



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 19 September 2013

13833/13

**PE 409
BUDGET 47
INST 489
JAI 796**

NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Summary record of the meeting of the European Parliament **Committee on Budgetary Control (CONT)**, held in Brussels on 16 and 17 September 2013

The meeting was chaired by Mr STAES (GREENS, BE).

Items 1, 2 and 3 on the agenda

The agenda was adopted and ITEM 7 was postponed, at the request of the rapporteur. Minutes of the meeting of 17-18 June 2013 were approved.

Item 4 on the agenda

Special Report No 7/2013 (2012 Discharge) - Has the European Globalisation Adjustment Fund delivered EU added value in re-integrating redundant workers?

CONT/7/13455

Rapporteur: Mr MULDER (ALDE, NL)

- Exchange of views and consideration of a working document, in the presence of the Member of the European Court of Auditors responsible, *Ville Itälä*

Mr ITÄLÄ delivered the speech in Annex 1.

Mr MULDER welcomed the general positive conclusions on the EU added value of the Fund in reintegrating workers, but expressed doubts about the need for a specific fund beside the ESF. He called for some improvements to be inserted in the new scheme currently discussed in trilogues, in particular to provide good performance indicators for the reintegration rate of workers. He also considered that a period of 41 weeks between submitting an application and payments from EGF was unacceptably high. Mr EPPINK (ECR, BE) criticised the large share of the fund that was allocated to income support. Ms MALETIC (EPP, HR) considered that the EGF should address ad hoc situations and be made more emergency-oriented through a quicker mobilisation.

The representative of the Commission underlined the fact that preferences of MS were shared between the EGF and the ESF. As for the availability of data, he announced some measures that had been proposed in trilogues to help MS to provide better information, such as technical assistance. As for the reintegration of workers, he stressed that 50% of people covered by the scheme could find a new job. He made it clear that income support was also covering allowances of workers under a reorientation scheme. As for the 41-week period requested for mobilising the fund, he recalled that the procedure to mobilise the EGF can also start before workers have lost their job.

Mr STAES suggested that the ECA conclusions be forwarded to the EMPL Committee to be used in trilogues.

Item 5 on the agenda

General budget of the European Union for the financial year 2014 - all sections

CONT/7/13255

Rapporteur: Mr GEIER (S&D, DE)

Rapporteurs for the committee responsible (BUDG): Ms HOHLMEIER (PPE)
Ms JENSEN (ALDE)

- Consideration of draft opinion

Mr GEIER called on the Council and MS to cooperate better in order to efficiently implement the EU budget and complained about the high rate of errors incurred by MS. He welcomed the financial corrections imposed by the Commission. He recalled that a Commission communication should make public all the amounts recovered in the preceding year. Ms ANDREASEN (ECR, UK) considered that the Commission was responsible for controlling the spending of the EU budget by the MS. The representative of the Commission announced that Commissioner SEMETA would present the Commission communication on the protection of the EU budget next October.

Calendar:

18 September 12h00: amendments

2 October: vote at CONT.

Item 6 on the agenda

CONT delegation to Bulgaria's border with Greece and Turkey in the context of "EU external border control"

CONT/7/11816

Rapporteur: Mr GEIER

- Exchange of views on the preparation of the delegation

The rapporteur underlined the need to reinforce the protection of the income side of the EU budget and considered that the mission would help CONT to have an in-depth knowledge of the protection of the EU borders. He considered that stopping smuggling of cigarettes and tobacco products was of key importance for EU finances.

The representative of the Commission (OLAF) provided a number of details on cigarette smuggling and considered in general that smuggling by sea was much more developed than smuggling by land.

Item 7 on the agenda

Mandatory automatic exchange of information in the field of taxation

CONT/7/13025

Rapporteur [for opinion]: Mr RIVELLINI (PPE, IT)

Rapporteur for the committee responsible (ECON): Mr SABIN CUTAŞ (S&D)

- Consideration of draft opinion

Deadline for tabling amendments: 18 September 2013, 12.00

The ITEM was postponed.

Item 8 on the agenda

Coordinators' meeting (*in camera*)

The ITEM was not covered.

