REPORT

on the Court of Auditors' special reports in the context of the 2009 Commission discharge
(2010/2204(DEC))

Committee on Budgetary Control

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Court of Auditors’ special reports in the context of the 2009 Commission discharge
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The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,
– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963– C7-0211/2010)²,
– having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, 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 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to its Decision of …. May 2011 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission⁵ and to its resolution with observations that forms an integral part of that Decision,
– having regard to the special reports of the Court of Auditors drawn up pursuant to Article 287(4), second subparagraph of the Treaty on the Functioning of the European Union,—
– having regard to the Council's recommendation of 15 February 2011 on the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2009 (05891/2011 – C7-0053/2011),
– having regard to Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
– having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁶, and in particular Articles 145, 146 and 147 thereof,
– having regard to Rule 76 of and Annex VI to its Rules of Procedure,

¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
⁵ Texts adopted, P7_TA(2011)0000.
having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0135/2011),

A. whereas, under Article 17(1) of the Treaty on European Union, the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union, in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

B. whereas the special reports of the Court of Auditors provide information on issues of concern related to the implementation of funds, which are thus useful for Parliament in exercising its role of discharge authority,

C. whereas its conclusions on the special reports of the Court of Auditors form an integral part of its resolution\(^1\) with observations accompanying its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission,

General Remarks

1. Welcomes the fact that the Court of Auditors has managed to produce, every year, more and better special reports; regrets the fact that, unfortunately, they do not always get the political attention they deserve because of the rules applicable in Parliament;

2. Points out that those special reports are of great importance when reflecting on and changing and/or adapting programmes and projects because they can result in a more efficient use of human and budgetary resources; appreciates the positive attitude of the Commission to those processes and its willingness to take prompt action to remedy most of the shortcomings noted by the Court of Auditors in those reports;

3. Calls once more on its competent bodies to adapt the rules in such a way that the competent committee can decide - based on the gravity of the findings of the Court of Auditors - whether there is a need to draw up an initiative report for plenary outside the quota set for own initiative reports;

\(^1\) Texts adopted, P7_TA(2011)0000 (Commission discharge resolution).
Part I - Special Report No 15/2009 of the Court of Auditors entitled "EU assistance implemented through United Nations organisations: decision-making and monitoring"

4. Notes that Union development funds channelled through UN bodies doubled to over EUR 1 billion between 2002 and 2008;

5. Appreciates that working through UN bodies can generate economies of scale, as well as more effective aid due to better donor coordination, yet points out that this is not necessarily always the case, as civil society organisations often bring valuable local field knowledge and their involvement can lead to greater ownership by developing-country partners;

6. Is concerned by the Court of Auditors' finding that there are difficulties translating the strict legal requirements for the objective and transparent selection of partners into practical criteria for the purpose of supporting decision making;

7. Calls, accordingly, on the Commission to draw up clear selection criteria and processes which guarantee the choice of the most efficient and effective aid delivery mechanisms in every case;

8. Calls on the Commission to monitor more thoroughly UN-implemented aid projects to ascertain their actual impact and cost-effectiveness;

9. Takes the view that the Commission's proposal on multi-donor trust funds should combine the Commission's capacities to create, manage and coordinate such funds with sufficient democratic and budgetary scrutiny;

10. Believes that cooperation with the UN system should depend on satisfactory progress as regards the UN reform process, the status of the Commission in the UN system and the development of procedures and practices as regards prosecution of criminal acts committed by staff in international organisations; further believes that a system for fact-finding and recovery of unduly spent Union money needs to be established;

11. Sees the need to complete the existing control framework by giving the Commission's competent authorising officers by delegation, the Commission's Internal Audit Service and the Court of Auditors, access to UN internal audit reports;

12. Believes that Parliament should be provided with assurance evidence in the form of a statement of assurance from the international organisation similar to the statement that Commission's competent authorising officers by delegation are required to issue and similar to the national management declarations which Parliament requests from the Member States;

13. Takes the view that the creation of the European External Action Service and its complicated structure, which permits its officials to administer the Commission's funds in external actions, makes management and control problems even more pressing; believes, accordingly, that it is essential for the Union to attain an equal footing with the Member States in the UN in order to achieve visible progress in the control of and, as the case may
be, to follow-up recoveries or other liabilities;

14. Urges the Commission to increase the amount of information on the implementation of the EDF at national and regional level in the ACP countries and to ensure better visibility for all Union-funded activities overseas.
Part II - Special Report No 17/2009 of the Court of Auditors entitled "Vocational training actions for women co-financed by the European Social Fund"

