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on delivering value for money

Committee on Budgets

Rapporteur: James Elles

Introduction

1. This working document provides further information on the rapporteur's strategy as regards delivering value for money in the 2007 budget procedure. The first section provides an overview of the value for money amendments proposed by the rapporteur. The second section makes suggestions on process as to how Parliament might effectively scrutinise information provided by the Commission in advance of the second reading on the 2007 budget and regarding the release of amounts placed in reserve. The annex provides detailed information about the problems identified on each budget line for which a value for money amendment is proposed and the conditions for release.

I - Overview of the value for money amendments and proposals for follow-up

2. Delivering value for money has been one of the three key pillars of the Parliament's strategy as regards the 2007 budget procedure. The rapporteur has prepared four blocks of horizontal amendments on the value for money approach. These are based on information provided in: the Court of Auditors Special reports; the synthesis reports of the Commission's management of financial resources; the cost-benefit studies produced at the request of the committee on budgets; the Budget Forecast Alert produced by the Commission.

- **Special reports of the Court of Auditors**

3. In its Special Reports, the Court of Auditors examines whether financial operations related to particular programmes and activities have been properly recorded, legally and regularly executed and managed so as to ensure economy, efficiency and effectiveness. The horizontal amendments were based on the problems and weaknesses identified in the special reports examined during the 2004 discharge exercise and those released since. The Commission's replies to the observations of the Court are included in each report. The Commission's 2004 follow-up report, responding to the remarks made by the European Parliament in the 2004 discharge report, arrived after the submission of these amendments.

- **Synthesis reports of the Commission's management of financial resources**

4. The annual synthesis report contains a summary and overview of the state of management in the Commission based on the Annual Activities Reports (AAR) prepared by the various D-Gs. Each AAR contains a declaration of assurance signed by the director-general concerning the sound financial management and control of the resources for which they are responsible, and the legality and regularity of the underlying transactions. Particular problems, for which it is not proved possible to give such assurances, are subject to reservations. The AAR sets out the action planned by the Commission to address such weaknesses.

- **Cost-benefit studies**

5. Cost-benefit studies were carried out on behalf of the committee on budgets in the context of the 2007 budget procedure, further to paragraph 36 of Parliament's resolution on the Commission's APS resolution, which *"proposes to ask for cost-benefit studies to be carried out on specific areas of the budget using part of the resources allocated to the parliamentary committees"*. Amendments were proposed based on an analysis of the studies on: LIFE; Lifelong learning; Citizenship; Information Policy; Development co-operation.

- **Budget Forecast Alert**

6. The Budget Forecast Alert is a new tool prepared by the Commission to assess the quality of implementation and therefore qualitative value for money for particular areas of EU spending. The rapporteur has made use of this information to propose amendments on 7 budget lines on which implementation rates appear unsatisfactory.

7. For each of these sets of amendments, the rapporteur proposes to place 30% of the relevant commitment and payment appropriations in reserve for the related budget lines, pending information and improvements regarding the problems identified.

II - Suggested process for scrutinising Commission responses and releasing funds

8. In line with the approach set out above, the rapporteur has placed amounts in reserve on a number of lines in order to clarify whether spending in these areas is delivering effective qualitative and quantitative value for money. The rapporteur proposes that the amounts in reserve should be released in the following way:

(i) The Commission should provide a response, including a calendar for redressing problems wherever necessary, for each of the problems identified;

(ii) A COBU hearing, possibly held jointly with COCOBU, would allow the Commission to present publicly the information relating to the release of the reserve. In light of the timetable for the second reading, this meeting should take place at the latest on the afternoon of 16 November.

(iii) On the basis of its assessment of the information provided by the Commission, Parliament would then be in a position to lift the relevant reserves before the second reading on the 2007 budget;

9. In order to improve the level of detail available to members regarding this approach, the annex sets out details on the specific problems identified for each budget line on which horizontal amendments are proposed, and a greater degree of detail regarding the conditions for releasing amounts placed in reserve in the horizontal amendments proposed by the rapporteur.