Item 9 on the agenda

Hearing on "Accountability of the European Commission as administrator responsible for the management and control of the EU budget over the last 10 years"

CONT/7/08058

Rapporteur: Ms GRÄßLE (PPE, DE)

The ITEM was not covered.

Item 10 on the agenda

Study on "Aspect of durability in the assessment of effectiveness of support for business under Structural and Cohesion Funds"

CONT/7/10086

Rapporteur: Ms HOHLMEIER (PPE, DE)

- Presentation of the study and exchange of views

The ITEM was not covered.

Item 11 on the agenda

European Union Agency for Law Enforcement Cooperation and Training (Europol) and repeal of Decisions 2009/371/JHA and 2005/681/JHA

CONT/7/12432

Rapporteur [for opinion] Ms AYALA SENDER (S&D, ES)

Rapporteur for the committee responsible (LIBE): Mr DÍAZ DE MERA GARCÍA CONSUEGRA (PPE)

- Consideration of draft opinion

The rapporteur strongly criticised the Commission proposal to merge Europol and Cepol. She stated that her view was shared by the S&D group. She based her position on the finding that the two agencies had different and clearly defined specific tasks and argued that tasking Europol with training tasks that were currently exercised by Cepol would impact on the EP control of the agency in the framework of the discharge procedure, since it would be difficult to assess their performance. She also considered that MS were proud to host agencies and that their presence in the MS increased the EU visibility. She asked the Commission about the legality of allocating to Europol tasks that were not provided for in its legal basis (Article 88 TFEU). She also announced an amendment aimed at deleting the provision inserting an executive committee, which she considered redundant. Mr BALCYTIS (S&D, LT) supported her and considered that any merger of agencies had to be linked to the EP Strasbourg seat.

Ms GRÄBLE underlined that the EP had been asking for the agencies to be merged and considered that there should be consistency with its approach, inter alia in view of the small size of Cefpol. She criticised the Council for opposing the merger and stated that she would bring the issue before her government.

The representative of the Commission explained that his institution had considered that the merger would create synergies between the training and operational tasks that were currently split between the two agencies. He also stated that savings produced by eliminating duplication of support functions would be reinvested in the activities of Europol. He also underlined the fact that the agency merger was on the wish list endorsed by the three institutions. He explained that the training tasks were under the supportive competence provided for by Article 87 TFEU and considered that nothing in the Treaty prohibited the allocation of training tasks to Europol.

As for the creation of an executive board, he recalled that it the possibility of such a body was provided for by the governance provisions of the common approach endorsed by the three institutions.

Deadline for tabling amendments: 18 September 2013, 12.00

Item 12 on the agenda

Amendment of Regulation (EU) No 912/2010 setting up the European GNSS Agency
CONT/7/11894

Rapporteur [for opinion] Ms AYALA SENDER

Rapporteur for the committee responsible (ITRE): Ms SARTORI (PPE)

- Consideration of draft opinion

The rapporteur announced some amendments aimed at separating the area of security accreditation from the areas of responsibility of the Executive Director, in particular to prevent and manage conflict of interest. The representative of the Commission explained that GNSS would be given new operational responsibilities for Galileo and Egnos. In this respect, he considered that a strengthening of the provisions on conflict of interest would be carefully examined by the Commission and thanked the rapporteur for the amendments.

Deadline for tabling amendments: 18 September 2013, 12.00

Item 13 on the agenda

Special report No 22/2012 (2012 discharge) - Do the European Integration Fund and European Refugee Fund contribute effectively to the integration of third-country nationals?
CONT/7/11612

Rapporteur: Mr MARINESCU (PPE, RO)

- Exchange of views

The rapporteur welcomed the findings of the Court of Auditors and in particular referred to the obligatory sets of indicators to be inserted for the 2014-20 period, the commitment of Member States to set up their set of indicators, the abolition of the certifying authority, the simplification of checks and the exchange of good practice. He also underlined the importance of taking advantage of the new rules that allowed synergies between funds to support a project.

Mr Cvikl, Member of the European Court of Auditors in charge of the report, delivered the speech in Annex 2.