15. Reminds the Court of Auditors and the Commission that, under Article 8 of the Treaty on the Functioning of the European Union, the promotion of equality between men and women is a fundamental principle of the European Union in all its activities; therefore, gender aspects must be taken into consideration at all steps of the budgetary procedure including the preparation, implementation and auditing of the budget of the European Union;

16. Reminds the Court of Auditors and the Commission of the findings and the recommendations of the feasibility study on gender budgeting;

17. Welcomes the report based on evaluations carried out at Commission level and in five Member States (Germany, Spain, France, Italy and the United Kingdom), accounting in total for 76% of expenditure, dealing with vocational training actions for women co-financed by the European Social Fund during the 2000-2006 programming period; notes, however, that the report revealed a number of weaknesses in the establishment of measures and selection of projects audited by the Court of Auditors; and notes shortcomings with regard to the performance monitoring of the programmes;

18. Notes that the training actions contained within the programmes that were audited were not established as a direct response to the analyses of labour market requirements and the measures established tended to leave a broad choice on how actions were to be implemented, failing to focus sufficiently on specific target groups; regrets that the Court of Auditors did not take into account the wider issues surrounding getting women back into work, or improving their skills;

19. Understands that future operational programmes need to take into account an analysis of the labour market so that training activities can respond to the findings of this analysis; however, remains of the opinion that training for women needs to enhance their skills, whilst taking into account the specific needs of women, such as child-care and flexible working arrangements; furthermore, supports the view that an effective project selection procedure be put in place to approve projects which tackle inequality and respond to problems highlighted in the analysis;

20. Notes that, in using current indicators, project selection criteria in the Member States audited did not take sufficient account of analyses of the labour market nor ensure that the projects that were selected were in line with overall programme objectives; recommends that, in future, indicators be more focussed on gender equality, that clear targets be established and that reliability of information be improved to ensure that evaluations can be carried out effectively by the implementing authorities, the Member States and the Commission;

21. Asks the Commission to continue to verify the establishment by the Member States of appropriate and feasible indicators in order to ensure that reliable data is collected, thereby allowing meaningful conclusions to be drawn on the efficiency and effectiveness of co-financed actions; asks to be regularly informed of progress achieved, ensuring that the obligations on project sponsors do not become too burdensome;
22. Calls on the Court of Auditors to take account of the Commission's note in the Annual Report on the implementation of the budget, regarding budget headings 4 and 13, stating that they are wider in scope and include inter alia gender equality policy;

23. In view of the continuing gender pay gap in Europe, calls on the Commission to continue to promote vocational training actions specifically for women, in order for them to gain or improve the skills needed to remedy this distortion;

24. Regrets the Court of Auditors' observations in the Annual Report concerning undue payments in the implementation of the Daphne II project; urges the Commission to follow up the situation and ensure proper implementation of the Daphne programme in the future;

25. Reiterates its demand to the Commission and the Court of Auditors that the information on gender mainstreaming policies and gender-specific data be included in the budget discharge report.
26. Welcomes the publication of the report by the Court of Auditors and the thorough analysis carried out by the Court;

27. Appreciates the key role of simplified customs import procedures for economic operators with regard to trade facilitation, but regrets that such procedures have led to unjustified levels of losses to the Union budget and breaches in Union trade policy;

28. Welcomes the improved regulatory framework for simplified procedures for imports, introduced from the beginning of 2009 and expects the Commission to complete its guidelines for ex-post audits without any further delay and at the latest by the end of 2011;

29. Invites the Member States to implement this framework rapidly and calls on the Commission to monitor progress thoroughly;

30. Finds the lack of effective controls, which the report revealed, for simplified procedures in respect of imports in the Member States to be unacceptable, and calls on the Commission to further investigate the effectiveness of controls for simplified procedures in the Member States, and in particular to investigate progress in the conduct by the Member States of ex-post audits (for example, the frequency, methodology, use of risk analysis and organisation thereof), and to present the results of such an investigation to Parliament by the end of 2011 in respect of at least half of the Member States and by the end of 2012 in respect of the remainder of the Member States;

31. Is of the opinion that the Member States should put more effort into ensuring the effective collection of customs duties, particularly given that they retain 25% of those duties by way of compensation for the costs of collecting them;

32. Requests the Court of Auditors to consider a follow-up to this special report after the introduction of the guidelines for ex-post audits and calls on the Commission to provide Parliament with estimates of losses in Traditional Own Resources as a result of the current ineffective controls for simplified procedures in the Member States;