ANNEX

VALUE FOR MONEY - AMENDMENTS BASED ON COURT OF AUDITORS SPECIAL REPORTS

(30% in reserve for CAs and PAs for budget lines where weaknesses have been identified by the CoA)

Amendment 3814 : budget line 04 02 19 : European Social Fund (ESF) — Regional competitiveness and employment

Justification for placing 30% of appropriations in reserve and conditions for release:

In line with paragraphs 5 and 7 of the APS resolution (P6_TA-PROV(2006)0221), adopted by the European Parliament on 18 May 2006, relating to value for money and cost-effectiveness, 30% of the resources for this budget line are placed in reserve until the Commission addresses the weaknesses in management and implementation highlighted in Special report no 1/2006 of the Court of Auditors, which include an inadequate analysis of problems in Member States before ESF funding decisions are taken, poorly justified overall funding levels and regional allocations, and insufficient information to allow an assessment of the impact of spending.

Before Parliament's second reading, the Commission should provide information on:

- measures taken and/or envisaged by the Commission in co-operation with the Member States in order to better assess the needs and the situation prior to funds' allocation and to ensure that clear and well-justified criteria for allocation of funds between regions and between different activities are applied,
- measures taken and/or envisaged by the Commission in order to address the need for a coherent and consistent strategy, including such elements as a common definition of ESL, more consistent criteria for identifying target groups, more specific quantitative goals along with reasonable annual targets, etc.,
- measures taken and/or envisaged as concerns better use of information in the monitoring and control of the financial management by the Member States.

Amendment 3813 : budget line 06 03 03 : Financial support for projects of common interest in the trans-European transport network

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 6/2005 of the Court of Auditors, 14 TEN-T priority projects are currently behind schedule. Problems with cross-border sections are particularly acute and financial aid is not sufficiently focussed on cross-border projects. Evaluations and selections of proposals were carried out by the Commission in an ad hoc manner, and in the absence of documented and publicly available guidelines. The coordination of Community funding of transport infrastructure within the European Union does not allow the Commission to identify all cases of over- or even double-funding. Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide:

- confirmation that specific evaluation guidelines have been established, especially for TEN-T;
- confirmation that external experts/firms are extensively used for evaluations since it is not credible that they are carried out by the same people who are implementing the programme;
- confirmation that the first major ex-post evaluation planned for TENs, i.e for the 2000-2006 programme, will be carried out by independent experts;
- a clear description of how the Commission, in collaboration with Member States, intends to work to detect and minimise the risk of over - or double-funding

Amendment 3815 :

budget line 05 02 08 01 : Export refunds for fruit and vegetables

budget line 05 02 08 02 : Compensation for withdrawals and buying-in

budget line 05 02 08 03 : Operational funds for producer organisations

budget line 05 02 08 04 : Production aid for processed tomato products

budget line 05 02 08 05 : Production aid for fruit-based products

budget line 05 02 08 06 : Intervention for dried grapes and figs

budget line 05 02 08 07 : Compensation to encourage processing of citrus fruits

budget line 05 02 08 08 : Free distribution of fruit and vegetables

budget line 05 02 08 09 : Aid to producer groups for preliminary recognition

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 8/2006 of the Court of Auditors, the Commission's target of 60 % of supply concentrated in producer organisations by 2013 will not be reached: producer organisations account for only about one-third of the EU's fruit and vegetable production and they have grown at a lower rate than the sector as a whole.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should report on:

- improvements in achieving the objectives set for the aid scheme and in the Commission's monitoring of the effectiveness of the aid:
- the reasons for the relative lack of progress by producer organisations, particularly in those Member States where the fruit and vegetables sector represents the highest proportion of agricultural output.

Amendment 3800 : budget line 05 04 05 01 : Rural development programmes

Justification for placing 30% of appropriations in reserve and conditions for release:

According to **Special Report 9/2004** of the Court of Auditors, the impact of measures for **afforestation** of agriculture land has been low: the degree of afforestation is not significant and the result could be obtained more cheaply. The projects financed lead to dispersed and uncoordinated implementation in rural areas. Overall forestry action is not sufficiently targeted. Paying agencies in some new Member States are still not accredited. According to **Special Report 3/2005** of the Court of Auditors, the Commission has not sufficiently verified the correct functioning of **agri-environment support** control systems in the Member States,

particularly concerning organic farming. According to **Special Report 7/2006** of the Court of Auditors, **support for rural areas** has decreased markedly compared to the previous programming period (1994-1999) and funds have not been targeted on the most needy geographical areas and beneficiaries.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide information on:

- how it intends to improve the targeting and cost-efficiency of forestry measures within rural development policy and a timetable for the completion of the accreditation process for the paying agencies in the new Member States;
- how it intends to work with the Member States to improve the verification of agri-environment expenditure.

