errors and absence of supporting documents; is worried that the Court has again detected several major factors that distorted DG NEAR’s residual error rate (RER) study; criticises that the regulatory framework governing the RER study and the contract between DG NEAR and the RER contractor do not address or mention the risk of fraud; notes with concern that there is no procedure requiring the contractor to report to the Commission cases of suspected fraud against the Union budget detected during its RER work;

170. Welcomes the Court’s report on the performance of the Instrument for Pre-accession Assistance II (IPA II), representing 12.6% (EUR 5.6 billion) of the total payments made up until the end of 2020 for this MFF heading; based on the Commission’s performance information, including the 2020 AMPR, programme statements for the 2022 draft budget, and the 2020 AAR of DG NEAR; and key evaluations and other reports;

171. Notes with great concern that most indicators are either not on track or their progress is unclear; underlines that the sector approach was a strategic choice in order to improve IPA II’s performance; regrets that it could not be applied consistently; regrets that indirect management by beneficiary countries sometimes had an adverse effect on operational efficiency;

172. Welcomes that IPA II has responded flexibly to help mitigate crises; notes with concern that there are some gaps in IPA II’s performance information; notes the Court’s observation that the implementation of political reforms is generally slow, as well as its conclusion that their progress depends not only on IPA II support, but also on other contextual factors such as the political will of the IPA II beneficiary concerned; notes with concern that the Court has found that Union support has been more effective in promoting fundamental reforms than in securing their implementation;
Recalls that development and cooperation policy aim to eradicate poverty and reduce inequality and that funds should reach only their intended beneficiaries;

Insists on the importance of Parliament’s active participation in the development of partnership and cooperation agreements with third countries; stresses that future partnership agreements should be subject to parliamentary scrutiny and based on the principles of solidarity, shared responsibility, respect for human rights, the rule of law and international humanitarian law;

Deplores that problematic and hateful material in Palestinian school textbooks has still not been removed and is concerned about the continued failure to act effectively against hate speech and violence in school textbooks and especially in the newly created study cards; reiterates its position that all text books and materials supported by Union Funds which are used in schools must be in line with UNESCO standards of peace, tolerance, co-existence and non-violence; moreover, insists that salaries of teachers and education sector civil servants that are financed from Union funds such as PEGASE be used for drafting and teaching curricula which reflect the UNESCO standards of peace, tolerance, coexistence, and non-violence, as was decided upon by Union education ministers in Paris on 17 March 2015; and Parliament decisions on discharge in respect of the implementation of the general budget of the European Union for the financial years 2016, 2018 and 2019; requests therefore the Commission to closely scrutinise that the Palestinian Authority (PA) and relevant experts to modify the curriculum expeditiously;

Recommendations

Calls on the Commission to:

a. take steps so that international organisations provide the Court with complete, unlimited and timely access to documents necessary to carry out its task in accordance with the TFEU;

b. establish a procedure to ensure that partner organisations base their allocation of shared costs on expenditure actually incurred;

c. develop the ex post controls by a better implementation of new technologies and IT tools as well as increasing the on-the-spot missions;

d. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;

e. establish obligations for the RER study contractor to report to the Commission any suspected fraud against the Union budget detected during its work on the RER study;

f. encourages the further development of balanced trade agreements and to remain attentive to investments made by foreign powers;
g. pay close attention to the complicated situation in Belarus; underlines the importance of reviewing Union funding and ensuring that it is not directed to the Lukashenko regime, but towards supporting civil society in Belarus;

h. fully introduce the principle of conditionality and regular ex-ante and ex-post checks on the regularity and performance of the Union’s funds supporting third countries and ensure a legal framework that provides for these support instruments to allow for full recovery of funds in case any irregularities are discovered;

i. continue to support the COVAX programme in order to speed up vaccination against COVID-19 in developing countries;

j. ensure that the delivery of external aid is subject to the rule of law and respect for human rights in recipient countries;

k. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, universities, NGOs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;

l. ensure that the applicable provisions of the Rule of Law Conditionality Regulation are strictly applied to the new IPA III funds and Economic and Investment Plan for the Western Balkans, as an indispensable part for distribution of funds in the 2021-2027 period;

m. draw up a financial support plan for Ukraine to enable it to recover from the illegal aggression by Vladimir Putin’s regime;

Administration

177. Notes that payments under MFF heading 5 on ‘administration’ amounted to EUR 10,3 billion in 2020 (6,0 % of the MFF). The Commission represents EUR 6,3 billion (60,0 % of the payments under this heading) with expenditure on human resources representing 68 % of this amount;