33. Calls on the Commission to analyse the Dutch idea for pre-authorisation audits, which, although not generally followed in the Netherlands, were found by the Court of Auditors to fully correspond to the Court's control model, and to recommend the use of that model in other Member States and to inform Parliament on progress made by September 2011;

34. Urges the Commission to investigate in more detail the issue of abuse of "super-simplifications" (notification waivers) and to provide Parliament with detailed figures on the frequency of super-simplifications per Member State by the end of the discharge procedure for 2009; calls on the Commission to define in more detail the special circumstances under which traders may benefit from the notification waivers;

35. Calls on the Commission to examine by February 2011 the cases of Belgium, France, Ireland, Sweden and United Kingdom, where traders were unable to provide the requested customs documentation in the framework of ex-post audits, and to inform Parliament of
actions taken by those Member States in order to remedy the situation before the end of the discharge procedure for 2009;

36. Regrets the lack of a coherent Union policy of sanctions to be imposed by Member States on traders who act in breach of the rules on the simplified procedures introduced for them to facilitate economic operations; calls on the Commission to inform Parliament as to the steps taken to remedy this situation;

37. Calls on the Member States to make economic operators aware of their responsibilities when using the simplified procedures, which may include compulsory training;
38. Notes the increasing competition that the Union faces from traditional competitors and emerging countries in the field of research, development and innovation; notes, accordingly, that research and specifically new research infrastructure, is essential for the Union to achieve the objectives set out in the 'EU 2020' strategy: a smart, sustainable and inclusive growth;

39. Emphasises that the Commission should carefully consider all elements in order to get the best value for money; notes, however, that there is no explicit evidence provided by this special report or in the reply of the Commission which could lead to the conclusion that the Commission did indeed get the best value for money;

40. Emphasises the importance of the conclusion of the Commission analysis carried out in 2000 that there is a lack of critical mass in technological development related to infrastructures; notes that neither from this special report nor from the reply of the Commission can it be concluded that the characteristics and the number of projects financed (28 in total) have achieved this critical mass; calls, accordingly, on the Commission to further clarify in this particular case the objective of reaching a critical mass and the way it was promoted;

41. Notes that, as concerns design studies, it is not apparent that the Court of Auditors, when interviewing the beneficiaries, the representatives of research organisations, the representatives of the research community and the representatives of the Member States and Associated States, took into consideration the fact that these parties are by nature positively pre-disposed to the implemented studies; in addition, encourages the Court of Auditors to use complementary evidence in order to better examine the effectiveness of the projects in question;

42. Notes that according to the reply of the Commission, the "EU funding under the CNI scheme was not meant to trigger any decision to build new infrastructure but rather to enhance the European dimension"; notes, however, that there is an insufficient definition of the terms "European dimension" and "European added value" and specifically how these are measured and in which way the funds spent for these projects correspond to the terms "European dimension" and "European added value"; calls, accordingly, on the Commission to clarify these terms further, in a specific and measurable manner;

43. Agrees with the Court of Auditors and the Commission that the benefits of using complementary funding sources should be made clear to potential applicants and further promoted by the Commission and the Member States' authorities, even if significant progress has been made under FP7;

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1 Special Report No 2/2010, reply of the Commission on points 25-26: "The objective of the CNI scheme was to optimise European infrastructures by providing limited support for the development of a restricted number of projects for new infrastructures in duly justified cases where such support could have a critical catalysing effect in terms of European added value".
44. Notes that using complementary funding sources is a crucial factor in the establishment of new research infrastructures in the years to come;

45. Notes that there is a need for practical steps to be taken by the Commission to adequately administer the complementarity aspect, by carrying out inter alia checks for double financing or ineligible co-financing;

46. Recalls that the Commission published, in 2008, a Practical Guide to EU funding opportunities for Research and Innovation and invited the Member States to improve the arrangements for a coordinated use of funding;

47. Requests the Court of Auditors to conduct, from the accounts and budgetary perspective, an evaluation of Union-funded security research and development, including FP6, PASR and FP7, following the recommendation of the study of Parliament's Policy Department C) "Review of security measures in the research framework programme" of October 2010;
Part V - Special Report No 3/2010 of the Court of Auditors entitled "Impact Assessments in the EU institutions: do they support decision-making?"