Amendment 3801 : budget line 19 08 01 01 : European Neighbourhood and Partnership (ENP) financial cooperation with Mediterranean countries

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 5/2006 of the Court of Auditors, Commission management of MEDA has improved since the early years and can now be considered satisfactory but many projects are still not completed and concrete results remain, after more than 10 years of MEDA, limited.

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should therefore be placed in reserve until the Commission:

- explains the reasons for and indicate the measures taken as regards unfinished projects;
- clarifies how the balance between budget support funding, which has been increasing, and traditional project funding is decided;
- explains the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarifies whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarifies whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3802 : budget line 19 08 01 02 : European Neighbourhood and Partnership (ENP) financial assistance to Palestine and to the peace process

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3803 : budget line 19 08 01 03 : European Neighbourhood and Partnership (ENP) financial cooperation with eastern Europe

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Special Report 2/2006 on TACIS, the Court of Auditors examines projects in Russia, which is the highest recipient of funds, and notes, inter alia, low effectiveness and objectives not achieved for a majority of projects examined, lack of dialogue with beneficiaries, lack of local ownership of programmes, no co-financing used, problems with terms of references and evaluations. Only 9 of 29 projects audited achieved their objectives, 8 achieved them partially and 12 failed to achieve them. The results of only 5 of the audited projects were found to be sustainable. The Court concluded that the effectiveness of the use of TACIS funds in the Russian Federation has been very low and it was therefore unable to give a positive assessment of performance.

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- clarify how the shortcomings noted have been addressed in the new Neighbourhood programme and any new country strategy proposed for Russia;
- clarify how the project cycle will be/has been improved to avoid the habitual delays associated with this programme;
- state the concrete measures taken to improve involvement of beneficiaries;
- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3804 : budget line 19 09 01 : Cooperation with developing countries in Latin America

Justification for placing 30% of appropriations in reserve and conditions for release:

According to its Special Report 6/2006, the Court of Auditors considers that reporting, monitoring and evaluation systems covering the environmental aspects of the Commission's development cooperation need to be strengthened. Almost all of the environment projects examined were relevant to beneficiary country needs, and frequently also addressed global conservation needs but outputs and results frequently fell short of objectives.

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- provide a clear overview of the new provisions/measures foreseen for the new generation of external programmes 2007-2013 to improve the integration of environmental aspects into development programmes;
- list concrete measures already decided/implemented following the establishment of the Commission steering-group to improve quality and coordination of environmental aspects in external programmes;
- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and

delegations as satisfactory or which additional measures will still need to be put in place;

- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3805 : budget line 19 10 01 : Cooperation with developing countries in Asia

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 4/2005 of the Court of Auditors, application procedures for funding are excessively complex, delegations should assist applicants more and there should be a greater focus on sustainability of projects. According to its Special Report 6/2006, the Court of Auditors considers that reporting, monitoring and evaluation systems covering the environmental aspects of the Commission's development cooperation need to be strengthened. Almost all of the environment projects examined were relevant to beneficiary country needs, and frequently also addressed global conservation needs but outputs and results frequently fell short of objectives.

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- provide a clear overview of the new provisions/measures foreseen for the new generation of external programmes 2007-2013 to improve the integration of environmental aspects into development programmes;
- list concrete measures already decided/implemented following the establishment of the Commission steering-group to improve quality and coordination of environmental aspects in external programmes;
- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3806 : budget line 19 10 02 : Cooperation with developing countries in Central Asia

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3807 : budget line 19 10 03 : Cooperation with developing countries east of Jordan

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;

- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3810 : budget line 21 06 02 : Relations with South Africa

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3808 : budget line 22 02 01 : Transition and institution-building assistance to candidate countries

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 4/2006 of the Court of Auditors, projects audited were in line with PHARE investment objectives. However, for over half of them the assets were not, or were only partially, being used for the intended purpose, and outputs and results lagged considerably behind schedule due to the continuing lack of administrative capacity and national resources.

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3809 : budget line 22 02 01 : Transition and institution-building assistance to potential candidate countries

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 10/2004 of the Court of Auditors on the devolution of external aid, better indicators of speed and quality of aid delivery are needed and delays in project implementation should be reduced. Given the completely new landscape of implementation of external aid following devolution over the course of the current financial perspective, there is a need to take stock of results before fully authorising the funds requested for external programmes from 2007 and onwards. This is also the case since the Court of Auditors has previously pointed out the need to monitor the costs of devolution to delegations against the results.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- explain the inter-relationship between devolution of aid programmes to the EC delegations and the trends in expenditure observed. This shall include an analysis of operational vs. administrative costs and the split between headquarters and delegations, including aspects of staff, temporary staff, and other types of support expenditure;
- clarify whether it now considers the working relationship between headquarters and delegations as satisfactory or which additional measures will still need to be put in place;
- clarify whether the need for simplification with regard to delegation procedures has now been completed. If not, what new measures have been proposed, i.e. within the framework of the new regulation?