178. Notes that the Court examined only 48 transactions designed to represent the full range of spending under this heading spread over a number of institutions and also examined a selection of supervisory and control systems of the European Ombudsman and the Council;

179. Notes that the Court also examines the regularity of the information in the annual activity reports of the Commission, including those of its directorates-general and offices primarily responsible for administrative expenditure; notes with satisfaction that the Court estimates that the level of error in spending on ‘administration’ was not material;

180. Notes that the Court found five errors in their sample for the Commission, out of which four related to allowances to staff and one concerned a minor overpayment for software licences;

181. Recalls that the Paymaster Office (PMO) of the Commission is responsible on the basis of a service-level agreement for the verification of the legal conditions for the
installation allowance and the payment authorisation of both installation and residence allowance of EU high-level public office holders provided for in the Council Regulation (EU) 2016/300 of 29 February 2016 determining the emoluments of EU high-level public office holders;

182. Expresses its concern over the very high approval rate of transfer requests into private sector positions for former Commission staff, as this increases the likelihood of the occurrence of conflicts of interest; urges the Commission to review its policy in this regard;

183. Notes that in 2020 the Commission received 8,001 initial and 309 confirmatory applications for access to documents, as well as that fully or partially access was granted in 81% of the initial cases, and wider or even full access was further granted in more than 37% of the cases reviewed at confirmatory stage;

184. Notes that the Union institutions have different rules for the use of official vehicles; is of the opinion that these rules should be harmonised and the own contribution of the users should be adequately increased in relation to the costs and to properly reflect the monetary advantage of such use;

185. Invites the Commission to take appropriate measures to implement all of the Court’s recommendations and to report to Parliament on the developments by 30 June 2022;

186. Notes with concern the lack of understanding within the decision-making and approval forums at the health insurance scheme JSIS when it comes to new treatments, medical trends and not yet approved drugs particularly linked to novel appearances of nervous system diseases, autoimmune disorders as well cancer diseases; requests that the relevant bodies within JSIS duly and regularly take into account recent medical developments and knowledge gains when updating the list of eligible treatments and drugs; requests JSIS to show more flexibility when assessing clinical pictures as well as subsequent treatment and therapies that might help a patient; recommends the introduction of expert groups, which can assess and approve not-yet approved treatments, drugs, and medications to improve the treatment quality of applicants, decrease bureaucratic burden, and accommodate the most recent medical information when handling reimbursement claims; underlines that the Union is at the forefront of medical innovation and technology and is therefore of the opinion that this standard should also be applied for the medical treatment of persons under JSIS;

187. Is concerned, however, about the serious lack of transparency from the Commission regarding buying and distributing of vaccines in the Union during the COVID-19 crisis in 2020; notes with regret the case of the Commission refusal of public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID-19 vaccine; draws attention that based on its findings during the inquiry on this case, the Ombudsman considers that it constituted maladministration;

188. Takes note that as a consequence of the COVID-19 pandemic the Commission spent less budget amounts on missions, conferences and meetings as well as training in 2020 than the amounts budgeted for in the 2020 budget; takes note that part of the savings as well as appropriations from other areas of administrative expenditure were redirected to pandemic-related needs such as ICT equipment, including for the provision of home
office equipment to all staff, and expenditure of the medical service for the COVID-vaccination campaign, including sanitary measures in the childcare centres;

189. Stresses that all Union institutions, and especially the Commission, must respect the highest data protection criteria both in the processing of public tenders and in the good or service to be procured, which requires specialised knowledge on the part of the officials in charge;

European Schools

190. Notes with satisfaction that the Court did not find material errors in the final consolidated annual accounts for 2020; notes furthermore with satisfaction that the Court notes that the quality of the schools’ accounts has improved compared to previous years even if the external auditor continues to find issues;

191. Is however concerned, that the Court still finds weaknesses in the internal control systems, both in the area of recruitment and in the area of procurement;

192. Urges the European Schools to swiftly follow up on the recommendations of the Court concerning the specific weakness found in procurement and recruitment;

193. Emphasises, with regard to the European schools, the importance of respecting the annuity principle and of respecting payment deadlines, procurement rules and transparency in recruitment procedures;

Human resources

194. Welcomes the initiatives taken by the Commission to ensure gender equality and recalls the Commission President’s commitment to reach gender equality at all levels of management by the end of the current Commission mandate, which is fully supported by Parliament;

195. Underlines its request for the Commission to ensure a fair geographical balance of its members of staff at all levels, especially at middle and senior management levels where strong imbalances persist, while at the same time fulfilling the requirements in the Staff Regulation in relation to competences and merits of candidates;