48. Welcomes the report of the Court of Auditors, and endorses the Court of Auditor's observations and conclusions;

49. Welcomes the good start and commends the on-going improvements of the Commission’s Impact Assessment (IA) system, in particular, the constant updating of the Commission’s IA guidelines and strengthening of the role of the Impact Assessment Board (IAB);

50. Notes with satisfaction that, according to the Court of Auditors’ findings, the IA procedures have become an integral part of the policy development process and have contributed towards improving the Commission’s legislative proposals;

51. Notes, however, that amendments to the initial Commission proposals introduced by the Council and Parliament are not subject to additional IAs which may lead to a significant lack of substance in the assessment; invites the Commission to improve the situation and to carry out additional IAs taking into consideration the substantial amendments proposed by the legislators, as well as to update the IAs when the Commission presents amended proposals;

52. Encourages the Commission to establish measures aimed at enhancing the transparency of the IA planning process; believes that the Commission should not only explain the reasons why an IA is needed, but also make public the reasons behind any decisions not to carry out an IA (in particular in cases when its IAB has identified the need to carry out an IA);

53. Is of the opinion, as stated in the second interim report on legislative activities and inter-institutional relations by the Working Party on Parliamentary Reform of 21 May 2008, that the IAs should cover all legislative initiatives, including simplification and comitology measures; invites all the parties involved to redefine the scope of the IAs during the next inter-institutional talks, in particular taking into account the recent changes introduced by the Treaty of Lisbon;

54. Urges the Commission to involve stakeholders, not only in the preparatory work of the IAs, but also to consult the interested parties on draft IA reports, and, following the approach taken by some OECD countries, to make draft IAs public;

55. Encourages the Commission to improve the planning of the IA process in order to provide sufficient time for IAB scrutiny;

56. Is of the opinion that presenting and discussing the IAs should be an integral part of Parliament’s legislative work and encourages its committees to invite the Commission’s representatives to participate in this more often;

57. Draws the Commission's attention to the critical comments on the lengthy and technical nature of the IAs, as well as on the complexity of language used; believes that improvement in those areas would enhance the usefulness of the IAs for legislators, stakeholders and the public;
58. Notes, however, that the independence of IAs as they are currently carried out is questionable due to the fact that the members of the Commission's Impact Assessment Board (IAB), which is responsible for the Commission's IAs, are appointed by, and subject to the instructions of, the Commission President;

59. Further notes that the same problem occurs as regards the Commission's ex-post evaluations which are of only limited value as support to Parliament in its supervision of the Commission's implementation of the budget;

60. Stresses that IAs should not take place only before the adoption of a legislative text (ex-ante) but should also be carried out after its adoption (ex-post); points out that this is necessary in order to evaluate more accurately whether the objectives of a law have actually been achieved and whether a legal act should be amended or retained;

61. Invites its competent bodies to analyse the feasibility of transferring the funds actually used by the Commission for IAs and evaluations to a separate, independent body such as a foundation headed by a board comprising Members of the European Parliament and advised by external experts;

62. Is convinced that IAs and evaluations carried out on behalf of Parliament would enhance the general public's insight into and knowledge of the value of the policies of the Union, and play a role in creating public participation and debate;

63. Underlines that the Commission's right of initiative limits Parliament's role and believes strongly that independent, free and unrestricted IAs and evaluations would give Members of the European Parliament a bigger say on future developments of European policies;
Part VI - Special Report No 4/2010 of the Court of Auditors entitled “Is the design and management of the mobility scheme of the Leonardo da Vinci Programme likely to lead to effective results?”

64. Welcomes the report of the Court of Auditors and the sound assessment of the design and management of the mobility scheme of the Leonardo da Vinci programme contained therein;

65. Notes with satisfaction the Court of Auditors' overall conclusion that the design and management of the mobility scheme of the Leonardo da Vinci programme could lead to effective results;

66. In spite of being fully aware of the complexity of the task of developing suitable indicators for the many objectives set for the programme, and recognising the recent progress in that respect, is concerned by the Court of Auditors' finding of a lack of a comprehensive system for the measurement of the impact of the programme, and of the Commission's inability to assess how the objectives are being met three years into the programme, which period represents approximately half of its life span;

67. Calls on the Commission to inform Parliament of the progress in establishing a new user-friendly and effective partner-search tool which would address applicants' difficulties in finding host partners in other countries;

68. Calls on the Commission to ensure correct assessment of applications by further developing the assessment handbook for evaluators and by integrating, into its quality and impact monitoring visits to participating countries assessment checks of applications, should the analysis of the added value of such checks prove positive;

69. Calls on the Commission to establish a comprehensive system for the measurement of the impact of the programme and to improve the system for reporting on the results and effects of the programme and, in particular, to finalise the LLPLink software application for reporting on impact measurement without further delay, and to keep Parliament informed of progress in that respect;