Amendment 3811 : budget line 24 01 06 : European Anti-fraud Office (OLAF)

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 1/2005 of the Court of Auditors, investigations take too long, it is difficult to assess the results achieved and follow-up is rudimentary; OLAF's scarce resources should be targeted towards areas in which the risk of fraud detrimental to the Union's financial interests is greatest.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- report on improvements in the office's managerial supervision and on how the serious delays in the processing of files and the lodging of inconclusive reports can be reduced.

Amendment 3812 : budget line 31 01 06 01 : Interpreting and conference expenditure

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 5/2005 of the Court of Auditors, capacity for interpreting into and out of the languages of new Member States is insufficient and the cost of interpretation could be reduced with better management.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide a note explaining how it intends to reinforce cooperation with the new Member States with a view to training new interpreters in the new languages and an action plan for better management with a view to reducing costs, including the following elements:

- a reduction in the cost of 'standby' interpretation services that are paid for but not used, whilst ensuring that reserve interpreters can be found at short notice;
- a reduction in the cost of auxiliary conference interpreters through better coordination of travel and accommodation costs which are a large part of the cost of such interpreters.

Amendment 3816 : budget line 31 01 07 01 : Support services for the «Translation» Directorate-General

Justification for placing 30% of appropriations in reserve and conditions for release:

According to Special Report 9/2006 of the Court of Auditors, management of translation services should be improved in the face of steadily growing demand, internal capacity for translation of the languages of the new Member States is insufficient, better interinstitutional cooperation in terms of sharing spare capacity is needed, and the efficiency of the translation process should be improved. Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- provide a note describing how it intends to streamline procedures for the management of translation services, scope for further interinstitutional cooperation and possibilities for improving the efficiency of the translation process;
- carry out a review of EPSO's inability to recruit sufficient translators for the languages of the new Member States in time, and prepare an action plan of the steps needed to rectify this problem and ensure that the same problem is not repeated for the candidate countries.

VALUE FOR MONEY: AMENDMENTS BASED ON THE 2005 SYNTHESIS OF COMMISSION MANAGEMENT

(30% in reserve for CAs and PAs for budget lines where weaknesses have been identified by the synthesis report)

Amendment 3831 : budget line 02 03 04 : Standardisation and approximation of legislation

Justification for placing 30% of appropriations in reserve and conditions for release:

DG ENTR is responsible for the management of the Internal Market for goods. This activity comprises the management of legislation (including infringements) in a range of technically complex areas, many of which have an impact on public health and consumer safety. The DG's activities in this area are complemented by the work of the three recognised European Standardisation Organisations (ESOs) for which the Commission provides financial support.

In 2004, the ex-post control team confirmed some overpayments related to one of the ESOs¹. First corrective measures were taken already in 2004 and continued in 2005 aiming to reduce the risk of errors in the cost claims of the ESOs. These measures included discussion with ESOs, inter alia, of draft guidelines on the implementation of the framework partnership agreement.

Appropriations should be placed in reserve until the Commission provides evidence that these weaknesses have been addressed.

Before Parliament's second reading, the Commission should:

- confirm that the beneficiaries have put in place the necessary systems and procedures to be able to produce the required documentation and justifications to the European Commission, in order to obtain assurance that the Commission and the ESOs share the same understanding of the agreed financial rules;
- provide evidence that the full application of the guidelines on the implementation of the Framework Partnership Agreement 2004-2007, issued in February 2006, is ensured and that transparency of the financial management of the grants for the ESOs has improved
- report on the envisaged revision of existing contracts with regards to the determination of eligible costs and on the control of real costs by means of on-site checks and desk checks when assessing cost claims and on the organisation of audits of the ESOs accounting systems.

Amendment 3832 : budget line 06 05 02 : Nuclear Safety

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG TREN expresses a reservation concerning nuclear safety due to a lack of sufficient means in terms of legal instruments and staffing in order to evaluate the level of nuclear safety of the nuclear power stations in the enlarged European Union - the Commission risks not being in a position to ensure the application of high safety standards in the field of nuclear energy. The adoption of the relevant legislative instruments ("Nuclear

¹ CEN, CENELEC and ETSI http://ec.europa.eu/atwork/synthesis/doc/entr_aar.pdf

Package") is a priority action needed in order to give the Commission the necessary legal instruments for ensuring a sufficient level of control.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should confirm that it has been granted sufficient specialised staff in order to be in a position to evaluate the level of nuclear safety of the nuclear power stations in the enlarged European Union.