The representative of the Commission welcomed the special report and underlined the move towards simplification. As for complementarity with the ESF, he stressed that this came within the remit of MS. He acknowledged a clear division between MS supporting the Commission view that the fund should address both refugees and EU citizens and those MS which strongly opposed this approach. He recalled that the provision in Article 9 allowed a timid holistic approach.

Item 14 on the agenda

Any other business

No other business was discussed.

Item 15 on the agenda

Next meeting(s)

- 25 September 2013, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
- 26 September 2013, 9.00 – 12.30 (Brussels)

Mr Chairman, Honourable Members,

I would first like to thank you for the opportunity to present the Court's Special Report on the European Globalisation Fund already now, at the time when You are trying to find agreement with the Council on the new EGF Regulation. I come back to this timing issue later in my presentation.

Before going to the audit itself, just a couple of words about the background of the European Globalisation Adjustment Fund. The fund was established in 2006 to show EU solidarity towards workers affected by mass redundancies. The aim of the EGF is to facilitate the re-integration back to employment, by providing financial support for coordinated packages of personalised services. These packages include active labour market measures such as training, aid for self-employment, coaching and outplacement. They also often include income support and other allowances paid to workers. The first applications for EGF support were sent by Renault and Peugeot in early 2007.

Concerning the **audit scope**, we audited eight cases on-the-spot in four Member States. In addition we carried out a survey on eight Member States which have never used the EGF. And finally, we also analysed the Mid Term Evaluation which had been done for the Commission. [At the time of our audit, 89 EGF applications with a total value of 627 million euros had been approved.]

Before going to the results, I want to stress one thing. **The purpose and the aim of this Fund is widely accepted and extremely important:** It is to get redundant workers back to work!

What we found in our audit can be summarised in four points:

1. Firstly, nearly all eligible workers were offered personalised and well-coordinated services. This is a positive element.
2. Secondly, re-integration back into the workforce could **not** be reliably assessed because the data were **neither sufficiently** accurate **nor** detailed enough. Furthermore, a very important observation was that only one out of the eight cases actually had a quantifiable objective for the re-integration. How one can measure effectiveness - which compares the results with the objectives - if there is no objective?!

3. Thirdly, the EGF supports many useful measures but a large part goes to income support measures, which would have been paid by the Member States anyway. Looking at all the 89 cases, one third of the money has gone to income-support measures. In some of our audited cases, even more than 50 percent went to income-support measures. The other side of the coin, is that the training measures (which in my personal opinion should be the most important measures) in many cases received a very limited share of the EGF funding. The Mid Term Evaluation concluded that on average only 26 % of the EGF spending consisted of training measures.

On this point, it is worth mentioning that all measures under the EGF Regulation may also be funded from the European Social Fund.

4. Fourthly, considering that the EGF is supposed to offer a rapid response to redundant workers, the approval procedure is far too long. On average, it took **41 weeks** from the time of the application to receiving the financial support. As a matter of fact, this timeline was considered by some Member States to be a reason for not applying for the EGF at all.

Mr Chairman,

On the basis of the audit findings, we gave the following recommendations.

- Member States and the Commission should ensure the availability of up-to-date and reliable data. This is extremely important in order to monitor the achievement of objectives and to compare the outcome of various measures.
- Legislators should consider limiting the EU funding to those measures which are likely to provide EU added value rather than allocating EU money to existing national income support schemes. *[as the discussions on new EGF are still on-going, there is a possibility to introduce such a limit]*
- Finally, legislators should consider – as an alternative to the EGF – the possibility of adapting the European Social Fund in order to support more rapidly workers who are affected by mass redundancies. We know of course that the big decision to continue with the separate EGF has already been made. However, it could be worthwhile to keep this recommendation on mind, when the mid-term review of multi-annual financial framework takes place, or when the discussions on new framework begin.

Mr Chairman, honourable Members,

Timing of the Court's Special Reports requires always careful consideration. In one hand, we need to have enough material to carry out the audit. On the other hand, we need to provide the results in time, so that the legislators can take them into account, if they so wish.

Concerning this Special Report on EGF, the original planning foresaw that the Report would have been published only in the **beginning of 2014**. One reason was that we wanted to have enough material - including the mid-term review done for the Commission – before carrying out the audit.