70. Calls on the Commission to address the weaknesses of controls identified in the Court of Auditors' special report;
Part VII - Special Report No 5/2010 of the Court of Auditors entitled "Implementation of the Leader approach for rural development"

71. Notes that, as the Court of Auditors points out, there are a number of areas where significant improvements can be made to ensure the added value that is key to the Leader approach; finds it very regrettable that 10 years after the Court of Auditor's previous audit of the Leader approach, the same serious weaknesses persist;

72. Supports recommendations 3, 4, 5 and 6 of the Court of Auditors;

73. Agrees with recommendation 1 that funding for projects that have been completed should not be granted but considers that this should not prevent Leader from funding the expansion of existing projects; accordingly, welcomes the Commission's intention to present proposals that would enable the expansion of projects where a new application for funding has been presented for subsequent phases;

74. Notes in recommendation 2 that members of the LAG should "be absent from any discussion, assessment or decision" where they have any "personal, political, professional or business interest in a project proposal"; notes, in addition, that the Financial Regulation prohibits actions that may result in a conflict of interest; invites the Commission and the Member States to ensure that the Financial Regulation is fully applied by members of LAG's project assessment and decision making committees; agrees that a written declaration of interest should always be made where relevant and that declarations of interest should be published in the minutes of the meeting;

75. Calls on the Commission to ensure a clear definition of the notion of "interest in a project" and takes the view that detailed minutes of all decision making meetings should become the norm, to allay concerns about unfairness in project selection and to reinforce transparency and neutrality in decision making;

76. Believes that, to ensure the "value-added" element of Leader, the Commission should further encourage LAGs to undertake outreach work to identify local actors that are able to develop more strategic projects in areas, such as currently happens in Mecklenburg-Vorpommern (Germany) and Ireland;

77. Calls on the Commission to introduce, without delay, measures that increase the transparency of project selection, using the examples of Mecklenburg-Vorpommern (Germany) and Pays de la Loire (France) and believes that a system under which LAGs publish minutes of project selection meetings on their websites should be introduced;
78. Notes that, in general terms, the 2006 reform of the Union sugar market was successful and achieved the objectives of increasing competitiveness and bridging the price gap between the internal Union and world market;

79. Notes that the Court of Auditors has reservations concerning the measurement of competitiveness based solely on regions; emphasises that the Commission did not have the opportunity to examine the actual competitiveness of individual growers and factories; is concerned that, if, accordingly, the competitiveness in a region is based not on its real potential but on the distortion of the market due to relatively high quotas in some regions based on political criteria, the new situation created by the reform does not guarantee the optimum in terms of the real competitive potential of these regions;

80. Agrees with the Court of Auditors that data on the productivity and efficiency of sugar producers could be very useful for the purpose of assessing the implementation of the reform; accordingly, the rapporteur asks the Commission why it did not require such data as a prerequisite for receiving financial assistance;

81. Asks the Commission why the big sugar producers who have renounced their quotas by accepting compensation from the restructuring fund as a financial incentive to leave the sector were not asked to provide information on the way that they used that compensation; notes, in addition, the importance of collecting and handling such information in order to promote a more effective and efficient organisation of the Common Agricultural Policy in the future;

82. Recalls that sugar factories occupy an important place in agricultural policy and their presence locally is a prerequisite for beet production, although this does not apply to traditional sugar cane refiners given that sugar cane is produced outside the Union; accordingly, asks the Commission what public good was served by the transitional aid paid to the sugar cane industry;

83. Emphasises, as far as the additional isoglucose quota is concerned, that its industrial production is not connected with the local availability of maize and other raw materials and that, as the Commission mentions, the price of maize and other raw materials used for processing isoglucose remains unaffected; notes, accordingly, that the demand and the pattern of isoglucose consumption are fundamentally different from sugar consumption; agrees, as a result, with the Court of Auditors that "the logic of including those additional quotas free of charge in the subsequent quota reductions is far from clear"¹ and asks the Commission what public good was served in the case of the free allowances which were given to isoglucose producers;

84. Calls on the Commission to examine whether funds provided for the restructuring scheme were used for relocation of some Union factories to third countries that receive preferential treatment from the Union, given that subsidising productivity outside Europe was not one of the objectives of the sugar reform;

¹ Special Report No 6/2010, point 43.
85. Draws the Commission's attention to the fact that the benefits of the increase in industrial concentration in the sector are combined with no or limited transfer of price reductions to consumers; queries, accordingly, whether the Commission took any measures or initiatives during, or within the context of, the sugar reform in order to ensure that reductions in the price of bulk sugar would be passed on to the final consumer;