Amendment 3839 : budget line 08 02 01 : Cooperation - Health

Amendment 3840 : budget line 08 03 01 : Cooperation - Food, agriculture and biotechnology

Amendment 3841 : budget line 08 04 01 : Cooperation - Nanosciences, nanotechnologies, materials and new production technologies

Amendment 3842 : budget line 08 05 01 : Cooperation - Energy

Amendment 3843 : budget line 08 06 01 : Cooperation - Environment (including climate change)

Amendment 3844 : budget line 08 07 01 : Cooperation - Transport (including aeronautics)

Amendment 3845 : budget line 08 08 01 : Cooperation - Socio-economic sciences and the humanities

Amendment 3846 : budget line 08 10 01 : Ideas

Amendment 3847 : budget line 08 11 01 : People

Amendment 3848 : budget line 08 12 01 : Capacities - Research infrastructures

Amendment 3849 : budget line 08 13 01 : Capacities - Research for the benefit of SMEs

Amendment 3850 : budget line 08 14 01 : Capacities - Regions of knowledge

Amendment 3851 : budget line 08 15 01 : Capacities - Research potential

Amendment 3852 : budget line 08 16 01 : Capacities - Science in society

Amendment 3853 : budget line 08 17 01 : Capacities - Activities of international cooperation

Amendment 3854 : budget line 08 19 01 : Euratom - Fusion energy

Amendment 3855 : budget line 08 19 02 : Euratom - Joint undertaking ITER

Amendment 3856 : budget line 08 20 01 : Euratom - Nuclear fission and radiation protection

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG Research expresses a reservation concerning the verification of the exactitude of the costs as declared by beneficiaries concerning contracts under the 5th Framework Programme for Research. The exactitude of these costs, and their conformity with the provisions of the research contracts, cannot be completely and accurately verified by the Commission as part of its normal checks carried out prior to authorisation of payments.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide information on the steps taken to address this problem under the current 7th Framework Programme for Research.

Amendment 3834 : budget line 18 03 03 : European Refugee Fund

Justification for placing 30% of appropriations in reserve and conditions for release:

According to DG JSL¹, deficiencies in key elements of the United Kingdom's management of expenditure have been noted, including in the control by the Member State of the eligibility of expenditure and in the necessity of carrying out a minimum 20% audit of expenditure declared at final beneficiary level. It does not, therefore, have reasonable assurance as regards the effective operation of key elements of the management and control systems put in place by the UK National Authority to ensure legality and regularity of transactions at final beneficiary level.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should:

- reported on a reinforced monitoring by the unit responsible for this programme (regular follow-up by desk officer and access provided to the UK responsible authority for key questions on management and implementation to the desk officer);
- produce detailed guidance on the implementation of ERF II for the Member States (seminars planned on key topics, such as the role of the audit authority and eligibility of expenditure) and report back to Parliament.

Amendment 3833 : budget line 22 02 04 01 : Cross-border cooperation (CBC) between IPA countries

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG Enlargement expresses a reservation related to the sharing of responsibilities between the Commission and the UN in the framework of the implementation of the EU contribution to UNMIK pillar IV in Kosovo. Clear irregularities have occurred in the use of the finances provided by the EU but the UN does not accept responsibility for the financial management of these funds and is not prepared to reimburse to the EU the amount affected by the irregularities.

Appropriations should be placed in reserve until the Commission addresses these weaknesses. Before Parliament's second reading, the Commission should provide information on steps taken to clarify the allocation of responsibility for the financial management of the EU contribution to UNMIK pillar IV in Kosovo.

Amendment 3837 : budget line 16 01 01 01 : Expenditure related to staff in active employment of 'Communication' policy area: Headquarters

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG Communication expresses a reservation on financial management related to the absence of an ex-post financial control system.

¹ http://ec.europa.eu/atwork/synthesis/doc/jls_aar.pdf

Appropriations should therefore be placed in reserve until the Commission provides a report on progress in the introduction of a structured ex-post control system in DG Communication.