196. Echoes the difficulties encountered by the Union institutions installed in Luxembourg to recruit staff according to their needs and recalls the Eurostat study showing that the disparity in purchasing power between Luxembourg and Brussels (25,4%) exceeded the 5% threshold even when housing was excluded from the calculations;

197. Insists that Commission implements a more transparent appointment procedure for all posts especially management related posts, particularly in the context of the new HR Strategy;

198. Reminds the Commission of the potential risks of Commissioners engaging in new activities and calls for the Commission to keep a clear attention on those cases;

199. Acknowledges that, during 2020, the COVID-19 pandemic had an impact on the internal functioning and the management of the Commission’s budget;
200. Echoes the Court’s conclusion that “any unethical behaviour by staff and members of 
EU institutions and bodies is unacceptable. Such behaviour – even if it is only alleged – 
attracts high levels of public interest and reduces trust in the Union. Unethical 
behaviour is also linked to the risk of corruption and fraud”;

201. Reiterates Parliament’s concern regarding the termination of the contract with the 
restaurant service provider, which led to the layoff of 400 workers;

202. Recall Parliament’s concerns about the increasing number of contract staff hired in the 
Commission, and the risks related to the transfer and then loss of knowledge when their 
contracts expire, without forgetting the perspective and job security of the contract 
agents;

Recommendations

203. Calls on the Commission to:

a. follow up on the Courts recommendation to improve its system for managing 
statutory family allowances, including through reinforced consistency checks on 
staff declarations of allowances received from other sources;

b. review the mechanism for verifying the legal conditions of the installation 
allowance to request other documents as evidence to the greatest extent possible 
with respect to proportionality and privacy, based on the opinion that a rental 
contract for or a purchase contract of a property shall not be considered sufficient 
evidence in the sense of Article 4 of Council Regulation (EU) 2016/300, as such 
property may be destined for other uses than primary residence;

c. continue its work in order to ensure gender equality at all levels of management 
by the end of the current Commission mandate and to report gender-disaggregated 
data;

d. continue its work to ensure a fair geographical balance of its staff at all levels 
while at the same time fulfilling the requirements in the staff regulation regarding 
competences and merits of candidates;

e. continue to build a more diverse and inclusive work environment and culture by 
taking actions in favour of people with disabilities and to assess the possibilities 
of further strengthening and integrating the principle of equal opportunity in 
recruitment, training, career development and working conditions as well as 
raising staff awareness of these aspects;

f. follow up on the possible reasonable improvements and modifications that could 
be made to institutions’ buildings (access, adequate office equipment) for people 
with reduced mobility or other disabilities;

g. propose a harmonised set of rules for the use of official vehicles for all Union 
institutions, bodies and organs including an adequate increase of the own 
contribution of the users in relation to the costs, which properly reflects the 
monetary advantage of such use;
h. implement the Ombudsman’s recommendation in the case of the Commission's refusal to allow public access to text messages exchanged between the Commission President and the CEO of a pharmaceutical company on the purchase of a COVID19 vaccine (case 1316/2021/MIG);

i. address the long-standing and serious problem of salary indexation in Luxembourg by adopting a delegated act to correct the relevant provision of the staff regulation;

j. ensure that JSIS shall provide a coherent and individual explanation for declining a reimbursement request; regrets the culture of declining a reimbursement request by PDF without the possibility of challenging the decision in person; calls on the PMO to introduce the possibility for doctors in charge of a treatment of an applicant to talk to the responsible JSIS unit or expert group to explain the treatment and medical benefits; further expresses its wish to improve the user-friendliness of the application enabling a quicker and more direct follow-up of individual requests;

k. integrate in the internal management strategy the lessons drawn from the outbreak of the COVID-19 pandemic, in terms of business continuity and crisis management approaches, IT responsiveness, resiliency of the organisation, duty of care towards its staff, effectiveness of internal communication and flexibility of working processes;

l. be at the forefront of protecting whistle-blowers, paving the way for a more uniform regulation among all institutions, based on best practices and on higher standards;

m. strongly recommends a review of the nomination and appointment procedures for the Union institutions and bodies with a view to strengthening and respecting both the opinions expressed by the Commission and Parliament, and the democratic participation of relevant stakeholders;

n. strengthen and optimise the collaboration with the European Data Protection Supervisor in the area of public procurement, particularly in the training of public procurement officers;

o. make the Commission special advisers status more transparent with a clear definition of their tasks and missions, via a revision of the current rules on Special Advisers;

204. Calls on the central office of the European Schools to follow up on the recommendations from the Court.