86. Notes that, according to the Court of Auditors' special report, there are "very wide variations ranging from a net surplus of EUR 390 per tonne renounced compared to the net closure costs to a net deficit of EUR 226 per tonne"¹ and wonders whether the reform could have been designed in a way which could have minimised these variations;

87. Agrees with the Court of Auditors that "there is no comprehensive data on the impact of quota renunciations on the local economies, on how many jobs were lost or alternative employment of the staff previously employed at the factories which were dismantled"² and considers these data very useful in order to have an overall picture of the reform on the regions concerned; notes, accordingly, that when funds from the Union flow towards a beneficiary, a reverse flow of transparent information on the way these funds were used, which is in no way contradictory to the Member States' competencies, can be expected, based on the European taxpayer's right to know;

88. Agrees with the Court of Auditors that the Member States which decided to grant aid for diversification should have established national restructuring programmes detailing the diversification measures to be undertaken in the regions concerned and should have informed the Commission about these programmes; calls, accordingly, on the Commission to give an indication of the impact of the diversification aid on the regions affected;

89. Agrees with the Court of Auditors that the Commission should propose a series of measures "to remove the rigidities and constraints in the current quota system which affect adversely the competitiveness of growers and producers"³;

90. Is unable, with regard to the Court of Auditors' remark that the Union has become more dependent on imports, to pass judgment on the Commission's reply that, in general terms, "the level of self-supply within quota maintained after the reform (around 85%) can be considered satisfactory"⁴, taking into account the opening of the Union market to third countries; notes that the discussion on availability of supply is not well documented or substantiated, the rapporteur had no access to any studies regarding the optimum level of sugar availability or possible scenarios demonstrating the consequences of its unavailability and the possible reactions (and the relevant costs) in case of a major disruption of the world sugar market;

² Special Report No 6/2010, point 73.
91. Welcomes the publication of the well-prepared and constructive report by the Court of Auditors and the thorough analysis carried out by the Court;

92. Is of the opinion that improvements in the definition of the Priority Projects could further enhance the co-ordination and concentration of Union financial resources; calls on the Commission to determine the definition of Priority Projects according to demonstrable needs in terms of existing and anticipated rail services;

93. Calls on the Commission to take necessary action in order to adapt the rail infrastructure to cater for trans-European services while creating missing links at cross-border locations, removing bottlenecks on important junctions and replacing or upgrading the old rail infrastructure;

94. Welcomes the Commission's effort to make progress at European level with the legislation adopted; is of the opinion that the Commission should further improve cooperation with the Member States in order for legislative measures regarding rail safety and passenger rights, market opening and interoperability at the Union level to be successfully transposed into national legislation;

95. Welcomes the Commission's efforts to continue investing significant resources which contribute to the improvement of project preparation;

96. Urges the Commission to consult external rail infrastructure experts in order to better evaluate the technical aspects of proposed projects prior to their approval under the Cohesion Fund;

97. Stresses the need to promote better preparation of projects in order to reduce the risk of cost escalations of future projects influenced by unforeseeable factors, such as unexpectedly difficult geographical conditions, and environmental protection requirements;

98. Notes that there are sometimes delays before infrastructure becomes available for use; asks the Commission to cooperate more closely with the Member States in order to make the necessary improvements in future planning;

99. Welcomes effective performance on sections dedicated to high-speed passenger services, which is found to be in line with expectations;

100. Notes that the Court of Auditors observed various complications, including differences in gauge, traction energy, train control (signalling) systems, train length and operational rules; asks the Commission to better assist the Member States in making progress to alleviate such complications which would facilitate improvements in developing trans-European transport links; points out that the Union needs to play an important role in promoting the interoperability of national networks along with efficient financial support;
101. Notes that the appointment of European coordinators has considerably improved the implementation of TEN-T projects by concentrating investments and facilitating development of Priority Projects; calls on the Commission to maintain the role currently played by the coordinators and to evaluate the possibility of appointing more coordinators in the sections of Priority Projects that face significant complications;

102. Is of the opinion that the responsibilities of the TEN-T Executive Agency need to be extended in terms of an increase of effective control and the evaluation procedure in respect of the co-financing of Priority Projects;

103. Notes that while the concentration of TEN-T co-financing at cross-border locations has improved since 2006, much remains to be achieved, including the elimination of the bottlenecks and the filling-in of missing links;

104. Emphasises that all the remaining problems and issues need to be evaluated while preparing for the review of the TEN-T guidelines;

105. Calls on the Commission to review TEN-T policy in order to meet future challenges related to the climate change objectives, further economic growth, and social and economic cohesion.
Part X - Special Report No 9/2010 of the Court of Auditors entitled "Is EU Structural Measures spending on the supply of water for domestic consumption used to best effect?"