Amendment 3835 : budget line 19 01 01 01 : Expenditure related to staff in active employment of «External relations» Directorates-General

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG External Relation expresses a reserve due to insufficient implementation of internal control standards at headquarters, particularly concerning standards 12 (management information) and 17 (supervision).

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide evidence that the internal control standards are in place at headquarters, particularly standards 12 and 17.

Amendment 3836 : budget line 19 01 01 02 : Expenditure related to staff in active employment of «External relations» delegations

Justification for placing 30% of appropriations in reserve and conditions for release:

In its Annual Activity Report 2005, referred to in the Synthesis Report of the Commission (COM(2006)277final), DG External Relation expresses a reserve due to insufficient implementation of internal control standards in the delegations, particularly concerning standard 16 concerning the segregation of duties (financial circuits).

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should provide evidence that the internal control standards are in place in the delegations, particularly standard 16.

VALUE FOR MONEY: AMENDMENTS BASED ON COST BENEFIT STUDIES
(30% in reserve for CAs and PAs for budget lines where weaknesses have been identified)

Amendment 3150 : budget line 07 01 04 01 : LIFE+ (Financial Instrument for the Environment — 2007 to 2013) — Projects on Community territory — Part I (nature protection) — Expenditure on administrative management

Justification for placing 30% of appropriations in reserve and conditions for release:

In line with paragraphs 5 and 7 of the APS resolution (P6_TA-PROV(2006)0221), adopted by the European Parliament on 18 May 2006, relating to value for money and cost-effectiveness, and the evaluation of a number of policies and programmes made in the studies commissioned by the Committee on Budgets, 30% of the resources for this budget line are placed in reserve until the Commission can provide clarification on the weaknesses identified in the European Parliament's internal study on LIFE programme (PE no 371.841), chapter 4.2, paragraph 4 - 5.

Before Parliament's second reading, the Commission should provide a satisfactory explanation of the reasons for the nearly double increase in staff dealing with the Life+ programme as compared to the Life III programme.

Amendment 3090 : budget line 15 02 22 Lifelong learning programme

Justification for placing 30% of appropriations in reserve and conditions for release:

In line with para 5 and 7 of the APS resolution (P6_TA-PROV(2006)0221), adopted by the European Parliament on 18 May 2006, relating to value for money and cost-effectiveness, and the evaluation of a number of policies and programmes made in the studies commissioned by the Committee on Budgets, 30% of the resources for this budget line are placed in reserve until the Commission provide proposals for dealing with the problem of cumbersome and cost-intensive management process identified in chapter 3.1.2 of the CEPS study on education policy "Citizenship and Educations Policies - Value for Money?" of 12/09/2006.

Before Parliament's second reading, the Commission shall inform the Budgetary Authority of its efforts to further simplify procedures, reduce administrative costs and take due account of the legitimate interest of the beneficiaries of the programme while applying the provisions of the Financial Regulation.

Amendment 3091 : budget line 15 06 66 Citizens for Europe

Justification for placing 30% of appropriations in reserve and conditions for release:

In line with para 5 and 7 of the APS resolution (P6_TA-PROV(2006)0221), adopted by the European Parliament on 18 May 2006, relating to value for money and cost-effectiveness, and the evaluation of a number of policies and programmes made in the studies commissioned by the Committee on Budgets, 30% of the resources for this budget line are placed in reserve.

Before Parliament's second reading, the Commission should provide information on measures taken to address the following weaknesses highlighted in the EP resolution on "Citizens for

Europe" of 5 April 2006:

- cost effectiveness is not satisfactory as paperwork required is excessive. The Commission applies the rules of the financial regulation No 1605/2002/CE blindly, without taking into account the overriding principle of proportionality, especially when small amounts of funding are at stake or small beneficiaries are involved
- Commission staff implementing the programme change jobs too often, so that beneficiaries feel left alone in front of the paperwork required.
- no database of beneficiaries seems to be established at inter-DG level. In consequence, justifications and certificates are requested various times during the procedure, which involves considerable additional costs for beneficiaries.

and in the CEPs study on citizenship:

- objectives concerning Town twinning and support for Associations are not sufficiently structured in hierarchical terms

Amendment 3181 : budget line 16 03 02 : Local actions

Justification for placing 30% of appropriations in reserve and conditions for release:

The decentralised information has been established to be more adapted to the needs of national audiences. However there are a number of weaknesses in the way citizens are informed and on the contents of the information provided.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should present evidence of improvements in terms of projects, decentralisation, staff and flexibility in particular in the field of the administration

Amendment 3180 : budget line 16 03 04 : Specific actions on priority themes, of which PRINCE

Justification for placing 30% of appropriations in reserve and conditions for release:

The Prince program was the first to develop campaigns on the euro, enlargement and on the future of the EU to communicate with the public. However by multiplying the campaigns it missed its targets.