But, this timetable would have been very unfortunate in relation to the discussions on the new EGF. So, in order to be ready before the final negotiations on the new EGF would take place, we had to speed up the procedures as much as possible. Thanks to the audit team and my Colleagues in the Court, this speeding up was possible. And I also want to thank the Commission, because without their good cooperation, we would not be discussing this Report here today. So, although this Report might come late for the purposes of the discussions on multi-annual budget, I would like to stress that the Report was done 6 months quicker than is normally the case, and I hope that it can still be useful in the final EGF discussions between your Institution and the Council.

Mr Chairman,

I will finish my presentation by thanking the Rapporteur, Mr Mulder, for his contribution. As always, I have had good cooperation with him, and I think his working document offers very good guidance for the future of EGF.

Thank you for your attention.

MEETING OF CONT 17/09

Speech by Milan Martin Cvikl

Special report 22/2012: “Do the European Integration Fund and European Refugee Fund contribute effectively to the integration of third-country nationals?”

Ladies and gentlemen,

Helping people coming from outside the European Union to fully integrate into our societies is high on the political agenda of the EU Member States. During the last decade, the EU has considerably increased its activities in this area and supports integration through **the European Integration Fund and the European Refugee Fund.** This is why the Court has invested in an audit into these funds to see whether they effectively contribute to the integration of third-country nationals.

Let me summarise the Court’s findings as follows:

- While the audit has found that positive results could be observed at the level of individual audited projects, inadequate systems had been set up to measure the success of the Funds. This was because the audited Member States did not set **proper targets or indicators** for their annual programmes. In addition, the Commission made an intermediate report which **was supposed to cover** the results achieved, but did not provide enough information for the Funds **to be evaluated or steered.**
- In short, neither the Commission nor the Member States have enough information with which to effectively direct the spending.
- On top of this, the programme design itself has hampered effectiveness: **A long chain of controls** performed by three authorities in Member States has placed an **administrative burden on beneficiaries out of proportion to the size of the funds received.** All authorities, as well as the Commission, are affected by this problem.
- **We found that the Responsible Authorities in Member States are mostly fulfilling their key functions,** despite the problems inherent in the programme design and national staffing constraints.

However, there has been a series of delays in implementation of the SOLID programme, **starting with late adoption** of the legislation leading to late submission of programmes, implementing rules and guidance not being available until well into the programmes' implementation, and misunderstandings about the relative roles of the three authorities.

Then, certain weaknesses in Member States' Management and Control Systems **were not identified early enough** by the Commission leading to **problems further down the line**, causing **cash-flow difficulties at beneficiary level**.

All these problems contributed to **lower than planned programme implementation** in the audited annual programmes that had been completed, **of 66% in 2007 and 77 % in 2008**.

- As you will be well aware, the Commission has already reacted by simplifying the design of the funds in the proposals for the period 2014-2020. The Court has welcomed this simplification in its President's letter of July 2012 on the Commission's proposals.
- However, one of our recommendations is, as it stands, not yet implemented. **In its audit, the Court found insufficient coherence and a lack of coordination with other EU funds**. This is particularly the case with regard to the European Social Fund, which has much greater funds available for integration measures. The audit showed that most, if not all, EIF measures could be funded under ESF. For the Member States authorities and final beneficiaries, the separation between ESF and EIF causes an **additional bureaucratic burden** because these funds have different **administrative structures and requirements**. For example, language classes for third-country-nationals are funded under the ESF, EIF and – for refugees and asylum seekers – under the ERF.
- In the Member States, we found that coordination between the ESF and EIF is not functioning well.
- For this reason, the Court recommends a comprehensive assessment of integration needs to be made regardless of whether migrants have EU or third-country nationality. Based on this assessment, an appropriate funding structure should be designed.
- Concluding, the fundamental problem of **overlap between EIF and ESF** has not been addressed effectively. So our recommendations stay and in my personal view further changes to the legislation are needed if we want to achieve better utilization of taxpayers' money.

We have reviewed the rapporteur's report and consider that the recommendations are mainly in line with our findings.