106. Stresses that water and especially drinking water is a strategic natural resource which, like other natural resources, is under increasing pressure in the 21st century from the continuous growth in demand and, accordingly, it is Parliament's task and duty to pay particular attention to the protection, prudent and rational use of water, in order to secure good water quality and sufficient drinking water supply for the growing population and future generations;

107. Welcomes the Court of Auditors' constructive recommendations and invites the Member States to pay greater attention to integrated water management, which serves both environmental and economic interests, while preparing their programmes and projects for Union co-financing and to aim for maximising the added value of Union intervention;

108. Underlines the need for more rigorous examination of projects at the application stage in order to prevent shortcomings; accordingly, invites the Commission to further improve the use of guidance and checklists by providing clearer criteria for assessing the grant applications in order to enhance the effectiveness and consistency of the procedures and their results, as well as to ensure proper follow-up action in cases of non-provision of required information or action;

109. Is shocked by the Court of Auditors' finding that although some projects were completed several years before the audit took place, they were not in operation because of a lack of complementary infrastructure; accordingly, urges the Member States to strive for better planning of projects in order to prevent expensive infrastructures, such as those in the water supply sector, from not functioning as a result of missing links in the network;

110. Also invites the Member States to ensure better planning by making comprehensive needs assessments and to ensure, as far as possible, that investments are efficient and economic by considering the potential to recover costs from users and to increase the efficiency of the water use in order to protect water resources, but also by aiming to increase the efficiency of water use and reducing losses;

111. Asks the Member States to guarantee better coordination and to involve more stakeholders in project planning in order to avoid situations such as those where investments aimed at increasing the capacity of water supply are made in a municipality without taking into consideration reduced consumption resulting from other investments in the same municipality, or where investments are made in a supra-municipal supply system without the commitment of municipalities to use it;
112. Welcomes the Court of Auditors' report and the Commission's replies;

113. Endorses the Court of Auditors' recommendation 1; acknowledges, with reference to Article 12 of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union¹, that the subsidiarity principle applies in connection with the drafting of programmes consistent with the guidelines laid down by the Commission; recognises the need for the right measures to be taken at national level in accordance with the guidelines laid down; welcomes the Commission's role in determining whether programmes are consistent with Union law and in providing coordination with national authorities during the programming phase, a role which also encompasses the guidelines made available to the Member States; emphasises, in particular, the importance of developing cooperation between the Commission and the Member States with a view to improving control indicators and efficiency;

114. Endorses the Court of Auditors' recommendation 2; welcomes the amendment of the relevant article of Regulation (EC) No 247/2006, as proposed by the Commission, with a view to facilitating the Member States' annual review process;

115. Endorses the Court of Auditors' recommendation 3; acknowledges that the subsidiarity principle applies in connection with the framing of the measures; notes that closer involvement on the part of programme participants and more detailed economic analysis in the Member States concerned can help to improve the measures; points out that, when measures are framed at national level, due account must be taken of sustainable objectives with a view to ruling out any overemphasis on superficial measures; regards flat-rate aid payments and purely production-based aid payments as justified in certain regions, but calls for sustainable approaches to be developed with a view to guaranteeing the future viability of farming in the regions concerned;

116. Endorses the Court of Auditors' recommendation 4; in addition, calls on the Member States to draw up guidelines for joint control indicators; is aware that the differing characteristics of countries covered by individual programmes makes the development of control indicators which are valid throughout the Union more difficult; takes the view, nevertheless, that joint control indicators are fundamental to the sustainable development of farming and rural areas; welcomes the consultation process undertaken by the Commission with the Member States with a view to defining joint control indicators for programmes as from 2011; regards this consultation process as an approach which can serve as a model for other areas in which the Union provides funding;

117. Endorses the Court of Auditors' recommendation 5; welcomes the Court of Auditors' proposal to reduce the period between programme assessments to less than five years; notes the Commission's answers to the Court of Auditors' proposal; echoes the Court of

Auditors' in recommending a reduction in the period between assessments from five years to one year, regardless of the annual implementation reports submitted by the Member States to the Commission; calls, further, for the establishment of an information management system to monitor the data collected by the Member States on the basis of representative control indicators, making for a more effective and more sustainable use of financial aid;

118. Calls on the Commission to cooperate more effectively with the Member States; notes that the Commission cannot force a Member State to implement proposed changes designed to improve programme sustainability; takes the view that the closer involvement of the Commission in control measures will increase programme efficiency;