Appropriations should be placed in reserve until the Commission addresses these weaknesses. Before Parliament's second reading, the Commission should present an action plan which defines realistic objectives, the number of actions and target groups, and gives more flexibility, in particular in the field of the administration.

Amendment 3183 : budget line 16 04 01 : Public opinion analysis

Justification for placing 30% of appropriations in reserve and conditions for release:

The cost-benefit study in the field of information shows that the Eurobarometer is extremely relevant in giving an overview of public opinion on key policy issues and public opinion trends in the EU but it is essentially a passive information tool that does not seek to extend or increase public awareness and information.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should present a new strategy for the Eurobarometer more focused on accurate and policy-relevant questions and on how to raise the awareness of citizens.

Amendment 3182 : budget line 16 04 02 : Online information and communication tools

Justification for placing 30% of appropriations in reserve and conditions for release:

The EUROPA website is one of the most popular and most referenced public websites in the world. However it has several weaknesses such as a non harmonised presentation, a lack of coherence amongst DGs and a non reliable search engine.

Appropriations should be placed in reserve until the Commission addresses these weaknesses.

Before Parliament's second reading, the Commission should present a new strategy more oriented to non-expert public and quickly implemented.

Amendment 3060 :

budget line 19 01 02 01 : External staff of «External relations» Directorates-General

budget line 19 01 02 02 : External staff of «External relations» delegations

budget line 19 01 02 11 : Other management expenditure of «External relations» Directorates-General

budget line 19 01 02 12 : Other management expenditure of «External relations» delegations

budget line 19 01 03 01 : Expenditure related to equipment and services of «External relations» Directorates-General

budget line 19 01 03 02 : Buildings and related expenditure of «External relations» delegations

Justification for placing 30% of appropriations in reserve and conditions for release:

According to the cost-benefit study on development cooperation, data published by the OECD and the Commission itself indicate that the administrative costs of development aid programmes have more than doubled over the current financial perspective. Having been a low-cost donor with less than 3% going towards administrative costs in 2000, it is claimed that the Commission is now a high-cost donor with administrative costs reaching 6 to 7% of operational expenditure. This is higher than practically any Member State. It is therefore proposed to put 30% of administrative costs of the DGs under heading 4 (external actions) in

reserve pending further clarifications as to the amounts asked and the worrying trend observed.

In order to release the reserves, either fully or partially, before Parliament's second reading, the Commission shall:

- justify the administrative share compared to other EU donors
- explain the sharp rise in such costs over the current FP
- set out its reasons for requesting these appropriations in relation to the overall objective, i.e. to ensure high quality external programmes that contribute, inter alia, to the millennium development goals while ensuring that as high a proportion of funds as possible reach the final beneficiaries.
- set out any measures taken to halt this rise in administrative expenditure

Amendment 3061 :

budget line 20 01 02 01 : External staff of «Trade» Directorate-General

budget line 20 01 02 02 : External staff of «Trade» delegations

budget line 20 01 02 11 : Other management expenditure of «Trade» Directorate-General

budget line 20 01 02 12 : Other management expenditure of «Trade» delegations

budget line 20 01 03 01 : Expenditure related to equipment and services of «Trade» Directorate-General

budget line 20 01 03 02 : Buildings and related expenditure of «Trade» delegations

Justification for placing 30% of appropriations in reserve and conditions for release:

According to the cost-benefit study on development cooperation, data published by the OECD and the Commission itself indicate that the administrative costs of development aid programmes have more than doubled over the current financial perspective. Having been a low-cost donor with less than 3% going towards administrative costs in 2000, it is claimed that the Commission is now a high-cost donor with administrative costs reaching 6 to 7% of operational expenditure. This is higher than practically any Member State. It is therefore proposed to put 30% of administrative costs of the DGs under heading 4 (external actions) in reserve pending further clarifications as to the amounts asked and the worrying trend observed.