119. Instructs its President to forward this resolution to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for its publication in the Official Journal of the European Union (L series).
8.2.2011

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgetary Control

on the European Court of Auditors' special reports in the context of the 2009 Commission discharge
(2010/2204(DEC))

Rapporteur: Charles Goerens

SUGGESTIONS

The Committee on Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

Special Report No 18/2009 ‘Effectiveness of EDF support for Regional Economic Integration in East Africa and West Africa’

1. Acknowledges that regional economic integration can create growth and jobs in developing countries and thereby contribute to reducing poverty; welcomes, accordingly, the fact that European Development Fund (EDF) funding in this area has more than doubled over the financial period in question;

2. Regrets that EDF support for regional integration has not yet been wholly effective, mainly due to African authorities' lack of capacity, overlapping membership of African regional economic organisations leading to the duplication of efforts and dispersion of resources, as well as inadequate support and coordination from Commission delegations, principally due to lack of resources;

3. Calls, accordingly, on the Commission to step up capacity-building for East African and West African regional economic organisations and their institutions, including support for national parliaments and local civil society, and to encourage convergence between regional blocs with a view to eliminating overlapping membership over time, whilst taking care to respect partner countries' ownership of the process;

4. Calls on the Commission and the European External Action Service to allocate more resources in order to enable delegations to manage regional integration processes more effectively, and to ensure greater coordination and more coherence between regional and national programmes;
5. Insists that the Union should not pressure African states to sign up to Economic Partnership Agreements (EPAs) any faster or which cover a greater range of issues than they want to, and that the Union should avoid undermining existing regional groupings by agreeing EPAs with individual countries;

6. Insists that smaller states’ fund allocation, especially for the least-developed countries, should be more focused on sustainable economic development, such as through wealth creation mechanisms, so as to reduce the dependency on regional economic ‘giants’, such as Nigeria in West Africa; calls on the Commission to continue its funding for regional programmes, otherwise known as Intra-ACP Programmes, which cover several or all countries in a particular region;

Special Report No 15/2009 ‘EU assistance implemented through United Nations organisations: decision-making and monitoring’

7. Notes that Union development funds channelled through UN bodies doubled to over EUR 1 billion between 2002 and 2008;

8. Appreciates that working through UN bodies can generate economies of scale, as well as more effective aid due to better donor coordination, yet points out that this is not necessarily always the case, as civil society organisations often bring valuable local field knowledge and their involvement can lead to greater ownership by developing country partners;

9. Is concerned that the Court of Auditors found that there are difficulties translating the strict legal requirements to select partners objectively and transparently into practical criteria to support decision making;

10. Calls, accordingly, on the Commission to draw up clear selection criteria and processes which guarantee the choice of the most efficient and effective aid delivery mechanisms in every case;

11. Calls on the Commission to monitor more thoroughly UN-implemented aid projects to ascertain their actual impact and cost-effectiveness;

12. Urges the Commission to increase the amount of information on the implementation of the EDF at national and regional level in the ACP countries and to ensure better visibility for all Union-funded activities overseas.
RESULT OF FINAL VOTE IN COMMITTEE

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<th>7.2.2011</th>
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| Result of final vote | +: 24  
| | -: 0  
| | 0: 0  |
| Members present for the final vote | Thijs Berman, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Miguel Angel Martínez Martínez, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Eleni Theocharous, Ivo Vajgl, Iva Zanicchi |
| Substitute(s) present for the final vote | Kriton Arsenis, Agustín Díaz de Mera García Consuegra, Santiago Fisas Ayxela, Emma McClarkin, Csaba Óry, Åsa Westlund |
| Substitute(s) under Rule 187(2) present for the final vote | Andres Perello Rodriguez, Teresa Riera Madurell |
## RESULT OF FINAL VOTE IN COMMITTEE

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<th>28.3.2011</th>
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| Result of final vote | +: 19  
|                  | -: 1  
|                  | 0: 0  |
| Members present for the final vote | Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Andrea Češková, Jorgo Chatzimarkakis, Luigi de Magistris, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Ville Itälä, Cătălin Sorin Ivan, Iliana Ivanova, Elisabeth Köstinger, Monica Luisa Macovei, Bart Staes |
| Substitute(s) present for the final vote | Monika Hohlmeier, Véronique Mathieu, Derek Vaughan |
| Substitute(s) under Rule 187(2) present for the final vote | Michael Gahler, Iratxe García Pérez, Sergio Gutiérrez Prieto, Karin Kadenbach, Evgeni Kirilov, Brian Simpson |