In order to release the reserves, either fully or partially, before Parliament's second reading, the Commission shall:

- justify the administrative share compared to other EU donors
- explain the sharp rise in such costs over the current FP
- set out its reasons for requesting these appropriations in relation to the overall objective, i.e. to ensure high quality external programmes that contribute, inter alia, to the millennium development goals while ensuring that as high a proportion of funds as possible reach the final beneficiaries.
- set out any measures taken to halt this rise in administrative expenditure

Amendment 3062:

budget line 21 01 02 01 : External staff of «Development» Directorates-General

budget line 21 01 02 02 : External staff of «Development» delegations

budget line 21 01 02 11 : Other management expenditure of «Development» Directorates-General

budget line 21 01 02 12 : Other management expenditure of «Development» delegations

budget line 21 01 03 01 : Expenditure related to equipment and services of «Development» Directorates-General

budget line 21 01 03 02 : Buildings and related expenditure of «Development» delegations

Justification for placing 30% of appropriations in reserve and conditions for release:

According to the cost-benefit study on development cooperation, data published by the OECD and the Commission itself indicate that the administrative costs of development aid programmes have more than doubled over the current financial perspective. Having been a low-cost donor with less than 3% going towards administrative costs in 2000, it is claimed that the Commission is now a high-cost donor with administrative costs reaching 6 to 7% of operational expenditure. This is higher than practically any Member State. It is therefore proposed to put 30% of administrative costs of the DGs under heading 4 (external actions) in reserve pending further clarifications as to the amounts asked and the worrying trend observed.

In order to release the reserves, either fully or partially, before Parliament's second reading, the Commission shall:

- justify the administrative share compared to other EU donors
- explain the sharp rise in such costs over the current FP
- set out its reasons for requesting these appropriations in relation to the overall objective, i.e. to ensure high quality external programmes that contribute, inter alia, to the millennium development goals while ensuring that as high a proportion of funds as possible reach the final beneficiaries.
- set out any measures taken to halt this rise in administrative expenditure

Amendment 3063 :

budget line 22 01 02 01 : External staff of «Enlargement» Directorate-General

budget line 22 01 02 02 : External staff of «Enlargement» delegations

budget line 22 01 02 11 : Other management expenditure of «Enlargement» Directorate-General

budget line 22 01 02 12 : Other management expenditure of «Enlargement» delegations

budget line 22 01 03 01 : Expenditure related to equipment and services of «Enlargement» Directorate-General

budget line 22 01 03 02 : Buildings and related expenditure of «Enlargement» delegations

Justification for placing 30% of appropriations in reserve and conditions for release:

According to the cost-benefit study on development cooperation, data published by the OECD and the Commission itself indicate that the administrative costs of development aid programmes have more than doubled over the current financial perspective. Having been a low-cost donor with less than 3% going towards administrative costs in 2000, it is claimed

that the Commission is now a high-cost donor with administrative costs reaching 6 to 7% of operational expenditure. This is higher than practically any Member State. It is therefore proposed to put 30% of administrative costs of the DGs under heading 4 (external actions) in reserve pending further clarifications as to the amounts asked and the worrying trend observed.

In order to release the reserves, either fully or partially, before Parliament's second reading, the Commission shall:

- justify the administrative share compared to other EU donors
- explain the sharp rise in such costs over the current FP
- set out its reasons for requesting these appropriations in relation to the overall objective, i.e. to ensure high quality external programmes that contribute, inter alia, to the millennium development goals while ensuring that as high a proportion of funds as possible reach the final beneficiaries.
- set out any measures taken to halt this rise in administrative expenditure

Amendment 3066:

budget line 23 01 02 01 : External staff

budget line 23 01 02 11 : Other management expenditure

budget line 23 01 04 01 : Humanitarian aid — Expenditure on administrative management

Justification for placing 30% of appropriations in reserve and conditions for release:

According to the cost-benefit study on development cooperation, data published by the OECD and the Commission itself indicate that the administrative costs of development aid programmes have more than doubled over the current financial perspective. Having been a low-cost donor with less than 3% going towards administrative costs in 2000, it is claimed that the Commission is now a high-cost donor with administrative costs reaching 6 to 7% of operational expenditure. This is higher than practically any Member State. It is therefore proposed to put 30% of administrative costs of the DGs under heading 4 (external actions) in reserve pending further clarifications as to the amounts asked and the worrying trend observed.

In order to release the reserves, either fully or partially, before Parliament's second reading, the Commission shall:

- justify the administrative share compared to other EU donors
- explain the sharp rise in such costs over the current FP
- set out its reasons for requesting these appropriations in relation to the overall objective, i.e. to ensure high quality external programmes that contribute, inter alia, to the millennium development goals while ensuring that as high a proportion of funds as possible reach the final beneficiaries.
- set out any measures taken to halt this rise in administrative expenditure